TOTAL LIFE CYCLE SYSTEM MANAGEMENT (TLCSM)

Plan of Action and Milestones

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1. Introduction

The DOD, through the Service Acquisition Executive and Joint Logistics Board, initiated an aggressive effort to reengineer the life cycle management of DOD systems to achieve effective performance and optimum readiness while reducing operations and support costs. This initiative is called Total Life Cycle Systems Management (TLCSM). TLCSM, as defined in DOD policy, is the implementation, management, and oversight, by the designated Program Manager, of all activities associated with the acquisition, development, production, fielding, sustainment, and disposal of a DOD weapon system across its life cycle.

TLCSM establishes a single point of oversight and accountability for weapon system acquisition and sustainment. It emphasizes early and continuing emphasis on translating performance objectives into operationally available and affordable increments of capability over the life cycle. The result of this sustainment planning is encompassed in the Program Manager developed product support strategy describing post-fielding support of the operational system.

Although a variety of product support strategies are available to the Program Manager, Performance Based Logistics (PBL) is the preferred DoD strategy. PBL strategies place emphasis on buying outcomes (e.g. availability) vice segmented logistics support. PBL is defined as a strategy for weapon system product support that employs the purchase of support as an integrated, affordable performance package designed to optimize system readiness. It meets performance thresholds and objectives for a weapon system through a program support structure based on long-term performance agreements with clear lines of authority and responsibility.

To institute TLCSM and PBL, Defense Planning Guidance and subsequent USD (AT&L) direction tasked the Military Departments (13 Feb 2002 Memo, "Performance Based Logistics") to submit their PBL implementation plans and detailed, by program, implementation schedule for all ACAT I and II programs by 1 May 2002. This document outlines key DOD actions, milestones, and personnel responsible for completing the DOD-wide implementation targeted for CY2004.

2. DOD Joint Logistics Board (JLB) TLCSM Charter

The genesis of the detail actions and milestones outlined in this plan stem from JLB approval in Jan 2002 to proceed with the overarching actions necessary to initiate TLCSM implementation. The specific approved actions are listed below:

- Request Vice Chairman/Joint Chief of Staff improve Joint Requirements Oversight Council process (05/31/02)

- Revise DOD publications 5000.1/5000.2 to provide guidance on performance agreements, focus on TLCSM, define sustainment phase, provide PM sustainment guidance, and incorporate Service and OSD oversight mechanisms (06/30/02)

- Support development of Service PBL implementation schedules (05/31/02)

- Develop enabling financial mechanisms with Under Secretary of Defense (Comptroller) (06/30/02)

- Improve Defense Acquisition University curriculum to address TLCSM through the Functional Integrated Process Team (04/01/02).

3. Implementation Actions and Milestones

In order to accomplish the overarching actions approved by the JLB, numerous detailed actions are required. These actions are categorized into six major areas, described below:

- **Establishing the framework**. Actions that create the overarching framework and structure for TLCSM, including DOD policy and guidance.

- **Changing the process**. Actions that focus on changing the business processes within the current logistics environment, including heightened emphasis upon sustainment by the Joint Requirements Oversight Council and revising weapon system financial mechanisms.

- **Marshalling the resources**. Actions that address resources required to support this initiative, including the public and private supplier bases, new workforce, and investment funds.

- **Synchronizing with other Future Logistics Enterprise (FLE) initiatives**. Actions to ensure continued collaboration with the other five major FLE initiatives, such as establishing logistics enterprise integration to facilitate a PM's ability to manage a weapon system.

- **Managing for success.** Actions associated with overseeing progress as weapon systems migrate to PBL.

- **Communicating the vision** Actions required for outreach to organizations and activities external to the DOD, such as industry, international allies, and other agencies.

4.   Establishing the Framework

This section identifies the specific actions necessary to establish the authority and structure within the DOD to facilitate the implementation of TLCSM. These actions focus upon top-level policy and guidance.

4.1 Revise 5000 series policy (OSD POC: OADUSD(LPP)

The DoD 5000 series of Acquisition Regulations provide the policy and guidance to the DoD Program Management and Acquisition Community. Any changes to Program Management responsibility, scope, or authority must be reflected in the D0D 5000 series documents. These actions will promulgate TLCSM responsibility with the Program Manager, establish Performance Based Logistics as the preferred support strategy, and ensure the application of Performance Agreements as part of Performance Based Logistics (PBL) strategies. Specific Actions/Milestones are:

- ✓ Advocate TLCSM/PBL/Sustainment revisions for current revision cycle (April-June 2002)
- ✓ Add: performance agreements, distribution guidance, and other policy as developed (Nov/Dec 2002)
- • Incorporate TLCSM/PBL into revised 5000.1/5000.2 (Feb 2003)
- • Migrate TLCSM content in 5000.2-R to a guidebook (April 2003).

4.2 Revise 4000 series policy (OSD POC: OADUSD(SCI)

Successful PBL implementation requires close coordination between DOD 5000 series acquisition logistics policy and DOD 4000 series materiel management policy. This activity will ensure the necessary revision and coordination of the DOD 4000 series policy to parallel and complement those applied to the DOD 5000 series policy. Specific Actions/Milestones are:

- ✓ Formally coordinate proposed 4140 changes (Aug 02)
- ✓ Crosswalk changes between 4140 and 5000 series to ensure synchronization (Dec 02)
- • Approved (Signed) 4140 (31 Dec 02).

4.3 Publish TLCSM Framework (OSD POC: OADUSD/LPP)

Formal DOD 5000 series policy revisions are accomplished on a semi-annual basis. Newly emerging policy, such as TLCSM and PBL, is generally disseminated as a policy memo in advance of more formal incorporation into DOD directives, instructions, and regulations. This activity will prepare, coordinate, and disseminate a TLCSM and PBL framework that consolidates established policy, definitions, and guidance on TLCSM and PBL concepts and processes. Identify changes to roles and responsibilities of acquisition and logistics activities, e.g., PMs, ICPs, cataloguing activities, DLA, etc. Specific Actions/Milestones are:

- ✓ Draft Framework (15 Aug 02)
- ✓ Complete formal staffing (Oct 02)
- ✓ Update based on Staffing comments (Dec 02)
- • Signed Policy Memo (Jan 03).

4.4 Product Support Guide (OSD POC: OADUSD/LPP)

PBL strategies require application of new concepts, processes, and policy. Guidance is required to ensure that Program managers and Logisticians have ready reference material as needed to address the range of PBL initiatives. The initial Product Support Guide was published Nov 2001. This activity addresses that need and ensures comprehensive guidance is maintained. Specific Actions/Milestones are:

- ✓ Revise Product Support Guide to incorporate industry comments, DODD 5000-series revisions(Aug 2002)
- ✓ Industry, DOD review (Oct 2002)
- ✓ Update based on Industry, DOD comments (Oct 2002)
- • Publish Revised Guide (Feb 2003).

5. Changing the Process

This section identifies those actions that change business processes within the current logistics environment. Included are actions to highlight sustainment during the Joint Requirements Operational Council (JROC) process, developing and establishing weapon systems performance agreements, generating and incentivizing contractual relationships that promote future competition for product support integrators and subcontractors, and ensuring the financial flows for weapons system support enable PM responsibility and accountability for sustainment.

5.1 Requirements (POC: OPNAV)

The requirements generation and approval process is a cornerstone of systems acquisition. These actions are designed to provide increased emphasis on improving system availability, reliability and maintainability while reducing operations and support costs. Specifically, emphasis on sustainment begins within the requirements phase for the Joint Staff and the Services and sustainment must be consistently addressed within the cost, schedule, and performance trade space throughout the life cycle. Specific Actions/Milestones are:

- ✓ Provide Joint Staff with proposed revisions to CJCSI 3170 and JROC Administrative Guide placing increased emphasis on sustainment in the Joint Requirements Oversight Council process
- ✓ Formally coordinate revised CJCSI 3170 (Sep 02)
- • Update Services Requirements regulations and guidance (April 02).

5.2 Performance Agreements (OSD POC: OADUSD/LPP)

Performance Agreements are a critical component of Performance Based Logistics. They serve as the formal documentation of performance and support requirements necessary to meet the operational goals of the warfighter. These actions will ensure proper definition, guidance, and application of Performance Agreements as part of PBL strategies. Specific Actions/Milestones are:

- ✓ Performance Agreements White Paper approved by DLEB/JLB (Jun 02)
- • Update to 5000 and PBL guide (Feb 03)

- Input change to POM preparation instructions. Ensure Performance Agreements are revised based upon resources (Feb 03)
- Write DODI on Performance Agreements (April 03)
- Assess combat effectiveness of PBL structure during FLOW '03.

5.3 Contracts and Incentives (OSD POC: OADUSD/LPP)
Successful implementation of PBL will require innovative application of contract terms and incentives that will promote "win-win" results for both customers and support providers. This activity will capture best practices, develop new contracting approaches, and institutionalize a PBL contracting strategy and associated guidance. Specific Actions/Milestones are:
- ✓ Review current PBL contracts in Agencies and Services for best practices (Jul 02)
- ✓ Review Navy Strategic Systems Project Office (SSPO) and Naval Reactors (NAVSEA 08) programs for contract approaches/best practices that could be adopted to support TLCSM (Jul 02)
- ✓ Review Army incentive guide for innovative approach to incentives (Aug 02)
- Coordinate with Defense Procurement (DP) for FAR/DFAR changes required as the result of reviews or being worked by DP (Jan 03)
- Incorporate results of contracts/incentives review into the PBL guide (Jan 03)
- Assess developmental requirements for Contracts Management corps (Dec 02)
- Coordinate PBL contractual training requirements with Contracting Functional Advisor (Jan 03).

5.4 PPBS (Financial Mechanisms) (OSD POC: OADUSD/LPP)
Current financial processes disable (versus enable) Performance Based Logistics. This activity defines and implements a "to be" financial process that provides a balanced approach for long term partnerships while supporting warfighter flexibility. Specific Actions/Milestones are:
- ✓ Define "to be" financial processes (*Completed Jun 02*)
- Assess potential financial changes to appropriations and incentives (Feb 03)
- Develop 05 POM guidance for weapon system financial requirements for migration to new financial policy (Feb 03)
- Develop consolidated business case analysis guidance (Jun 03)
- Identify required changes to Financial Management regulations (Oct 03)
- Generate required legislative proposals for appropriation changes (Oct 03)
- Migrate Working Capital Fund to Demand-Based (FY 05).

6. Marshalling the Resources

This section contains those actions necessary to provide for enhancement of the critical manpower and supplier base resources to facilitate the TLCSM/PBL strategy. The professional development of PM and acquisition staffs is critical to better accommodate their role as life cycle managers. In addition, building a competitive supplier base, both public and private, will ensure life cycle competition and best value options for weapon system support strategies.

6.1 Workforce Development (OSD POC: DAU)

The successful implementation of PBL requires an appropriately trained and motivated work force of Program Managers and Logisticians. This activity will ensure that a comprehensive educational curriculum is developed and applied across the acquisition-logistics work force. Specific Actions/Milestones are:

- ✓ Increase coverage on logistics issues in new DAU Program Management Office Course (PMT352) (Jun 02)
- ✓ Coordinate requirements for additional logistics emphasis in DAU Program Management curriculum with Acquisition Management Functional Advisor (Jun 02)
- ✓ Survey and coordinate with academia to determine potential supporting roles for providing DAU acquisition logistics and product support training: Penn State, University of Maryland, Stevens Institute, Tennessee, Michigan State, etc. (Jun/July 02)
- ✓ Increase TLCSM coverage in Executive PM Courses (Oct 02)
- • Define new Product Support career field for identification of workforce numbers and training requirements in FY05 POM build (Feb 03)
- • Conduct AIA PBL Workshops (Feb 03)
- • Complete reengineering of DAU acquisition logistics curriculum (Jun 03)
- • Deploy new DAU Product Support curriculum (Oct 03/Jun 03)
- • Develop Executive PBL Course (Jun 03)
- • Identify target PBL training population; Services (Jun 03)
- ✓ Add mandatory System Design and Operational Effectiveness (SDOE) course to Level III acquisition logistics certification curriculum (Oct 03).

6.2 Competitive Public Supplier Base: Defense Logistics Agency and Military Service Inventory Control Points (ICPs) (OSD POC: DLA, and OADUSD(SCI))

A robust and competitive organic supplier base is critical to maintaining healthy competition among private and organic suppliers under TLSCM and PBL. The organic supply infrastructure that remains to support the war fighter must be efficiently and effectively used to minimize overall costs and to enhance support to the plurality of worldwide users across weapon systems and for individual weapon systems. The following actions will provide for a robust and competitive DoD organic supplier base. Specific Actions/Milestones are:

- • DLA Actions:
  - o DLA Engagement Strategy and Guidelines to Offer Best Value Support Solutions to PMs Implementing TLCSM and PBL
    - ✓ Publish and distribute strategy and guidelines (*Completed Dec 01*)
    - ▪ Incorporate strategy/guidelines into DLA "One Book" and develop web-based database for tracking engagement status/success
  - o DLA migration to performance agreements with major customer components – Implement Customer Relationship Management (CRM)
    - ▪ Begin development of Service Level Agreements (SLAs), perform collaborative demand planning, and monitor execution of SLAs with

> > major customer components involved in DLA's Business Systems Modernization (BSM) Concept Demonstration (Jul 02)
> > - Establish SLAs, perform collaborative demand planning, and monitor execution of SLAs for all major customer components (Dec 05)
> - DLA Strategic Materiel Sourcing (SMS)/Strategic Supplier Alliances (SSAs)
> > - Use SMS to identify/group items representing largest business and readiness drivers for placement on long-term contracts (begin FY 02; ongoing)
> > - Identify suppliers representing largest impact on DLA's business base for pursuit of SSAs (FY 02/FY 03 candidates identified)
> > - Establish initial SSA award schedules (Complete for FY 02/FY 03)
> > - Monitor leading and lagging indicators (begin in FY 02/FY 03)
> - DLA implement BSM to replace old legacy Standard Automated Materiel Management System with commercial, off-the-shelf, supply chain management systems (ERP: SAP R/3; APS: Manugistics; and, Procurement: AMS Procurement Desktop Defense) and reengineer processes to use best commercial practices.
> > - Concept Demonstration and Initial Operating Capability (begin Jul 02)
> > - Full Operating Capability for all NSNs managed (2005)
> - Explore/develop proposed changes to Defense Working Capital Fund, Obligation Authority, and financial processes/regulations necessary for DLA to effectively compete with commercial providers and team with PMs under TLCSM and PBL (in conjunction with paragraph 5.4, PPBS (Financial Mechanisms)).

6.3 Competitive Private Supplier Base (OSD POC: OADUSD (LPP)

Encouraging competition among logistics support providers is a key factor in maintaining an acceptable Performance Based Logistics strategy. This activity will take those necessary steps to promote, foster, and stimulate a broad range of competitive options for PBL support. Specific Actions/Milestones are:

- Develop competitive strategy with Industrial Affairs (Sep 02)
- ✓ Coordinate Small and Disadvantaged Business strategy with SADBO. Incorporate into 5000 series publications (Sep 02)
- ✓ Foster engineering servicing industry as 4PL with Professional Services Council (Dec 02)
- Develop procedures to encourage sub tier competition (Jan 03)
- Develop appropriate exit strategies for OEMs and work into PM guidebook (Apr 03).

6.4 Financial Requirements (OSD POC: OADUSD/LPP)

These actions support migration from a transaction-based, segmented support structure to an integrated product support strategy, both at the Service level and at the Program level. The ultimate objective will be the capacity to plan and manage a weapon system throughout the life cycle to include pre-planned technology

refreshment and investments to improve reliability, maintainability, supportability, and affordability. Specific Actions/Milestones are:

- Develop 05 POM guidance, including DPG and POM Preparation Instructions (PPIs) (Feb 03)
- Identify investment dollars to execute strategies, e.g., resources needed to implement PBL (May 03)
- Review 05 POM during summer review of Service plans (Jun-Jul 03)
- Coordinate PBD as needed (Aug 03).

7. Synchronize with Other Collaborative FLE Initiatives (OSD POC: OADUSD/LPP)

This section contains actions to ensure continued collaboration with leads for three other major FLE initiatives and fully supports establishment of an operational architecture that integrates all logistics best business practices across the DoD. This effort develops an overarching framework and integrates best business practices across the entire logistics enterprise. It will identify and incorporate key elements of the FLE including aspects of acquisition logistics, sustainment and deployment. Its products support the work of the Best Business Practices (BBP) Working Group. Specific Actions/Milestones are:

- ✓ Integrate TLCSM, Depot Partnering, and CBM+ into 5000 series (Jun-Jul 02)
- ✓ Develop and provide a TLCSM operational architecture to Enterprise Integration Lead (Aug 02)
- Ensure alignment of OA in Defense Planning Guidance (Nov 02-Feb 03)
- ✓ Integrate end-to-end into 4000 and 5000 series (Nov 02)
- Integrate weapon system support aspects of FLE into Logistics Operational Architecture via Best Business Practices Group (May 03).

8. Managing for Success

This section contains actions associated with enhancing existing and implementing new oversight mechanisms for weapon system sustainment. Included actions range from process revisions to the Defense Acquisition Executive Summary (DAES) review to compiling and assessing Service PBL implementation schedules and strategies.

8.1 Defense Acquisition Board (DAB)/Defense Acquisition Evaluation System (DAES) (OSD POC: OADUSD/LPP)

Establish supportability review factors and Performance Based Logistics strategies as mandatory review criteria to be addressed, reviewed, and tracked by automated reporting through the Defense Acquisition Executive Summary and DAB review process. Specific Actions/Milestones are:

✓ Amend DAES reporting to include status of weapon system supportability (Jan 03)
- Establish authority and process for DUSD (L&MR) to identify programs for program sustainment reviews in 5000.2R (Jan 03)
- Define and implement DUSD (L&MR) sustainment reviews (Jan 03)
✓ Reorient involvement of DAB in reviewing supportability strategy based upon updated policy (Jan 03)
✓ Outreach to compatible programs through quarterly technical exchanges (DOD 5000 report, Chapter 7) (Feb 03).

8.2 Service PBL Plans (May – June 02) (OSD POC: OADUSD/LPP)

To properly assess and monitor implementation of TLCSM/PBL strategies, the Services have been tasked (USD (AT&L) 13 Feb Memo) to submit their implementation schedules and overall PBL implementation guidance and strategies. The collection, compilation, review and assessment of those submissions will provide valuable insight and oversight for DUSD (L&MR). Specific Actions/Milestones are:

✓ Establish criteria to evaluate Service plans (Jun 02)
✓ Build database for implementation schedules with actions and milestones including quarterly progress reports for approved Service plans (Jul 02)
- Assess Service implementation progress (Quarterly)
✓ Conduct Red Team Review (Dec 02)
- Request functional evaluation analysis (FEA) of TLCSM (Sep 02)
- Advocate full funding of weapon systems support through 05 POM guidance (Feb 03)
- Establish Senior Executive TLCSM Group and initiate quarterly meetings (Feb 03).

8.3 Sustainment Reviews (OSD POC: OADUSD/LPP)

Provide review and oversight of PBL strategy implementation for specific weapons systems. Identify problems, successes, shortcomings, lessons learned for corrective actions or to provide examples from which to create future agreements. Specific Actions/Milestones are:

- Develop new milestone to define post-DAB action (Dec 03)
✓ Ensure that sustainment reviews become a part of the DAB process (Dec 03).

8.4 Metrics (OSD POC: OADUSD/LPP)

To properly assess the progress and success of PBL implementation, a suite of metrics will be developed that gauge the degree of improvement in key logistics support criteria. Specific Actions/Milestones are:

✓ Review Services metrics with regard to PBL contracts, Customer Wait Time, cycle time, savings, footprint, etc. (Dec 02)
- Develop Balanced Scorecard approach to metrics to include output metrics, e.g., savings, reduced footprint, Customer Wait Time, Time Definite Delivery, etc. Coordinate with Operational Architecture (Apr 04)
- Identify metrics that no longer should be measured (Apr 03)
- Brief Joint Logistics Board and work into 05 DPG (Jan 03).

9. Communicating the Vision

This section includes those actions required to articulate and institutionalize TLCSM and PBL across those organizations and activities external to the DOD, including industry and international allies. Industry is a major stakeholder in DOD weapon system support. Their knowledge of and ability to implement DOD logistics concepts and policy is vital. Similarly, the growing global network of DOD allies and joint warfighting scenarios dictate a similar outreach to our allies as well.

9.1 Outreach (OSD POC: ADUSD/LPP)
To establish and maintain close relationship with Industry support providers, Military Departments, and other key stakeholders in PBL implementation. Specific Actions/Milestones are:
- Complete coordination with Force Providers and Support Providers (Dec 02)
- ✓ Work with Product Support Committee
    - ✓ Presentation to AIA (May/Nov 02)
    - ✓ Present to SEC/NDIA (Oct 02)
    - ✓ SOLE conference (Aug 02)
    - o Conduct AIA workshop (Feb 03)
- Coordinate TLCSM principles and approach with Congress and GAO (Feb 03).

9.2 Congress (OSD POC: OADUSD/LPP)

To facilitate the implementation of PBL, legislative action will be required. This activity will develop, submit, and advocate needed legislative revisions. Specific Actions/Milestones are:
- ✓ Prepare draft financial legislation (Nov 03/Dec 02)
- Present draft legislation to Senate/House Armed Services Committees in conjunction with OMB and Comptroller (Feb 03).

9.3 International Coordination (OSD POC: OADUSD/LPP)
International coordination and liaison of PBL concepts and strategies will provide opportunities for broader impact of PBL implementation, as well as serve as a source for new logistics support initiatives. This activity will ensure proactive interchange with key allies and logistics partners. Specific Actions/Milestones are:
- ✓ Coordinate with UK (*Completed Apr 02*)
- ✓ France/Germany (Dec 02)

- ✓ Australia (July 02)
- NATO (Sep 03).