



2012 DIRECTOR'S GUIDANCE

WARFIGHTER-FOCUSED, GLOBALLY RESPONSIVE, FISCALLY RESPONSIBLE SUPPLY CHAIN LEADERSHIP

DEFENSE LOGISTICS AGENCY

Fiscal Year 2012 Director's Guidance

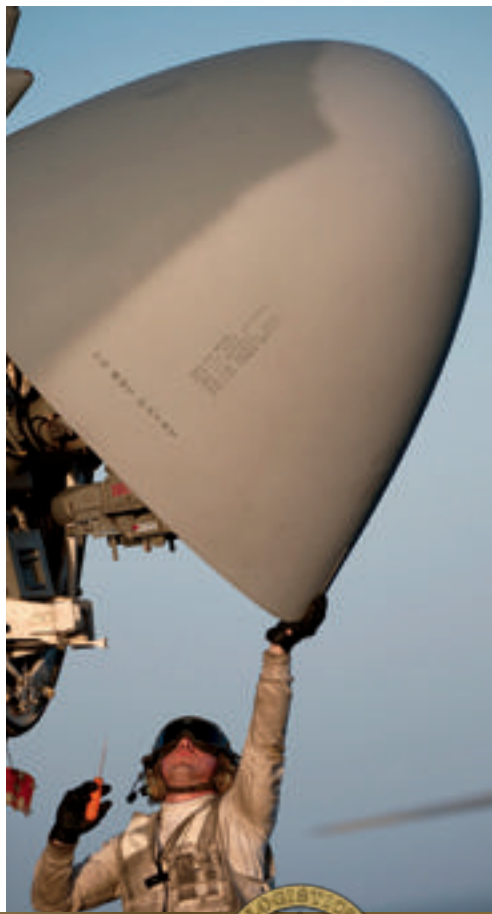
INTENT

Fiscal year (FY) 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.

In turn, the Defense Logistics Agency (DLA) just reached 50 years of providing increasingly expansive supply and distribution services, both across the Defense Department and to select customers outside the Department. As DoD's only logistics Combat Support Agency, we provide direct support and play a major role across DoD's global supply chain. We expect significant change in our environment in the coming year and will use this guidance to steer our preparations and measure our progress in the three main focus areas of our FY 2012 Director's Guidance: *Warfighter Support, Stewardship Excellence, and Workforce Development.*

Mission

As America's Combat Logistics Support Agency, we provide effective and efficient worldwide support to Warfighters and our other customers. We receive guidance from the Assistant Secretary of Defense (Logistics and Materiel



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2012 DIRECTOR'S GUIDANCE**
50 Years of Combat Logistics Excellence





Readiness), and as a statutory Combat Support Agency we report to the chairman, Joint Chiefs of Staff and the Combatant Commands in providing worldwide logistics support to deployed forces.

DLA is responsible for sourcing and providing most of the repair parts and virtually all fuel and troop support consumable items used by our military forces. We also procure Service-managed depot-level reparable. In addition, DLA provides a broad array of supporting supply chain management services, including storage and distribution, reutilization or disposal of surplus military assets, managing Defense strategic materiel, providing catalogs

and other logistics information, and supplying a wide range of document services. We support U.S. allies through Foreign Military Sales and are a vital contributor whenever this country undertakes humanitarian relief efforts at home or abroad. We provide human resources management and workforce development services to other DoD components.

Overall, our nearly 27,000 military and civilian personnel operate a global logistics enterprise worth more than \$40 billion in 28 countries, managing nearly 5 million items in eight supply chains.



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Vision

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

Values

Our values are DLA's foundation for all we do, our basic guiding principles:

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

STRATEGIC FOCUS AREAS

Our three strategic focus areas continue to define our principal thrusts. They are:

- **Warfighter Support:** Deliver agile and responsive logistics solutions to Warfighters.
- **Stewardship Excellence:** Manage DLA processes and resources to deliver effective Warfighter support at optimal cost.
- **Workforce Development:** Foster a diverse workforce, supporting culture and related personnel practices to deliver sustained mission excellence.

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DLA'S FY 2012 INITIATIVES

Warfighter Support

In FY 2012, as in every year, DLA'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.

DLA Offices of Primary Responsibility (OPR) coordinate with other DLA offices and, as appropriate, with partners and stakeholders external to the DLA enterprise. An OPR glossary is provided below.

■ DLA's Headquarters Organizations:

- ▶ J1, DLA Human Resources
- ▶ J3, DLA Logistics Operations
- ▶ J5, DLA Strategic Plans and Policy
- ▶ J6, DLA Information Operations
- ▶ J7, DLA Acquisition
- ▶ J8, DLA Finance
- ▶ JCASO, Joint Contingency Acquisition Support Office
- ▶ DO, Equal Employment Opportunity

■ DLA's Primary Level Field Activities (PLFAs):

- ▶ DLA Aviation
- ▶ DLA Disposition Services
- ▶ DLA Distribution

- ▶ DLA Energy
- ▶ DLA Land and Maritime
- ▶ DLA Troop Support

Warfighter Support (WS) FY 2012 Initiatives:

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

OPR: J3

- Enhanced support in Afghanistan.
 - ▶ Meet current and emergent critical weapons systems readiness requirements.
 - ▶ Optimize DLA's use of the Northern Distribution Network (NDN).
 - ▶ Support the "South Caucasus/Central and South Asian States (SC/CASA) First" policy for acquisition of supplies in theater.
 - ▶ Enhance outcomes at Defense Depot Kandahar, Afghanistan, (DDKA) and through the Theater Consolidation and Shipping Point (TCSP) initiative.
 - ▶ Sustain forward disposal support.
- Establish the foundation for controlled and expeditious redistribution and retrograde of materiel aligned to troop employment in Afghanistan for FY 2012.
- Support operations in Iraq that include responsible drawdown in the Iraqi theater



DEFENSE LOGISTICS AGENCY 2012 DIRECTOR'S GUIDANCE

and the in-country transitioning effort from Defense Department to State Department (DoS).

- Provide right-sized logistics support in areas adjacent to Iraq.

WS-2: Improve DLA's support performance at Service industrial sites and prepare to meet additional equipment reset-driven requirements.

OPR: J3

- Pursue improvement in key customer-oriented metrics to reflect DLA's role in logistics support of industrial maintenance.
- Implement Inventory Management and Stock Positioning (IMSP), Distribution Standard System (DSS) and associated process improvements at industrial sites to support enhanced operations.
- Participate directly in planning for and supporting Service asset reset actions at industrial sites (retrograde, reset and redistribution).

WS-3: Engage with customers and external stakeholders to drive additional DLA support improvements worldwide. OPR: J3

- Energize the DLA Customer Relationship Management process.
- Continue development of DLA's role and outreach in the whole of government logistics support process in humanitarian crises and other situations.
- Effectively leverage observations from the 2010 Joint Staff Combat Support Agency Review Team (CSART) to enhance COCOM support.



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- Continue involvement in Joint Staff J4 (Logistics) efforts to enhance coordination of joint supply actions and processes.
- Conduct annual survey of customers and other stakeholders to pursue additional performance improvements.

WS-4: Provide a portfolio of best-value product support strategies. OPR: J3

- Develop cross-Service opportunities to apply Performance Based Logistics (PBL) and DLA organic solutions to provide best-value support.
- Engage with acquisition weapons system programs to ensure DLA participation in their product support strategies.
- Align DLA's processes and leverage DLA's capabilities to better support customer outcomes in PBL and other contractor support logistics scenarios.

WS-5: Support the Department's Operational Energy strategy to enhance warfighter agility. OPR: DLA Energy

- Support DoD efforts in alternative fuel policy development and supply chain integration.
- Support the Title III Biorefinery Development initiative co-led by the Department of the Navy, Department of Energy and Department of Agriculture.

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

WS-6: Enhance DLA Strategic Materials program to meet emerging support requirements. OPR: J7

- Complete the implementation plan for transformation of the DLA Strategic Materials program and obtain congressional approval to streamline select National Defense Stockpile processes.
- Complete the rare earth study to identify critical items warranting strategic inventory support.
- Partner with other departments and agencies to address additional strategic materials issues and develop risk-mitigation strategies.

WS-7: Continue efforts in partnership with the Military Services to upgrade the Technical Data Exchange process to enhance weapon systems support processes. OPR: J3

- Enhance Technical Data Exchange practices and finalize related functional requirements for initial prototyping with the Army's TACOM Life Cycle Management Command (LCMC).
- Incorporate Technical Data Exchange system requirements into planning for the Product Development Management Initiative (PDMI) upgrade project.



DEFENSE LOGISTICS AGENCY 2012 DIRECTOR'S GUIDANCE



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Stewardship Excellence

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

Stewardship Excellence (SE) FY 2012 Initiatives:

SE-1: Implement comprehensive cost analysis capabilities that help drive improved resource utilization for major internal DLA cost drivers. OPR: J8

- Extend the DLA financial metric scorecard pilot across the agency to improve awareness of related metrics and determine strategies for potential cost reductions.



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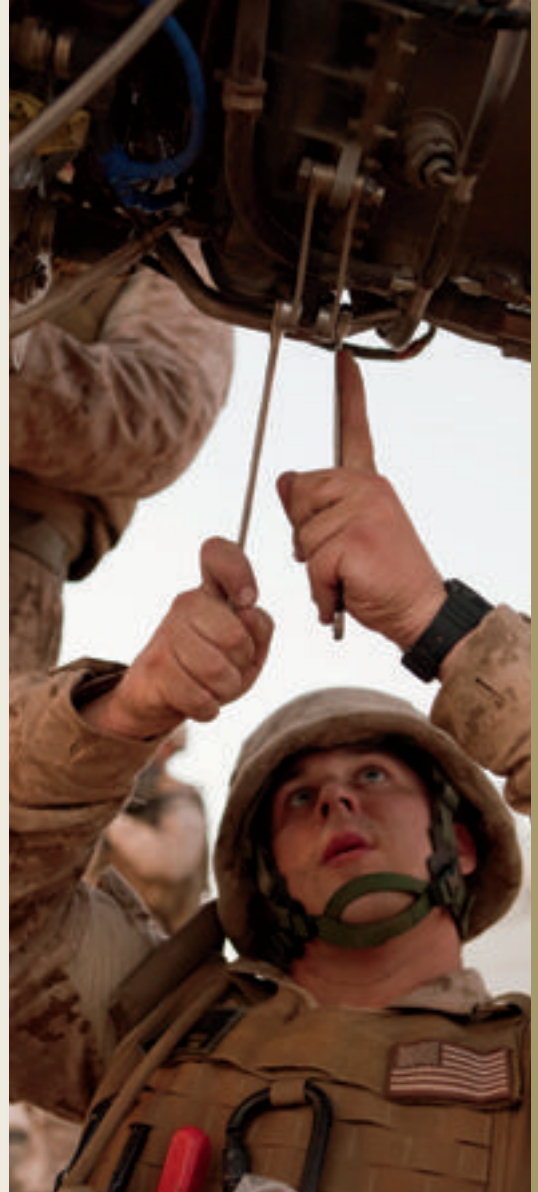
- Implement a DLA-developed “financial impact on performance model” to support key decision steps regarding significant resource investments in the Program Budget Review (PBR) 14 process.
- Implement an enhanced business case analysis capability – which comprehensively ensures that investment alternatives include all applicable end-to-end costs – to enable the most effective investment decisions.

SE-2: Achieve significant price reductions across DLA’s materiel and services acquisitions. OPR: J7

- Focus engagements with industry partners.
- Apply innovative acquisition approaches, such as optimizing the use of reverse auctions across DLA.

SE-3: Implement a more efficient and effective global supply support network for storage and distribution across all materiel classes of supply. OPR: J3

- Reduce dormant or unserviceable materiel levels, optimize DLA’s related storage posture, and coordinate disposition of surplus facilities with the host activity in areas such as:
 - ▶ Departmental process and policy assessments regarding retention stocks, war reserves and reimbursable support pricing for related storage.
 - ▶ Alternative approaches to ensure adequate supply availability via contracting for related capabilities, host-nation support and other techniques as applicable to the particular class of supply.
- Capitalize on synergies between DLA’s disposal, distribution and strategic material storage processes and facilities.



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- Synchronize above actions with related ongoing strategic initiatives such as:
 - ▶ DLA's Strategic Network Optimization (SNO) project.
 - ▶ The U.S. Transportation Command and DLA-led, Joint Staff-sponsored Consolidated Materiel Response Program (CMRP).

SE-4: Implement DLA-driven post-Base Realignment and Closure (BRAC) support efficiencies at the Service industrial sites. OPR: J3

- Define and baseline existing Service and DLA processes.
- Define opportunities for optimization in collaboration with stakeholders, both in functional realignments and process improvements.
- Identify and execute "quick-win" opportunities for early implementation.
- Develop a plan of actions and milestones to pursue longer-term optimization efforts.

SE-5: Identify and implement improved acquisition execution practices across all DLA supply chains. OPR: J7

- Complete a comprehensive analysis of recent audit findings, establish plans, and address deficiencies in priority order.
- Improve acquisition execution accountability standards, practices and outcomes across the Agency.

- Identify and implement training needed to improve acquisition practices.
- Assess potential expansion of the Joint Contingency Acquisition Support Office (JCASO) role in contingency and other forward support environments.
- Achieve small-business objectives in support of departmental goals and related customer benefits.

SE-6: Implement information technology enhancements to facilitate improved customer support and process efficiency. OPR: J6

- Deploy enterprise applications to include EProcurement, Energy Convergence, Reutilization Initiative and Supply, Storage and Distribution (SS&D) / Inventory Process Optimization (IPO) in accordance with negotiated schedules.
- Continue the sustained focus on preventing cybersecurity issues while including expanded mobile devices into the inventory.
- Standardize and integrate sustainment processes and management tools to ensure minimal disruption when implementing new capabilities.
- Identify and execute Continuous Process Improvement projects to reduce lead times required to implement key system change requests.



DEFENSE LOGISTICS AGENCY 2012 DIRECTOR'S GUIDANCE



SE-7: Mitigate significant known or potential risks to mission accomplishment and efficiency.
OPR: J5 with support across DLA

- Execute DLA's annual Enterprise Risk Management (ERM) process to help identify significant risks and influence related planning for audits, attestations, crime vulnerability assessments, and various other management reviews. (OPR: J5)
- Continue focused vulnerability mitigation efforts in areas such as:
 - ▶ Pursue additional tools and techniques to identify and prevent receipt of non-conforming or counterfeit parts, to include using additional sampling techniques and DNA marking. (OPR: J3)
 - ▶ Sustain heightened cybersecurity awareness and issue prevention. (OPR: J6)
 - ▶ Capitalize on various review processes to prevent potential procurement fraud and other risks to effective acquisition performance. (OPR: J7)
 - ▶ Implement enhanced planning processes to improve investment decisions. (OPR: J3)
 - ▶ Include appropriate consideration of Warfighter risks associated with infrastructure and inventory reductions pursued under initiative SE-3. (OPRs: J3 and the PLFAs)
- Leverage DLA Inspector General (OIG) capabilities in support of enhanced risk management and mission outcomes. (OPR: OIG)

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DEFENSE LOGISTICS AGENCY 2012 DIRECTOR'S GUIDANCE



Workforce Development

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

Workforce Development (WD) FY 2012 Initiatives:

WD-1: Assess and improve hiring and selection policies and practices to ensure a diverse, high-performing workforce. OPR: J1

- Review current policies on selection authorities across the Agency and implement appropriate changes.
- Identify and implement best practices that support improvement in participation rates among key under-represented groups.
- Assess Equal Employment Opportunity complaints and findings to facilitate changes to hiring and selection practices.
- Use targeted recruitment to increase the diversity of the applicant supply.
- Enhance training provided to hiring managers and selecting officials.
- Assess and refine the agency's executive development practices.

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WD-2: Improve DLA's organizational and individual performance management practices. OPR: J1

- Implement refresher training on all aspects of the performance management process for supervisors and managers.
- Review rewards and recognition policies and practices to ensure alignment of organizational performance, individual achievement and employee recognition.
- Use the beneficial suggestion program and performance management process to increase employees' focus on achieving possible process improvements and cost reductions.



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2012 DIRECTOR'S GUIDANCE**



Staying the Course

FY 2012 will clearly be another demanding year for DLA and all we serve. We must sustain our commitment to the above 16 initiatives to help meet desired outcomes in our three strategic focus areas.

The DLA Executive Board, representing the Agency's most senior leadership, meets monthly to oversee

our business performance, assess other critical issues, and guide implementation of the initiatives in the Director's Guidance for FY 2012. The Executive Board will track status and help remove obstacles that might prevent effective progress on these initiatives. We will periodically post developments on DLA's public website at www.dla.mil.

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