

Headquarters U.S. Air Force

Ensuring An Adequate Infrastructure To Execute Assigned Maintenance Workload



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Air Force Depot Maintenance

Scope of Operations (FY06)

Organic Depot Maintenance

**Sched/Unsched
Production**

719 Aircraft
323 Engines

**Aircraft &
Engines**



**Reparables,
Mods, Rotors &
miscellaneous**

255K Reparables
2.4K Mods/Rotors
2,215K hrs Software
261K Major End Items

**Total Orders
\$5+ Billion**

42%

51%

2%

3%

2%

**Air Force
Materiel
Support**

**Air Force
Operations**

Army/Navy
U.S. ARMY

TRANSCOM

FMS & Other





ALCs Today - Good News Story

- Three Strong and Viable ALCs
 - Integral to warfighting capability
 - Big Business – Over \$14B annual sales, Would be in Fortune 200
 - Investing 6% of sales in capital, infrastructure, processes (since FY04)
 - Leader in the AF for AFSO21 (LEAN) implementation
 - **2005 won four Shingo Prizes for Excellence in Manufacturing**
 - Silver award Tinker AFB: KC-135 Programmed Depot Maintenance (PDM)
 - Two silver awards Hill AFB: F-16 Common Configuration Implementation Program and the Commodities Branch Pylon Shop
 - Gold award Warner Robins AFB: C-5 PDM
 - **2006 won four Shingo Prizes for Excellence in Manufacturing**
 - Gold award Warner Robins AFB: C-5 PDM; Two bronze awards F-15 PDM and F-15 Avionics repair
 - Gold award Hill AFB: F-16 Maintenance
 - **FY07, 3.4% price reduction**
- Developing world class industrial safety program



**SHINGO
PRIZE**
FOR EXCELLENCE IN
MANUFACTURING

ALCs are world class providers today . . . Supported by Congress & Communities

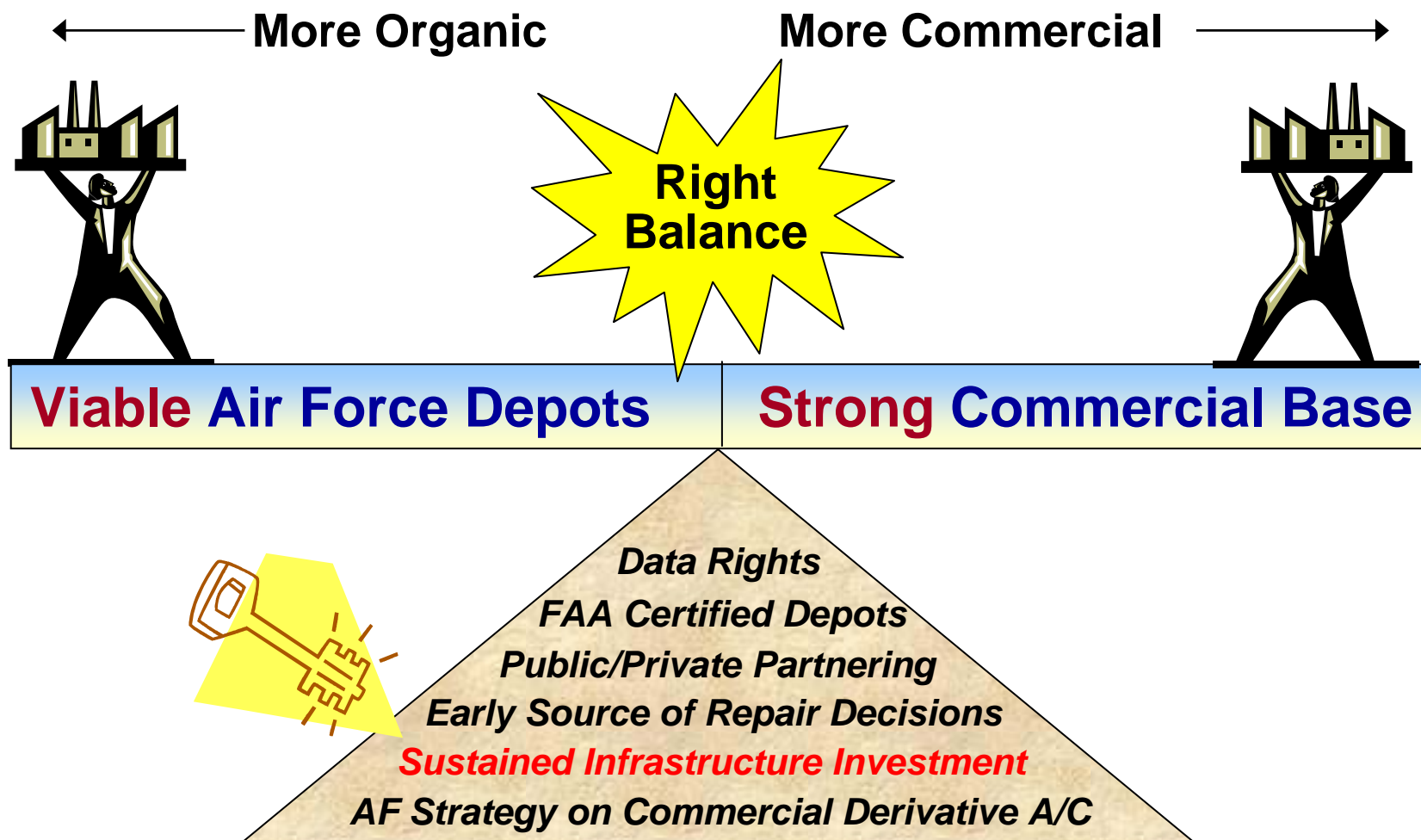


Air Force Depot Maintenance Strategic Plan

- **Overarching objective: Ensure weapons systems are safe and ready to operate across the whole spectrum of operations....**
- **Ensures a viable depot structure for agile combat support**
 - **Retains core capabilities**
 - **Increases partnerships and injects technology**
 - **Modernizes and transforms facilities and equipment**
 - **Retains and trains a technical workforce**
 - **Improves business and industrial processes**
 - **Uses an enterprise perspective**
 - **System support decisions linked to master plan**
 - **Ties decision process to PPBS**



AF Strategy to Maintain Industrial Balance



Sustainment Strategies Must Enhance Warfighting Capabilities



Air Force Minimum Investment History

- AF depot re-capitalization includes:
 - Facilities
 - Equipment
 - Processes
- AF historically funded depot re-capitalization at approximately 3% sales vice industry standard of 6%
- AF Depot Strategy increased overall level of investment by providing \$150M/year (FY04 – 09) in addition to traditional CPP and M&R funding
 - Increased AF investment to approximately 6% of sales



Legislative Oversight

10 USC 2464, 2466, 2474 and 2476

- **10 USC 2464 Core Capabilities**

- Government owned and operated facilities and equipment

- **10 USC 2466. *Limitations on the performance of depot-level maintenance and materiel:***

- Not more than 50 percent of the funds for depot-level maintenance and repair workload may be contracted

- **10 USC 2474 (f): *Centers of Industrial and Technical Excellence: designation; public-private partnerships***

- CITE designations and public-private partnering

- **10 USC 2476 (a): *Minimum Investment Requirement***

- At least six percent of sales invested in the Capital budget



10 USC 2476, Minimum Capital Investment For Certain Depots

- ***(a) Minimum Investment- Each fiscal year, the Secretary of a military department shall invest in the capital budgets of the covered depots of that military department a total amount equal to not less than six percent of the average total combined workload funded at all the depots of that military department for the preceding three fiscal years.***

- ***(b) Capital Budget- For purposes of this section, the capital budget of a depot includes investment funds spent on depot infrastructure, equipment, and process improvement in direct support of depot operations.***



2007 Depot Maintenance Strategic Plan

- **Logistics Transformation encompasses continuous process improvement (CPI) – a key element of Depot Maintenance Transformation (DMT) (\$150M Program)**
 - **Command-wide approach to integrate shop floor process improvements with production support processes**
 - **Using Lean to reduce process times and costs**
- **Capital investment strategic objective is to ensure an increase to the overall level of investment is maintained**
 - **Funding level based on commercial 6% benchmark; now law**
 - **Target highest priority requirements**
 - **Includes Capital Purchases Program and Sustainment, Restoration, and Modernization concept**
 - **HQ AFMC established Infrastructure Investment Team Feb 2005 to integrate all programs and respond to sustainment budget increases**



6% Minimum Investment Process

- **Established semi-annual measurement of investments**
 - **Working Capital Fund (WCF) Depot Maintenance Activity**
 - **Military Construction (MILCON)**
 - **New Mission (Depot Activation Appropriated Funds)**
- **Managed through HQ AFMC Corporate structure**
- **Revised existing policies to include transformational capital investments (formerly \$150M Program)**
 - **Projects evaluated against defined criteria**
 - **Incorporated original SAF/IE seven question structure**
 - **What is the project – Mission Impact – Transformational Merit – Cost – Results – Measures of success - Timeline**
 - **Enhanced Center Maintenance Wing prioritization**
 - **Approved by Logistics Board Tier 2 (General officer/SES)**
 - **Codified Cost and Benefit Reporting process for eLog21**

Achieve Strategy Through Targeted Investments



Current ALC AFSO21 Successes

- Applying AFSO21 to transactional functions across the ALCs
 - Human Capital Management AFSO21 Initiative:
 - Time to fill a job reduced from 100 days to 36 days
- Continuing to build on Lean Manufacturing process improvements
 - F100 Engine Business Unit reduced footprint from 372,000 sqft to 317,000 sqft
 - F-15 Flowday, Floor Space, and Work in Progress (WIP) reduction
 - Flowdays reduced by 22; floor space reduced by 88k sqft; WIP from 44 to 28 a/c
 - C-135 Indock Cabin Pressure
 - Reduced in-dock cabin pressurization events from 4.15 per a/c to 1.55
 - F-16 Fly-to-Fly (Phase) Process Cellular Flow
 - Expect flowdays to be reduced from 48.5 to 28 days
 - B-1 built on Lean success, applied Critical Chain Project Management
 - Flowdays reduced by 30; more aircraft available to warfighter



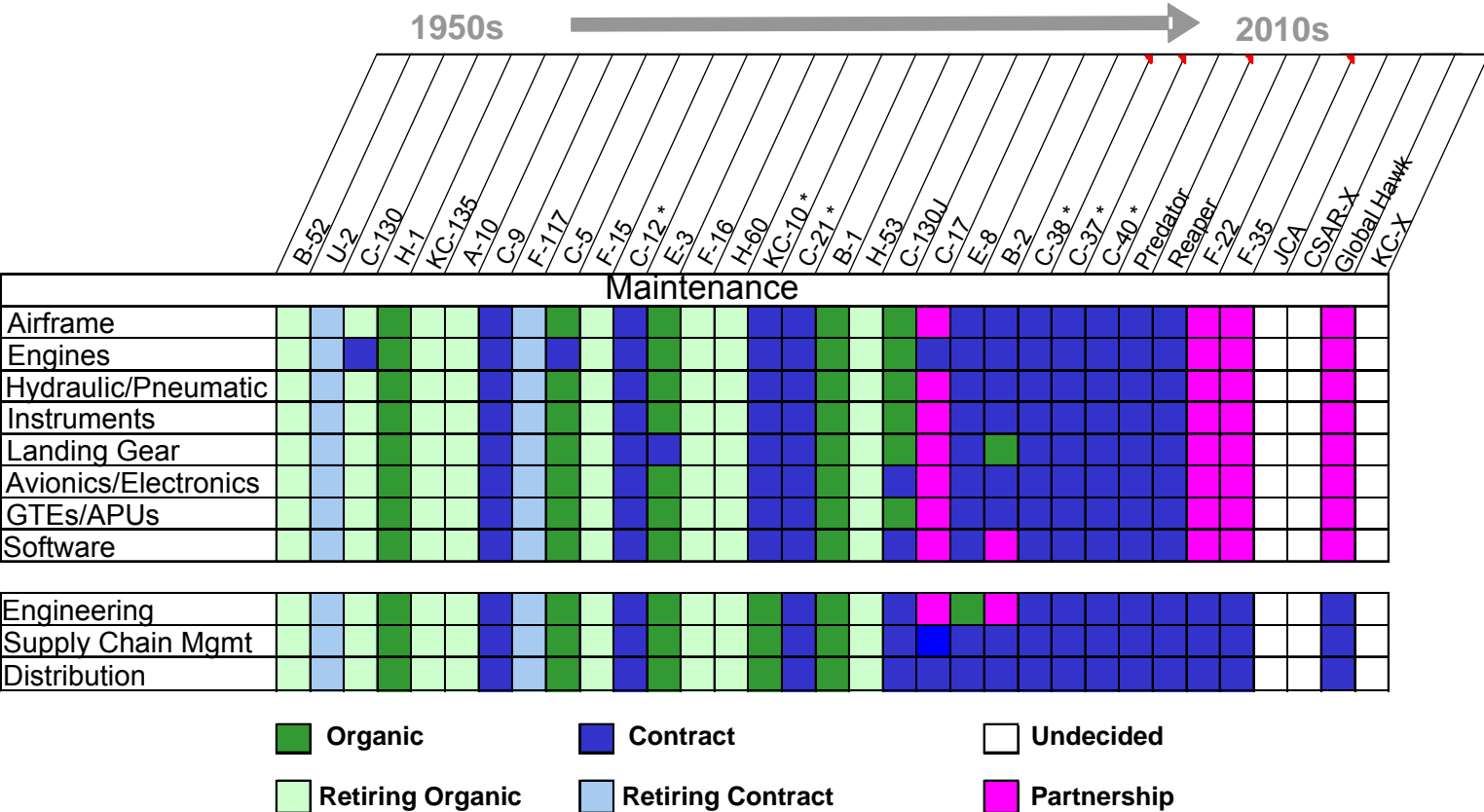


What's Next – Enterprise Level Review

- **Weapon Systems on the horizon**
 - **KC-X**
 - **CSAR-X**
 - **JCA**
 - **JSF**
 - **MQ-9 Reaper**
 - **Future Space Replacement Systems (e.g. SBIRS High)**
- **Use Technology Repair Center/Centers Industrial and Technical Excellence (TRC/CITE) approach**
- **Enforce Strategic Source of Repair Determination (SECAF policy, 20 Dec 06)**



Enterprise Level Review



*Commercial Based Aircraft
 **Trainers Excluded Above
 (All CLS)

For partnerships the majority of product support activities are provided by the contractor and the majority of the depot maintenance is done on contract (except F-22 in out years)



Enterprise Level Review

Cont

- **Integrated Life Cycle Management (ILCM) approach – across all functions of sustainment (engineering, supplier management, maintenance, etc)**
 - **Seamless and increased transparency**
 - **Establishing enterprise-level forums – i.e. ILCM Executive Sustainment Forum**
- **Conduct annual review by program across the enterprise**
 - **Review findings with senior leaders (Center Commanders, HAF, AFMC)**
 - **Obtain ILCM Executive Forum approval**
- **Components of the review will include:**
 - **Force structure plan**
 - **Capacity (Private & Public Sector)**
 - **POM funding**
 - **Workload projections**
 - **Status on implementation of previous decisions**
- **Ensure stable funding for depot standup of workload**

Draft AFPD 63/20-1 *Acquisition and Sustainment Life Cycle Management*: paragraph 3.17 - in coordination



\$150M Program



“Increases depot recapitalization and accelerates transformation.”

- AF DMMP

