

Headquarters U.S. Air Force



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HAF/ILID

3 Dec 03



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DoD/Joint Vision



Joint Logistics Board Logistics Transformation

A DoD logistics enterprise able to support rapid, agile deployment, employment, sustainment, and reset (reconstitution) of the Total Force at an acceptable risk across the full spectrum of operations in the cost-effective manner.

Joint Vision 2020 Focused Logistics

Provide the joint force the right personnel, equipment, and supplies in the right place, at the right time, and in the right quantity, across the full range of military operations.



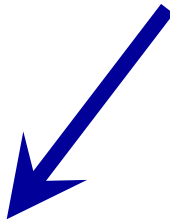
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Transforming our AF



“There is a lot of talk about transformation out there today ... It is not just all about technology; it is about relationships. It is about the commitment of our people to do things in new and different ways.”

CSAF Gen Jumper

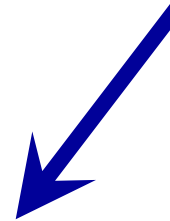


...commitment of our people to do things in new and different ways.”



“...we view transformation as one of our principle missions... First, we must improve basic business efficiencies in our organizations from headquarters down to depots and our acquisition of major systems and the conduct of operations.”

AF Secretary Roche



“...from headquarters down to depots and our acquisition of major systems and the conduct of operations.”



The Logistics Mission



■ What We Do:

- Get the Force to the Fight
- Keep the Force in the Fight
- Prepare the Force for the Next Fight

■ The Effect We Produce

- Providing the Right Stuff, at the Right Time and Place—every Time

**Global Expeditionary Operations for the
21st Century – eLog21**

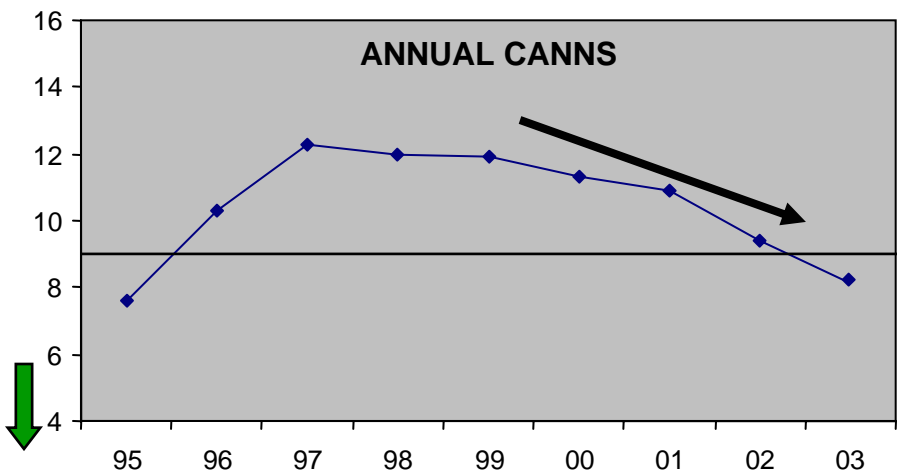
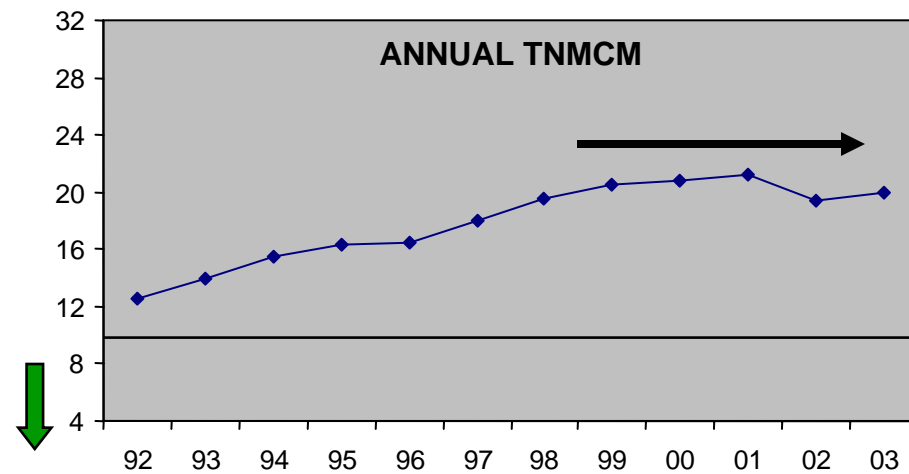
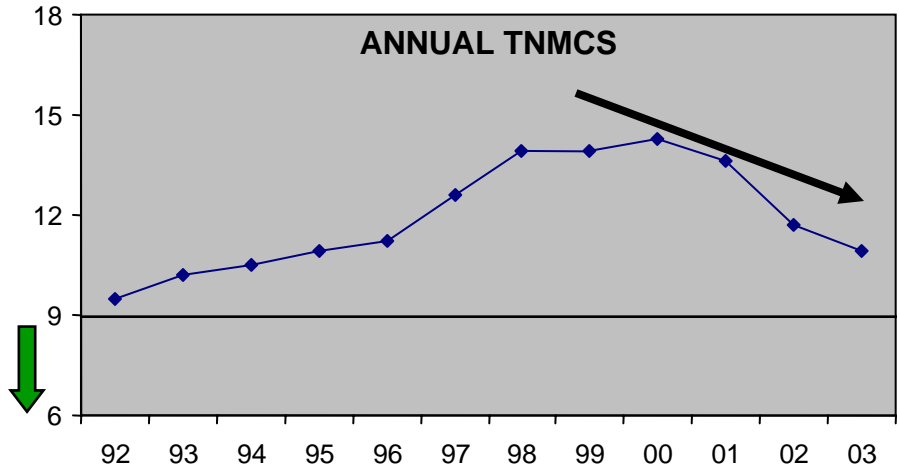
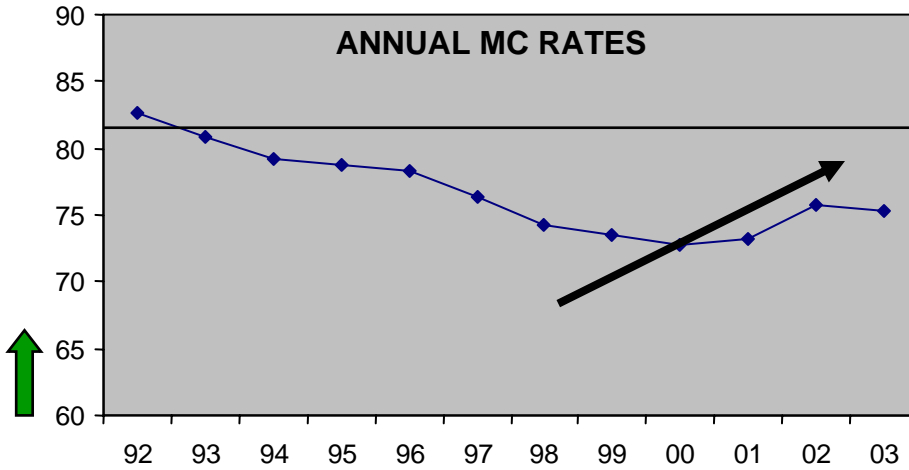




Aggregate Annual Rates



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SOURCE: MERLIN

Fleet Support Improving

As of 31 Aug 03

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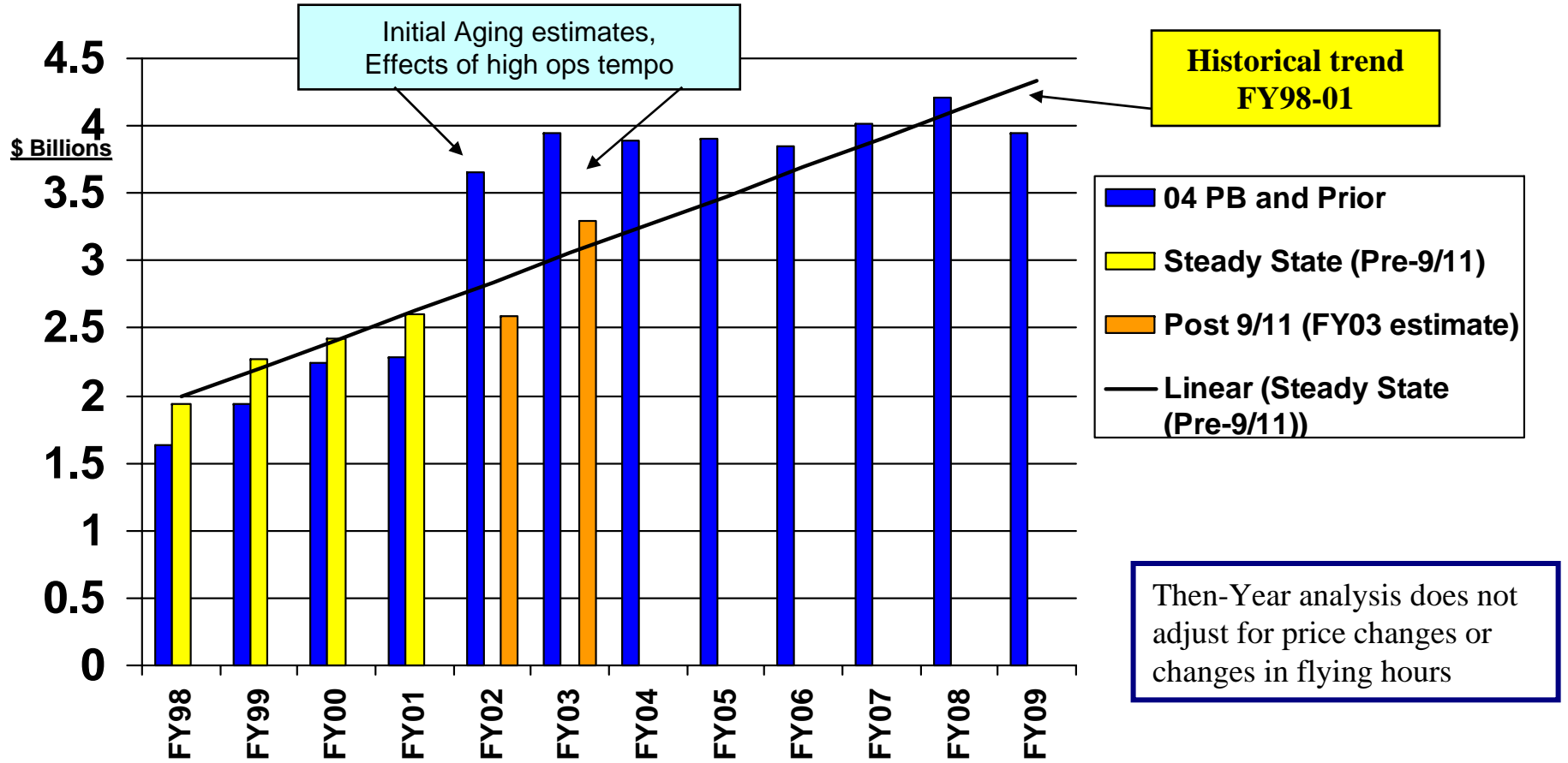


Spares Funding and Execution

Unadjusted for Price Changes (TY \$\$\$)



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Air Force Snapshot prior to FY04PB

Source: SAF/FMB – ABIDES 04 PB



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Why We Need to Transform AF Logistics



- Must Evolve Global With Operational Doctrine & AF CONOPS

Current Processes NOT Broken - We Can Do SIGNIFICANTLY Better!

- Operational Performance
- Affordability
- Improvements Limited by Current Business Processes and IT
 - Must Change Underlying Model & Foundation
- Requires Revolution in Thinking, Processes, & Action
 - Cross Organization/functional, Enterprise Wide Integration
 - Benchmarks and Tools Readily Available

We've reached the fork in the logistics road!



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Success leads to inertia

*“Never underestimate the power of
inertia
to hold you hostage to where you used
to be.”*

*Michael L. Tushman, Ph.D.
Professor Harvard Business School*

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Transformation Progress A Solid Foundation



Spares Campaign

Depot Maintenance Reengineering & Transformation

ABC/M Pilot	Improve Financial Mgmt	APS Pathfinder
<ul style="list-style-type: none"> Contract award - 16 Aug 02 C-5 SCM Pilot complete Next steps being finalized 	<ul style="list-style-type: none"> RAND allocation tool development on track CONOPS and requirements being finalized 	<ul style="list-style-type: none"> Pilot complete (F101 LPT) <input checked="" type="checkbox"/> Full up F101 in work (Dec 03) Acquisition Strategy Begun
Align SCM	Change DLR Structure	Standardize Use / Expand Role of RSS
<ul style="list-style-type: none"> 1 Oct IOC: F-15/16/KC-135/ CONOPS/Training complete Tool development underway 	<ul style="list-style-type: none"> FY03 surcharge implemented Follow-on pricing changes deferred to future architecture <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> CAF/MAF RSS standards built Tool development in work SC COP defined / planned
Improve Spares Budgeting	Virtual ICP	Improve Demand & Repair Workload Forecasting
<ul style="list-style-type: none"> SRRB implemented 04 POM <input checked="" type="checkbox"/> Process Guide Dec 02 ILPY completed AFI May 03 	<ul style="list-style-type: none"> CONOPs developed Centralized express tool calculating AF-wide priorities Priority allocation in work 	<ul style="list-style-type: none"> Process improvements re-engineered / defined APS chosen to implement
Adopt PSM	Improve Materiel Support Policies	Improve Stock Level Process
<ul style="list-style-type: none"> ALC pilots underway Strategic alliances & commodity councils in work CONOPS ready / IPT in-place <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> AWP/cann memo issued Reduced Mat'l Review Codes Top 10 DMAG policy issues; AFMC/CC guidance in coord 	<ul style="list-style-type: none"> Correct repair/stock priority critical low-demand items Align use and procurement policy on low-demand items

Workload/Production	Financial
<ul style="list-style-type: none"> Benchmarking institutionalized <input checked="" type="checkbox"/> CONOPS/Template/Tools Ready <input checked="" type="checkbox"/> Implementation On Going 	<ul style="list-style-type: none"> Predictive Cost Model In-work (FY 06 POM) Reduced execution year cost risk Improved Spares and Repair pricing
Workforce	Material Support
<ul style="list-style-type: none"> Worker Intro/Supervisory Training Done New Skills Cert Process In-work Leadership Development On Going 	<ul style="list-style-type: none"> Phase I BOM IPT Being Implemented Spares Campaign Interface In place APS/MRO Interface Under Development
Infrastructure	Org Structure
<ul style="list-style-type: none"> Condition Index On Contract <input checked="" type="checkbox"/> Internal Process Changes On Going <input checked="" type="checkbox"/> Investment Account Created / Funded 	<ul style="list-style-type: none"> New MA Stand-up (1 Oct 02) <input checked="" type="checkbox"/>
Info Tech	Metrics
<ul style="list-style-type: none"> IT Plan V.1 Complete / V.2 Ongoing Depot-X Plan Complete / Awaiting funding MRO IPT On Going - Lean Re-engineering 	<ul style="list-style-type: none"> STD Shop Floor Metrics Complete Metrics Tool/CONOPS In place / use MRO IPT / BSC Next Iteration

On-Schedule
Behind Schedule-Minimum Impact
Behind Schedule-Major Impact

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The “Red Team” Said:



- Build on Progress to Date, I.E. CLR, Spares Campaign, Depot Maintenance Re-engineering Team
- Integrate OSD and AF Architecture Guidance
- Develop Compelling Case for Transformation
- Establish Clear, Concise, Stretch Goals
- Articulate Future Vision & Integration Architecture
- Put Strong Governance and Dedicated Teams in Place
- Measure Progress / Tie Rewards to Performance

Integrate & Energize Real Transformation

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Our Transformation Approach



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- Process focused - expeditionary AF in Joint environment
- Two over-arching stretch goals established
 - Availability & cost are the bottom line for logistics
- Architecture based – Joint/DoD/AF
- eLog21 initiatives support architecture, build upon prior Logistics Transformation
- Senior leader endorsement at CORONA
- Full-time AF team in-place
- Governance established – portfolio management key
- Change management critical

PROGRESS, BUT MUCH MORE TO DO

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Using Overarching Goals to Drive Change



- Everything We Do and Dollars We Spend Must Be Measured in Terms of Meeting Availability and Cost Goals

- 20% Increase in Aircraft Availability Within the Next Three Years

- Zero O&S Cost Growth Over the FY04-09 FYDP

- Subordinate Goals Must Tie to Overall Targets
- Everyone in AF Logistics Must Be Held Accountable for Meeting Their Share of the Goals
 - Rewards Must Be Tied to Goal Achievement
- Keep It Simple and Direct

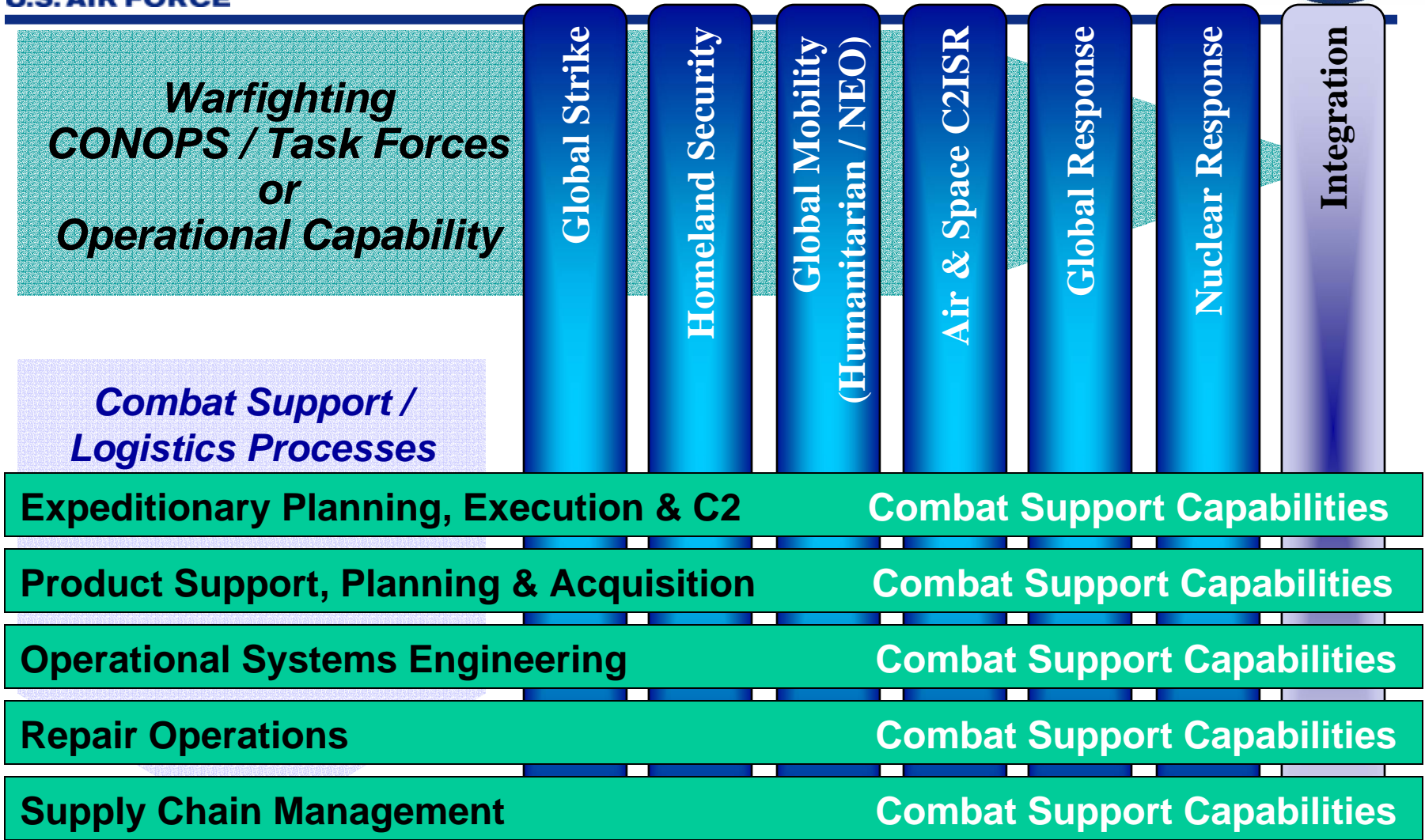
Bring the team together—unleash the power

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Combat Support/logistics Architecture Construct

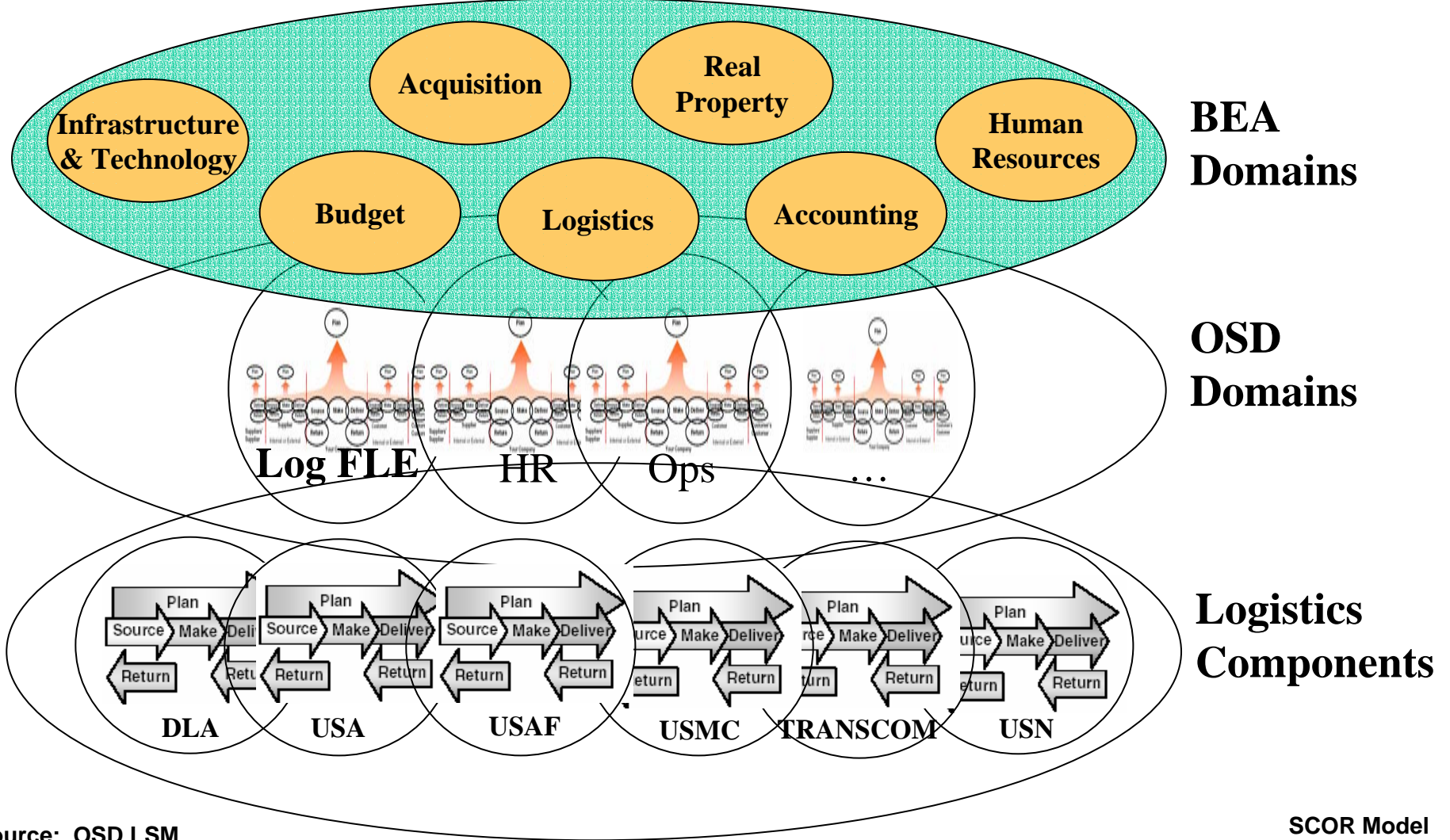


We enable Global Expeditionary Operations



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DOD Architecture Enterprise Alignment



Source: OSD LSM

SCOR Model

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Business Model / Architecture Principles



Today

- Islands of Capability Loosely Integrated
- Limited Real-time Management
- Tactical Focus
- Business Management
- Segmented Processes
- Transaction Dominated
- Reactive Management
- Paper/data Intensive

Tomorrow

- Network-centric
- Dynamic C2
- Strategic Centralized Planning
- Strategic Distribution
- Enterprise Management
- Common Operating Picture
- Value Added Process and Capability
- Anticipatory Management
- Business Intelligence



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Logistics Transformation Campaign Plan



- Transformation Planned and Executed As Campaign
 - Based on Architecture End State
 - Specific Targets, Goals, and Schedule
- Transformation Task Orders for Initiatives
 - Designate Champions, Team Lead, and Resources
 - Set Specific Objectives and Goals
- Champions and Team Leads Speak for the AF
 - Crosses Organizational and Functional Boundaries
- Campaign Plan Key Element of Change Management
- Current Status: Draft Plan in Review



☆☆☆ eLog21 ☆☆☆

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eLog 21 Initiatives

ARCHITECTURE & GOVERNANCE

Logistics Enterprise Architecture (LogEA)

Portfolio Management

AF Data Strategy

Balanced Score Card (BSC)

Product Support and Engineering

- TLCSM
- CBM+
- SNT
- Demand Mgmt
- OSSE Tools

Supply Chain Management

- VICP
- FSS
- APS
- PSCM
 - Strategic Sourcing
 - Commodity Councils
- Supplier Mgmt Tools
- Strategic Distribution
- BOM
- WSSCM

Expeditionary Ops and C2

- ACS C2
- *Closed Loop*
- SC COP/ES-S
- Decision Tools

Maintenance

- Regional MX
- Re-engineering Depot MX
- Depot Shops Improvement
- AF Lean MX Enterprise

ENABLING PROCESSES

ACS/Assured Connectivity

Change Management

Future Financials

Workforce



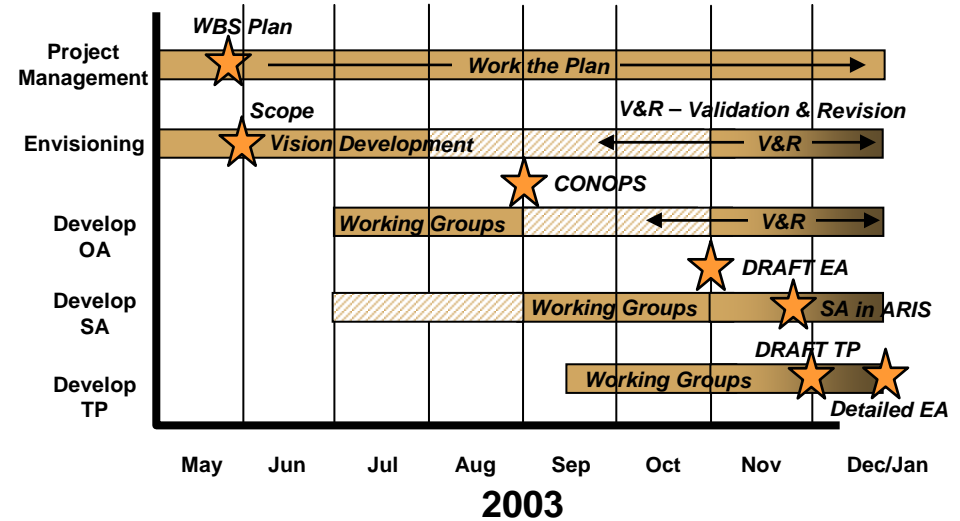
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Logistics Enterprise Architecture (LogEA)



LogEA will:

- Provide vehicle to ensure transformation coordination across the AF and outside the AF
- Define actionable Transition Plan to support PFM
- Establish a platform for managing change across the Logistics enterprise
- Goal: Create a single authoritative source that clearly defines the operating and systems models



Current Status

- Products completed include project plan and charter of LogEA
- Draft documents include - operational architecture (SCOR - level 3) and CONOPS
- What's next? - system architecture, then transition plan (completion Dec 03 or sooner)

Who's Playing?

- Operational Architecture working group: AF reps from distribution, transportation, supply, and maintenance. MAJCOM reps: AFMC (staff and SSG personnel), ACC, Space, and AMC
- Systems Architecture working group: members of Operational Architecture working group with the addition of reps from AF/ILI, AF/ILGX, ACC/LGX, and other domains as necessary
- Champions: Mr Grover Dunn, HQ USAF/ILI
Maj Gen Gabreski, HQ AFMC/LG



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Future AF Supply Chain Environment



TODAY

Organic

Item Management
Centric

10-15 Year Transition



TOMORROW

TSSR/CLS/PBL

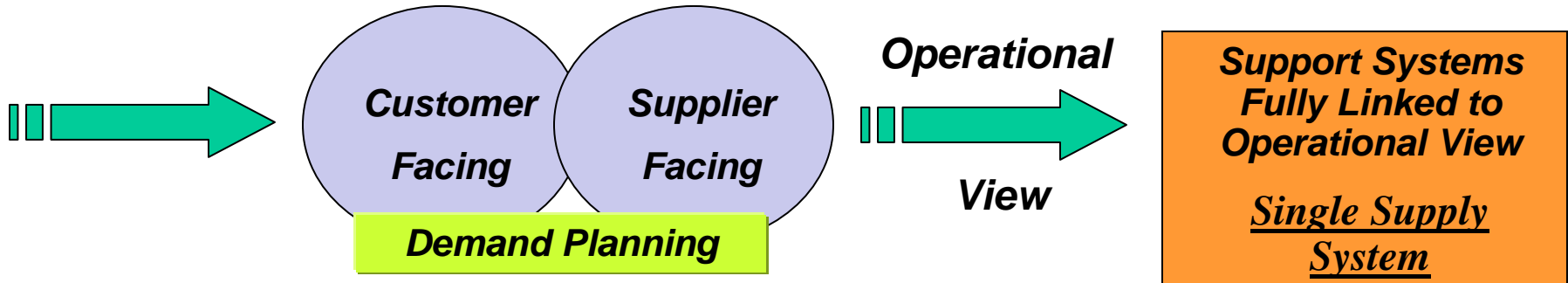
Capability Based

Business Base & Practices Evolving Over Time

NSN/Commodity focus/skills stagnant

W/S Supply Chain Integration focus/skills broadening

Transition Smartly & Focus on Improved Skill Sets



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AF PSCM Way Ahead



Aggressively Implement Strategic Sourcing

- Stand up All Commodity Councils NLT End of FY 04 (#TBD)
- Major Supplier Alliances in Place NLT End of FY 04
- 100% Commodity Spend Sourcing Strategies NLT End FY 05
 - 50% Buy & 70% Repair Contract Covered PBL Through Agreements
 - Include DLA Unique Consumables Wherever Appropriate

Implement PSCM Process, Organization, System, & Personnel Changes

- Complete PSCM Operational Architecture – Mar 04
- Align PSCM Architecture to Log EA – End of FY 04
- Implement Advanced Planning and Scheduling – FY 03-05
- Implement Future Single Supply Solution – FY 04-06

PSCM CONOPS Signed!

✓ *50% decrease in total cycle time ... 20% SMA improvement*

✓ *20% decrease in material purchase and repair costs*

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Depot Maintenance Transformation Framework



Satisfy war fighter needs with high performing, timely, affordable combat products and services

On Time Delivery - **Affordable, Predictable Costs** - **Superior Quality**
100% on time - Reduce Flow Time 25% Reduce cost 10% Reduce defects 25%

Lead and Manage Change

Professional Flexible Workforce

Lean

Tailored Logistics Support

Business Process Reengineering

Balanced Scorecard

Responsive Personnel System - Process Improvement Toolbox
Partnerships – PSCM, WSSCM, DLA (DDC/BSM), Industry
Infrastructure Improvements – Effective Financial Processes – Enabling System Solution

**Maximize Customer Service - Never Compromise Safety
Constantly Improving**



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Procurement Transformation Vision



Improve Mission Responsiveness

- Enable *e*-procurement at Point of Need
- Adapt Flexibly to Changing Conditions
- Leverage Buying Power

98%
e-Transactions

Commodity
Councils

Earn Our Customers' Loyalty

- Embrace Risk and Accountability
- Be First Choice for Business Advice

Strategic
Sourcing

**Mission-focused, Multi-skilled Business Professionals
Leveraging World-class Processes and Technology**

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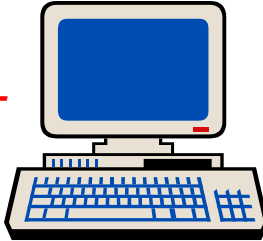
Future AF Logistics Expeditionary OPS & C2



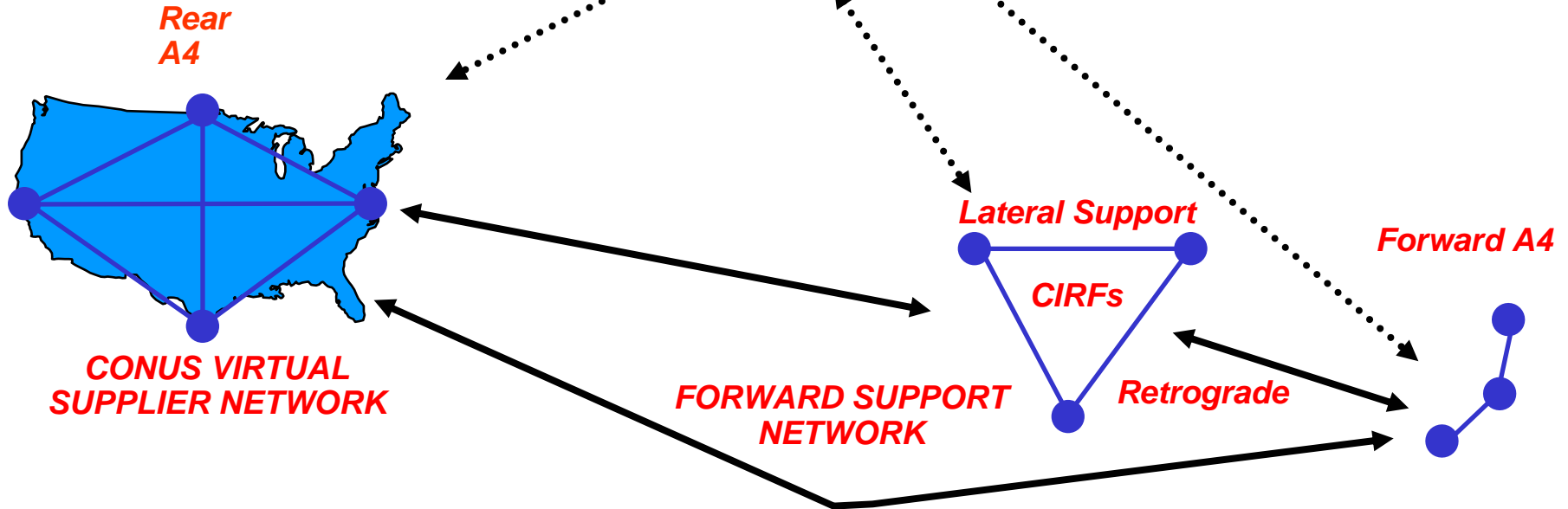
NO TRANSITION
PEACE TO WAR

LOG C² SYSTEM – Operational Support Centers

DECISION SUPPORT TOOLS



GLOBAL ASSET VISIBILITY & SOURCING



Real Time, Global Expeditionary Network

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eLog21 Summary

“Reaching for Tomorrow”



- AF Logistics Must Transform Across the Enterprise
 - DOD/AF Architecture Consistent With BEA/FLE
 - Strategic Sourcing and PSCM Are Key Part of AF DOD/AF
- Logistics Transformation Will Make Significant Improvement
 - Improved Affordability and Equipment Availability
- Continued Success Requires Innovation, Partnering With Industry, Targeted Investment, and Massive Change Management
 - Strong, Consistent Leadership Support Is the Key Factor
- It Is a Journey...we Still Have a Long Way to Go

Supporting Tomorrow's Warfighter... TODAY!

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America's Air Force . . . No One Comes Close



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