Today’s Session

• Defense Logistics Agency’s Scorecard
• Defense Information Systems Agency’s Scorecard
• Collaboration Benefits We Saw
• Questions/Dialogue With You
• **Goal**: Collaboration across Government for Performance Results
Discussion Framework

• Who/What is DLA?
• Forces Driving Change
• Strategic Management System (BSC is Only One Piece)
• Alignment to DoD Risk Framework
• Results
• Things We Learned & Share
• Value From DISA
Scope of Business

- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #54 Fortune 500 – Above Northrop Grumman
- #2 in Top 50 Distribution Warehouses
- 24 Distribution Depots
- 5.2 Million Items
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 147.7M Barrels Fuel Sold (FY 03)
- $12.5B Annual Reutilizations/Disposals

People

- 21,490 Civilians
- 524 Active Duty Military
- 637 Reserve Military
- Located in 48 States/28 Countries

Foreign Military Sales

- Sales: $719M
- Shipments: 580K
- Supporting 124 Nations

FY 02 Sales/Services: $21.5B
FY 03 Sales/Services: $25.0B
FY 04 Projection: $28.9B

- Land/Maritime/Missiles: $ 2.7B
- Aviation: $ 3.3B
- Troop Support: $10.2B
- Energy: $ 5.2B
- Distribution: $ 2.2B
- Other: $ 1.4B

FY 02 Sales/Services: $21.5B
FY 03 Sales/Services: $25.0B
FY 04 Projection: $28.9B
Forces Driving Change

- Basic Business Model – from traditional wholesaler to customer & supplier partner
  - Out-sourcing
  - BRAC
  - Technology (PCs, Communication, etc.)
- One Enterprise – from holding company to one, tightly integrated provider
Forces Driving Change

- One Enterprise – OSD, Joint Staff and Combatant Commanders demand seamless, agile and effective logistics support
- President’s Management Agenda
- Financial Imperatives
- Market Share
- Competition
- Complexity, best business practice, …
Forces Driving Change

Need to:

• Focus on core enterprise goals
• Balance objectives
• Allocate resources at the enterprise level
• Focus on performance drivers
• Balance quantitative & qualitative measures
• Establish individual and collective accountability
Delivering—Customer Focus

Customer
Be “Customer Driven”

Learning and Growth
Maintain and Support a Customer-Focused Logistics Team

Internal Process
Achieve and Sustain Market Dominance through Performance

Financial
Resource our Operational Strategies as a Trusted Financial Steward
### Scorecard Example

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Strategic Measure</th>
<th>Freq</th>
<th>Baseline</th>
<th>FY01 Actual</th>
<th>FY02 Actual</th>
<th>FY03 Actua l</th>
<th>Current Period</th>
<th>FY04 YTD Results</th>
<th>FY04 Target</th>
<th>FY05 Target</th>
<th>Strategy Owner</th>
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<tr>
<td>Minimize Total Supply Chain</td>
<td>Cost Recovery Rate (CRR)</td>
<td>A</td>
<td>21.5 %</td>
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<td>Minimize Total Supply Chain</td>
<td>Promote confidence in DLA's financial stewardship</td>
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Best Value Solutions For America’s Warfighters

1. **Customer**
   - DLA will be “customer driven”
   - **C-1** Focus, Manage, And Measure Logistics Support By Customer Segment Based On Customer Requirements
   - **C-2** Negotiate And Honor Performance Agreements With Customer Segments
   - **C-3** Ensure Seamless Logistics Support During Customer’s Transition From Peace To War

2. **Internal**
   - Performance-based dominance
   - **IP-1** Implement Perfect Order Fulfillment
   - **IP-2** Implement Revised Business Processes
   - **IP-3** Implement Strategic Material Sourcing
   - **IP-4** Design And Implement A Best Value Enterprise IT Environment

3. **Learning and Growth**
   - DLA will maintain and Support a customer-focused logistics team
   - **LG-1** Deliver The Proper Knowledge And Skills To Meet DLA’s Commitments To Our Customers
   - **LG-2** Create And Manage A Customer-Focused Culture
   - **LG-3** Provide A Quality Work Environment Consistent With DLA’s Values

4. **Financial**
   - Trusted financial steward
   - **F-1** Resource DLA’s Operational Strategies
   - **F-2** Minimize Total Supply Chain Costs
   - **F-3** Promote Confidence In DLA’s Financial Stewardship

5. **Mission**
   - Right Item, Right Time, Right Place, Right Price Every Time…

March 10, 2003
Strategic Management System
Structure and Execution Discipline Required

Strategic Plan
End state, vision, goals and objectives

Balanced Score Card
Transformational activities and metrics

Business Plan
Operations, near term actions, milestones and metrics
Adapting Our Scorecard

DoD Scorecard

Force Management Risk
Operational Risk
Financial Management
Future Challenges Risk
Institutional Risk

AT&L Scorecard

Warfighting
Innovation & Learning
Logistics Process
Resources

DLA Scorecard
What We Learned & Share

• Gained Senior Leadership Buy-In
• Formed BSC Senior Steering Group--Corporate Level
• Senior Leaders Workshops...Training On Concept Development
• Concurrent Development of DLA BSC Strategies, Measures, And Initiatives
• Developed Draft Scorecard Then Cascaded To Field
• Formed BSC Executive Board To Provide Continued Oversight
• Quarterly Review & Analysis With Corporate Board
Results

• Improving Support To The Warfighter
  – 7.8 % Reduction In Backorders and Improved Readiness
  – 51% Decrease in Cost Recovery Rate . . .Lowest In History
  – $2.4B Savings Returned To The Warfighter
  – Lowest Net Savings (DWCF) FY 04-09: $1.7B

• Sales Increased 24 Percent (20.7B) Over FY --- Combatants Choose DLA

• Overall End Strength Target 15% Below Defense Planning Guidance (Smallest Workforce since 1963)
DISA Alliance Taught Us.

- Sharing “Lessons-Learned” Helps Us Pause & Take Stock of Where We Are/Where We’re Going (Refocuses Us)
- Shared Contracting Experiences Save Time and $s (references, SOWs, cost analysis, etc.)
- More About the Value of Trust and Confidence Among Professionals of Both Organizations
- Equity Built in Professional Respect Outside the Agency Returns In Favorable Ratings (GAO, DoD, Congress, etc.) – “The Voices of Alllies are Stronger Than Our Own”
Take Aways

• Decide Upfront How BSC Will Fit w/Your Organization (It’s a culture thing!)

• Have Senior Leader Champions, Advocates, Participants

• Be Flexible and Patient

• Tie Performance To Strategies

• Affix Accountability

• Need to Institutionalize Process—Becomes Routine
BACKUP CHARTS
# DLA Planning and PPBE Cycle

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- **2004**: DoD SPG
- **2005**: New Administration
- **2006**: QDR

Based on MID 913, DLA PPBE Schedule
Building Your BSC

- Top Management Support Is Critical
- Early Training
- Strategy Meetings Produce Important Discoveries
- Performance Reporting Culture Is Essential
  - Fancy Software Nice—PowerPoint & Excel Work
- Top Level Card Completed Before Cascading
- Does Not Have To Be Perfect—Refine As You Go.
- Just Do It…It Takes A Long Time…It Is A Significant Culture Change