
Defense Logistics Agency Energy

Fiscal 2012 Annual Operating Plan



**Warfighter-Focused, Globally Responsive,
Fiscally Responsible Supply Chain Leadership**

Table of Contents

Introduction	3
Section 1: Mission, Vision, Values	
Mission, Vision and Values	4
Section 2: Key Operational Goals and Metrics	
Goals	5
Metrics	6
Section 3: Initiatives and Supporting Metrics	
Warfighter Support	10
Stewardship Excellence	12
Workforce Development	16

Introduction

Fiscal 2012 poses many challenges for America's Warfighters and all who support them. We are a country at war, dealing with multiple security interests worldwide in an evolving and increasingly complex economic and political environment. Our customers face numerous issues related to these factors, including emerging resource constraints and the need to reconstitute key assets that were heavily used over the past decade.

Each year, the Defense Logistics Agency Energy is faced with new challenges in our mission to provide the Department of Defense and other government agencies with comprehensive energy solutions in the most effective and efficient manner possible. And, each year, our agency meets these challenges through commitment, dedication and innovation. In a time when world events can produce an evolving and ever-changing environment, DLA Energy continues to remain steadfast in supporting energy requirements, remaining agile to address emergent energy needs and aggressively engaging to support potential new energy solutions. In the 2012 Director's Guidance, DLA Director Vice Adm. Alan Thompson emphasizes DLA's commitment to supporting America's Warfighters and the DoD as America's Combat Logistics Support Agency. DLA's Director's Guidance encompasses the foundation of our mission and values, delineating our three strategic focus areas – Warfighter Support, Stewardship Excellence and Workforce Development. DLA Energy is fully committed to the success of the 2012 Director's Guidance and will remain diligent in our commitments to provide continuous energy support.

To support our way forward for the next fiscal year, the 2012 Annual Operating Plan aligns our initiatives, goals and objectives with those of DLA Headquarters, while outlining our anticipated actions and roles supporting the DLA Director's strategic focus areas. This year's guidance also incorporates the DLA organizational awareness that full external and internal involvement will make our mission successful. With our Warfighters and customers working as a team, we will move forward together.

Over the course of the year, we saw an increased focus on energy security as each military service published their specific energy strategies and goals. Some of these plans are aggressive, taking large strides forward in the area of alternative energy solutions. As the services take these steps, DLA Energy will be there to support their requirements. The DoD continues to lead the federal government in pursuit of the development and utilization of alternative fuels and renewable energy, and DLA Energy supports these efforts.

This year will be a pivotal year as the Warfighter seeks alternative fuels and renewable energy solutions to support their energy security, conservation and environmental stewardship goals. DLA Energy has a key role in continuing to leverage our energy expertise in seeking the development and procurement of alternative mobility fuels. As a global organization with a worldwide reach, our DLA Energy personnel are stationed around the world, ready to support our Warfighters and customers, ensuring we stay true to our missions, visions and values as we support their energy requirements.

Section 1

Mission, Vision and Values

Mission

In support of DLA's mission, provide the Department of Defense and other government agencies with comprehensive energy solutions in the most effective and efficient manner possible.

Vision

Warfighter-focused, globally responsive, fiscally responsible supply chain leadership

Values

Our values are DLA's foundation for all we do.

They provide our guiding principles as we accomplish our mission, pursue our vision and strive to do what is right for the armed forces and DoD:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

Section 2

Key Operational Goals and Metrics

Mission area unique lines of business with fiscal 2011 sales and fiscal 2011 personnel statistics:

Military Fuel fiscal 2011

Inventory	57.9M barrels
Storage Locations	604
Transactions	10.7M
Barrels Sold	129.5M
Fuel Card	\$1,296.1M
Aerospace Energy Sales	\$61.1M

Petroleum Sales: All Customers

FY07 Net Sales	132.4M barrels	\$12.6B
FY08 Net Sales	132.5M barrels	\$17.5B
FY09 Net Sales	129.0M barrels	\$12.2B
FY10 Net Sales	130.5M barrels	\$15.2B
FY11 Net Sales	129.5M barrels	\$19.1B
FY12 Estimate	128.0M barrels	\$21.2B

Foreign Military Sales Program

Net Sales	0.5M barrels	\$73.0M
Bulk Contract Awards	2.7Mbbls	\$335.5M

Expanding Energy Solutions fiscal 2011

Natural Gas Business*	\$56.3M
Electricity Business*	\$415M
Coal Contract Business	\$37.3M
Renewables	\$0.5M
Energy Savings Performance*	\$166M
U.P. Awards*	\$934M

*Multi-year awards

Forward Presence fiscal 2011

Co-located: Three Service Control Points
Four Geographic Regions: approx. 295 personnel

Personnel On Board fiscal 2011

Civilians	1010
Military	64

Key Operational Metrics

As part of a routine DLA Energy managerial review, DLA Energy leadership conducted an effort to revise the portfolio of metrics currently used to measure its operational performance. A “metric universe” was compiled from all of DLA, as well as industry benchmarks, and refined into a comprehensive set of clearly defined DLA Energy metrics. The following list of key operational metrics includes DLA Energy agency performance review metrics and metrics directed to be included into primary level field activity annual operating plans by the vice director of DLA. Some of these metrics are still undergoing revision and are subject to change or further development.

Agency performance review metrics

Net operating results

The purpose of net operating result is to track DLA Energy’s revenues and expenses monthly, assess performance against the budget, identify variance early in the fiscal year, and to take corrective action as necessary to achieve NOR targets.

Definition of the metric

NOR is DLA Energy’s total revenue minus DLA Energy’s total expenses. A positive NOR is a financial gain, while a negative NOR is a loss; the goal is to break-even over time.

Cash plan performance

The purpose of DLA Energy’s cash plan performance is to track disbursements and collections monthly, assess performance against the budget, identify variances early in the fiscal year and to take corrective action as necessary to meet CPP targets.

Definition of the metric

CPP is DLA Energy’s total disbursements minus DLA Energy’s total collections. A negative CPP implies that more was collected than disbursed, increasing the cash balance. A positive CPP implies that more was disbursed than collected, thus decreasing the cash balance. The goal is to neither generate excess cash nor lose excess cash over time.

Interim demand plan accuracy for energy

The purpose of the demand planning accuracy for energy metric is to measure how close actual fuel demand is to forecasted fuel demand. Forecasting accurately is important to help optimize DLA Energy’s inventory investment and infrastructure requirements.

Definition of the metric

DPA for energy compares forecasted demand plans for energy commodities against the actual demand. This interim metric will ultimately be updated with Release 2 of Energy Convergence when more advanced data collection and reporting capabilities are available.

* This metric is still undergoing development, with an expected completion date of Oct. 15, 2011, but is subject to change or further development

Inventory accuracy

The purpose of the inventory accuracy metric is to track defense fuel support point timeliness of reconciliation between book and physical inventory along with book/physical inventory variance.

Definition of the metric

Inventory accuracy measures the timeliness of inventory reconciliation by DLA Energy's DFSPs and variance between the physical and book inventories.

* This metric is still undergoing development, with an expected completion date of Oct. 15, 2011, but is subject to change or further development

Combatant commands fuel inventory

The combatant commands metric measures fuel inventories in four geographic areas with respect to minimum required level and maximum capacity for each month.

Definition of the metric

Fuel inventories are expected to be above the control limit and below the maximum authorized inventory. The control limit is defined as the sum of unobtainables (below pump suction), safety level (calculated percentage of tank capacity), augmented safety level (additional allowance for unique operational issues) and prepositioned war reserve stocks. The maximum authorized inventory is defined as the sum of the control limit plus economic re-order quantity and any authorized working ullage (defuels). The goal is to maintain inventory, at all times, between the control limit and the maximum authorized inventory.

* This metric is still undergoing the revision process, with an expected completion date of Dec. 15, 2011, but is subject to change or further development

Fuel infrastructure

This metric plots the expenditure of allocated funding for fuel infrastructure for the smooth operations of DLA bulk petroleum facilities and pipelines. The measurement is cumulative in nature, such that each month the submittals for funding of projects (issues) and projects under contract include issues and contracted projects from all previous months.

Definition of the metric

The allocation reflects funding for projects planned for commitment in that fiscal year, including sustainment, restoration and modernization, minor construction capital, non-automated data processing equipment capital, non-ADP equipment operating, and minor construction operating. It is not expected that all issues will go to contract within the fiscal year; therefore the comparison of allocation versus expenditure is against issues as opposed to awarded contracts. The goal is to fully execute the fiscal year plan.

On time acquisition

The purpose of the on time acquisition metric is to provide a review of timeliness from requirement to contract award.

Definition of the metric

The intent is to provide leadership with a full picture of the acquisition process from customer requirement to contract award. The metric will greatly enhance the efficiency of the entire process by allowing leadership focus on any potential problem areas before an issue arises.

* This metric is still undergoing development, with an expected completion date of Jan. 15, 2012, but is subject to change or further development

Award price change

The purpose of the award price change metric is to determine if changes in the prices that DLA Energy pays for fuel track with changes in prices that occur in the general market.

Definition of the metric

Award price change compares the annual change in DLA Energy fuel prices to the annual change in producer price indexes from the Bureau of Labor statistics.

Program quality status

The purpose of the program quality status metric is to track major customer quality issues to ensure that DLA Energy leadership is aware of problems that are impacting customer missions.

Definition of the metric

Program quality status is comprised of supporting data that includes: exceptions, deviations and waivers, and future Energy Convergence reports for the Technical Quality Contribution to Acquisition Lead Time and TQ Referral Response Time.

* This metric is still undergoing development, with an expected completion date of Nov. 1, 2011, but is subject to change or further development

Metrics directed to be included in PLFA AOPs by the DLA vice director

The following metrics were directed by the DLA vice director to be included in PLFA AOPs. They are currently being tracked internally by DLA Energy as outlined below. However, these metrics are undergoing a review process at the enterprise level and DLA Energy will incorporate the enterprise-wide changes into our internal review and, if necessary, the DLA Energy APR submission.

Full time equivalent execution

The full time equivalent execution metric was developed in response to the Secretary of Defense's memo dated Aug. 20, 2010, which directed a cap on the number of FTEs for DLA at the fiscal 2010

level. The action was intended to preclude further personnel growth. The DLA director approved the FTE targets Jan. 20, 2011 for the J codes and PLFAs.

DLA Financial Operations will provide those targets to the field activities and headquarters' staff offices. Tracking actual execution against the FTE target will allow DLA Energy to take corrective action if necessary to not exceed our cap.

Definition of the metric

The number of on board employees compared to the target number of authorized positions.

Travel/training/overtime execution

This metric includes non-product cost budgetary information for training, travel and overtime costs maintained throughout the year to ensure swift adjustments can be implemented in the face of uncertain budget conditions.

Definition of the metric

The metric includes actual expenditures versus planned budget for training, travel and overtime and is reviewed on a quarterly basis within DLA Energy.

Telework

Increased telework supports mission continuity by readying employees to continue work despite unexpected disruptions. Telework improves productivity by allowing employees to work at alternative locations that are relatively free of stress and distractions. Additional noteworthy benefits:

- Enhances work-life balance for eligible employees
- Serves as an effective recruitment and retention strategy
- Supports efforts to employ and accommodate people with disabilities, and
- Creates cost savings by decreasing office space and parking facility needs.

Definition of the metric

This metric contains the number of eligible employees approved for telework and the monthly total of employees who actively telework.

Section 3

Initiatives and Supporting Metrics

Warfighter Support

In fiscal 2012, as in every year, DLA Energy's top priority is Warfighter support. This includes logistics support of the readiness and sustainment of America's Warfighters themselves, and of industrial activities and others whose efforts are critical to preserving and enhancing our nation's and our allies' defense postures.

WS-1: Support operational requirements and force drawdown/equipment reset processes in the Southwest Asia theater.

DLA Energy Office of primary responsibility: Director of Operations

Expected actions include:

- Continue efforts to shift sourcing from Pakistan to South Caucasus/Central and South Asian countries through supply chain management and sourcing strategies.

Metric: Monitor percentage of CL III flow into Afghanistan from Pakistan and the Northern Distribution Network.

- Maintain combatant command Days of Supply initiative in the Afghanistan theater.

Metric: Measurement of support levels compared to required stockage levels.

- Continue coordination with U.S. Central Command and military service components on drawdown of stocks to coincide with installation closures in Iraq.

Metric: Complete all requested de-capitalization actions in the Iraqi theater in accordance with services requested fragmentary orders.

- Support emerging DoD and Department of State CL III requirements in Iraq.

Metric: Measurement of support levels compared to required stockage levels.

WS-2: Engage with customers and external stakeholders to drive additional DLA Energy support improvements worldwide.

DLA Energy OPR: Director of Business Process Support

Expected actions include:

- Create a fiscal 2012 customer engagement plan to reinvigorate the Customer Relationship Management process.

Metric: A formalized and signed fiscal 2012 customer engagement plan.

- Report customer sale and return data from Enterprise Business System and legacy systems.
- Focus on both DoD and non-DoD customer trends based on the above report.

Engage those customers with declining sales.

- Identify and report customer engagement across all Energy materials and services.
 - Normalize engagement to DoD customers.
 - Normalize engagement to non-DoD customers as authorized by DLA Headquarters.

Metric: CRM monthly and quarterly metrics.

- Report via the CRM dashboard developed within DLA Energy.
- Stress engagements when negative trends are identified.

Metric: Milestone events in the fiscal 2012 customer engagement plan.

- Create a formal CRM review board that meets at least quarterly to review engagement activities.

Metric: CRM review boards held.

Metric: Growth and depth of account activity.

- Report trends based on historical data.
- Report customer engagements.
- Report on new opportunities won.

WS-3: Support the department's operational energy strategy to enhance warfighter agility.

DLA Energy OPR: Director of Operations

Expected actions include:

- Support the Title III Biorefinery Development initiative co-led by the Department of the Navy, Department of Energy and U.S. Department of Agriculture.

Metric: Execution of major tasks in accordance with plan timeline when defined.

- Provide all acquisition support for the 2012 DON Green Fleet local operations demonstration.

Metric: Progress of procurement action versus plan.

- Support overall DoD efforts on alternative fuel policy development and supply chain integration.

Metric: Execution of major tasks in accordance with plan timeline when assigned.

Stewardship Excellence

DLA Energy continues to assess current and potential roles and related processes to ensure we deliver maximum payoff from taxpayer resources while effectively supporting the Warfighter. This includes due consideration of risk management factors, such as ensuring energy products and services conform to established standards and preventing the compromise of critical information.

SE-1: Implement comprehensive cost analysis capabilities that help drive improved resource utilization in at least three major DLA internal cost drivers.

DLA Energy OPR: DLA Finance Energy

Expected actions include:

- Support the DLA financial metric scorecard pilot when extended to DLA Finance Energy.
- Utilize a DLA-developed “financial impact on performance model” to support key decision steps regarding significant resource investments in the Program Budget Review 14 process.
- Ensure that all decision briefs that involve a financial investment at minimum include cost estimates based on investment checklist criteria.

SE-2: Continue pursuit of significant price reductions across DLA’s materiel and services acquisitions.

DLA Energy OPR: Director of Acquisition Policy & Oversight

Expected actions include:

- Pursue cost savings initiatives associated with natural gas procurements through on-going use of Continuous Process Improvement and engagement with industry.

Metric: Monthly comparisons of DLA Energy natural gas contract prices to local utility tariff rates.

- Conduct a pilot on reverse auction for the Direct Delivery monthly fuel buys and the natural gas monthly buys and make a results determination.

Metric: Comparison of contract price achieved via reverse auction and those achieved under traditional contracting methods.

- Continue to engage with DLA Energy’s suppliers to further enhance competition and increase small business participation, particularly in the category of Service-Disabled Veteran-Owned Small Business. Conduct outreach via Small Business conference matchmaking and individual telephone and face-to-face counseling.

Metric: Comparison of levels of Small Business participation as a percentage of eligible dollars.

- Continue efforts with DLA Energy’s suppliers to achieve additional cost reductions.

Metric: Measurement of prices received on future procurements.

SE-3: Identify and implement improved acquisition execution practices across all DLA supply chains.

DLA Energy OPR: Director of Acquisition Policy & Oversight

Expected actions include:

- In collaboration with the DLA Acquisition Management office, identify and develop a streamlining and process improvement plan to ensure a stable and predictable procurement cycle.

Metric: Completion of plan and execution of any DLA Energy actions in accordance with plan timeline.

- Support DLA Acquisition Management in constructing a plan to address deficiencies based on any audit findings.

Metric: Completion of plan and execution of any DLA Energy actions in accordance with plan timeline.

- In coordination with DLA Acquisition Management and DLA Human Resources, identify and rank any skill gaps in contracting at the journeyman level to be included in annual contracting refresher training.

Metric: Achieve a 100 percent completion rate for annual refresher training among all journeyman contracting professionals.

- Continue to utilize Lean Six Sigma/Continuous Process Improvement tools to identify and improve procurement processes across all DLA Energy procurement programs.

Metric: Identify a minimum of three contracting related LSS/CPI events annually that will be briefed at monthly procurement information meetings in order to share lessons learned across the enterprise.

SE-4: Implement information technology enhancements that facilitate improved customer support and process efficiency.

DLA Energy OPR: Director of Business Process Support

Expected actions include:

- Continue to execute the Enterprise Business System Energy Convergence program.

Metric: EC program milestones to include timely releases and full operational capability.

Metric: Business Systems Modernization Energy legacy applications terminated.

- Integrate the Real Property effort into EC for an integrated, complete and coherent Energy solution.

Metric: Real Property deployments and integration with EC.

Metric: Termination of the legacy SRME application.

- Integrate the eProcurement effort into EC for an integrated, complete and coherent Energy solution.

Metric: eProcurement functionality incorporated into EC.

Metric: Percent of Energy procurement activity conducted in EC.

- Deploy Office Communication System and Voice over Internet Protocol capability to DLA Energy's workforce

Metric: Percent of DLA Energy workforce with stated capability.

SE-5: Pursue mitigation of risks to mission accomplishment and efficiency.

DLA Energy OPR: Director of Internal Review, Director of Stewardship Office

Expected actions include:

- To implement a robust enterprise risk management strategy within DLA Energy using the DLA established risk management framework:
 - Use internal and external reports to summarize known risks.
 - Poll business units to elevate areas of risk for management's transparent assessment.
 - Convene Energy Executive Board to develop heat map to incorporate risk appetite and identify risk responses using identified thresholds for likelihood (Almost Certain, 90-100 percent; Likely, 51-89 percent; Unlikely, 6-50 percent; Remote, 0-5 percent) and impact (Catastrophic, Major, Minor and Insignificant) ranking and determine approach: tolerate, treat, transfer or terminate the activity creating the risk and provide to DLA Strategic Plans and Policy.
 - Convene Energy Executive Board follow-up with periodic review to assess results.

Metric: Follow lead of DLA Strategic Plans and Policy and determine success with the creation of corrective actions, planned assessments and reviews.

- To improve the DLA Managers' Internal Control program DLA Energy will support DLA Strategic Plans and Policy required DLA MIC training.

Metric: Follow lead of DLA Strategic Plans and Policy and determine success by ensuring all designated managers and assessors complete online training prior to performance of assessment.

SE-6: Develop and start executing additional strategies for more efficient worldwide alignment of DLA's energy inventories and infrastructure.

DLA Energy OPR: Director of Operations

Expected actions include:

- Seek reductions in peacetime operating stocks while ensuring Warfighter support (e.g., through further synchronization with the military services to ensure accurate demand planning factors

and to analyze related impacts to safety levels and overall capacity; and refinement of the baseline for Joint Staff days of supply guidance using fuel industrial sourcing/production/distribution capability modeling).

Metric: Conduct demand planning collaboration with the Service Control Points and customers; publish inventory management plan document addressing inventory management controls and inventory goals; support days of supply review and revalidation in accordance with JCS established timelines.

- Continue collaboration with JCS and COCOM's to support initiatives to explore potential reductions in war reserve operating stocks.

Metric: Execution of major tasks in accordance with plan timeline when assigned.

- Continued analysis of potential distribution facility efficiencies within the Class III (Fuel) supply chain.

Metric: Conduct node-arc analyses for each bulk acquisition program.

- Reviews of contracting capabilities, host nation support and multinational partner opportunities to augment inventory and distribution capabilities via replacements in kind/fuel exchange agreements, commingled stockage plans and/or utilization of swing stocks.

Metric: Collaborate with international partners and analyze historical exchange balances and incorporate into demand planning efforts.

- Supply chain studies to identify any potential combat support and combat service support shortfalls from the above actions.

Metric: Execution of studies and implementation of milestones to plan.

Workforce Development

DLA Energy's workforce is vital to our current and long-term success in effectively supporting Warfighters at optimal cost. We must further enable this workforce to capitalize on their skills, experience and potential to support DLA Energy's mission.

WD-1: Assess and improve hiring and selection policies and practices to ensure a diverse, high-performing workforce.

DLA Energy OPR: Director of Manpower & Workforce Analysis

Expected actions include:

- Recruit at "target-rich environment" recruiting events, such as diversity/target disability career fairs.

Metric: Percentage of planned events to events attended per quarter.

Metric: Number of focus group candidates contacted.

- Establish a permanent resource board, which will provide oversight, direction and consistency for civilian personnel management.

Metric: Improve the workforce readiness indexes from red and yellow to green.

Metric: Increase the percentage of the culture survey results.

WD-2: Improve DLA's organizational and individual performance management practices.

DLA Energy OPR: Director of Manpower and Workforce Analysis

Expected actions include:

- Refresh supervisors' and managers' basic understanding of performance management practices, to include the creation of individual performance plans that are aligned to organizational goals to the maximum extent possible.

Metric: Percent of individual performance plans that are aligned to organization goals.

- Review rewards and recognition policies and practices in light of incentive awards data to ensure alignment amongst organizational performance, individual achievement and actual employee recognition.

Metric: Ensure all rewards and recognition policies are aligned with organizational performance as reviewed by the resource board.

- Expand the use of telework to capitalize on effective performance management by supervisors in maximizing mission accomplishment through increased employee performance.

Metric: Surveys and data based assessment to gauge the effectiveness of telework and to verify any increase in employee performance.

Metric: Percent of employees teleworking and percent of number of days employees telework as compared to fiscal 2011.