



Evolving DoD Supply Enterprise Metrics

“The Maintenance Customer Perspective”



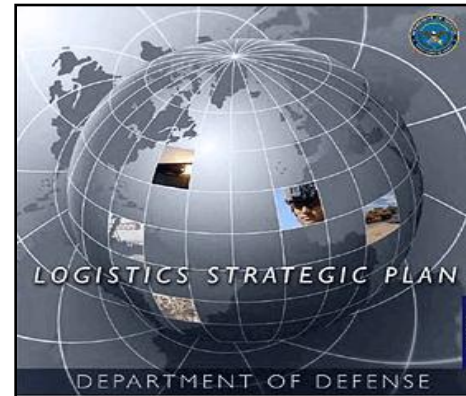
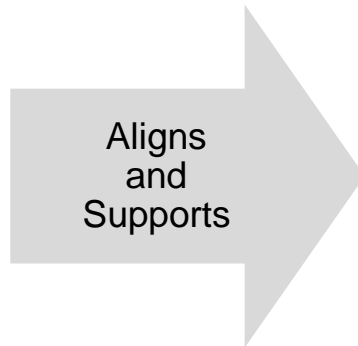
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Introduction

- The spare parts supply chain exist to support maintenance at all echelons
- Therefore, DoD supply chain stakeholders benefit from using a **common set of metrics** to evaluate how we're supporting the maintenance customer
- The new perspective: Measure supply performance in the **four desired supply chain attributes while** maintaining focus on **the customer outcome**:

Supply Chain Outcome
Materiel Readiness
Supply Chain Attributes
Responsiveness
Reliability
Cost
Planning and Precision



2010 DoD Logistics Strategic Plan
Goal 4 - Improve Supply Chain Processes, Synchronizing from end-to end & adopting challenging but Achievable standards for each element of the Supply Chain



Tenets

- Identify metrics to reflect the **health** of the DoD supply chain enterprise
- Recognize no single metric will cover 100% of every situation – need a family of measurement tools
- Make data collection and reporting as painless as possible
- Concentrate the design of performance evaluation on mission readiness outcomes
- Institutionalize metrics in policy to facilitate communication across Components
- Focus on collecting information to develop DoD **summary level** metrics

Monitor Health of the DoD Supply Chain Enterprise



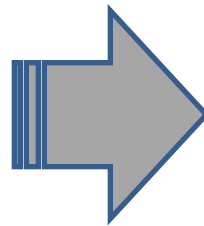
Integrated Relationships between Supply Chain Enterprise Metrics

Desired Supply Chain Performance Attributes

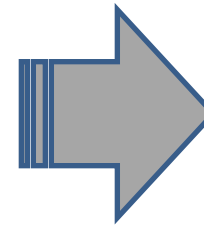
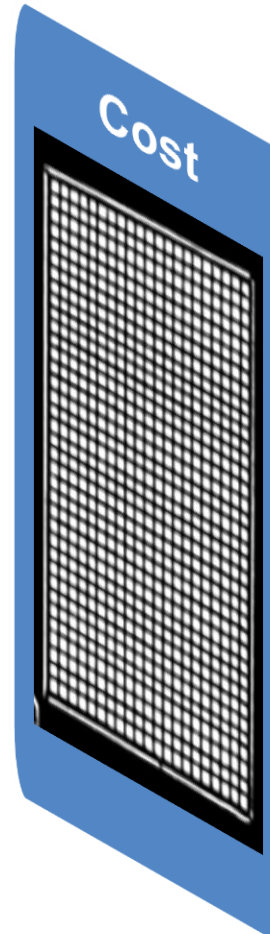
Planning & Precision

Reliability

Responsiveness



Primary Supply Chain Constraint

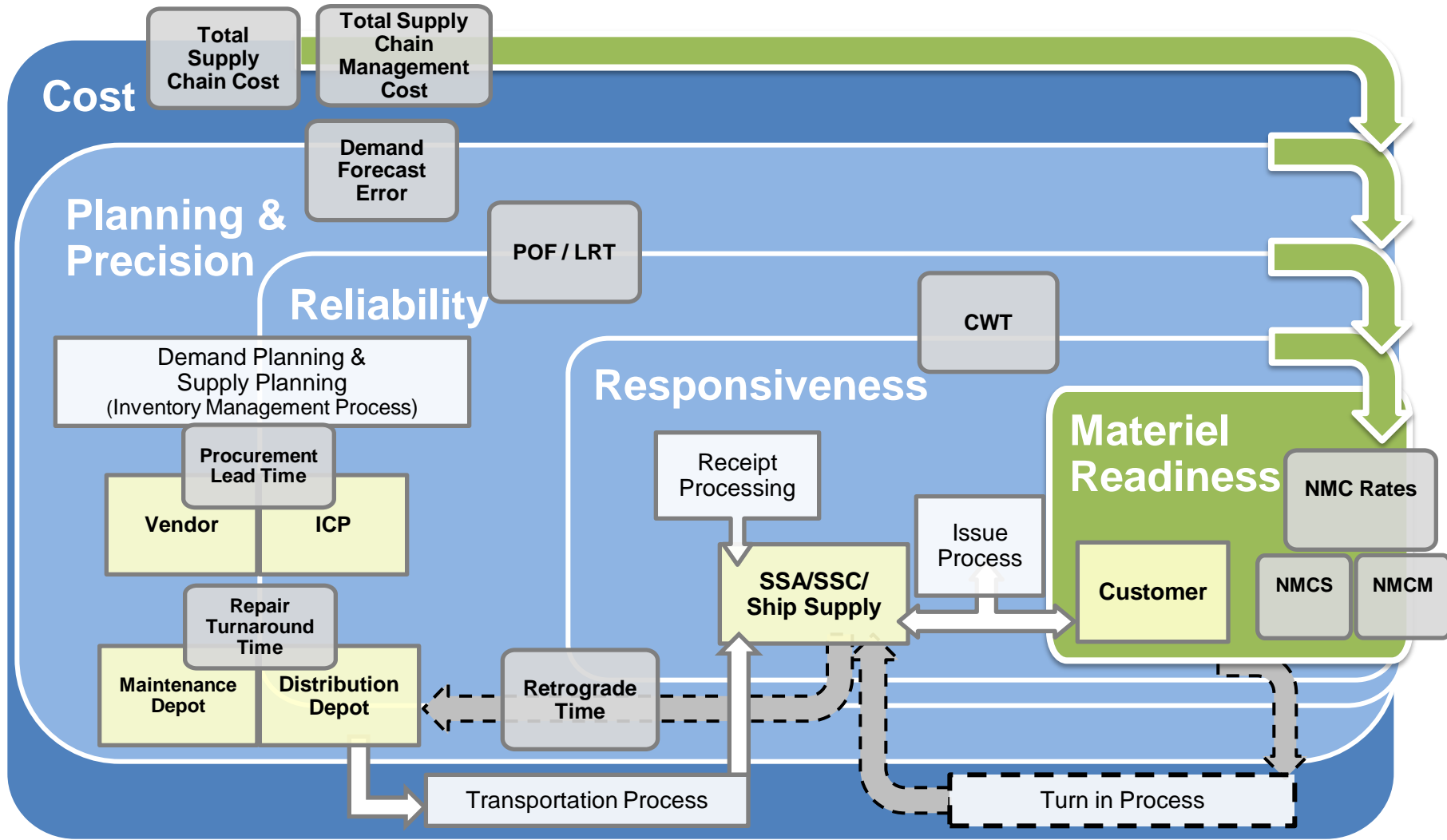


Targeted Customer Outcomes

Readiness



Integrated Relationships Between Supply Chain Enterprise Metrics (Cont.)



Key

- Attributes (Blue box)
- Metrics (Grey box)
- Stakeholders (Yellow box)
- Processes (White box)
- Outcome (Green arrow)



Way Ahead

- Enable simple reporting system so decision makers can see “health” of supply chain
- Enable senior decision makers to use metrics for resource / policy decision making



BACKUP



Metrics Structure

Proposed DoD Supply Chain Metrics by Attributes



Attribute/ Outcome	Definition	Currently Collected Metrics		Proposed Additional Metrics
		Standard	Not Standard Across DOD	
Material Readiness	The ability of the supply chain to support weapon systems in undertaking and sustaining their assigned missions at planned peacetime and wartime utilization rates	<ul style="list-style-type: none"> NMC Rates NMCS Backorders 		
Responsiveness	The ability of the supply chain to respond to customer materiel requests according to priority by providing the right support when it is needed and where needed	<ul style="list-style-type: none"> Customer Wait Time (O Level) Logistics Response Time 		<ul style="list-style-type: none"> Response Time Effectiveness (e.g. Air Force Order Response Time, Navy First Pass Effectiveness)
Reliability	The dependability and consistency of the supply chain providers in delivery of required material support at a time and destination specified by the customer	<ul style="list-style-type: none"> Denial Rates TDD Compliance 	<ul style="list-style-type: none"> Wholesale Perfect Order Fulfillment (DLA) Wholesale Supply Availability 	
Cost	The amount of supply chain resources required to deliver a specific performance outcome	<ul style="list-style-type: none"> Value of Inventory Inventory Segmentation (No Demand 5 or More Years) (\$) Total Supply Chain Cost (Log Cost Baseline) 		<ul style="list-style-type: none"> Total Supply Chain Management Costs Tiered Inventory Turns Material Acquisition Costs Retrograde Asset Write-Offs
Planning and Precision	The ability of the supply chain to accurately anticipate customer requirements and plan, coordinate and execute accordingly.	<ul style="list-style-type: none"> Excess On-Hand Excess On-Order 	<ul style="list-style-type: none"> Repair Turnaround Time (D Level) Retrograde Time Procurement Lead Time 	<ul style="list-style-type: none"> Demand Forecast Error /Bias Retrograde Over-Aged Due-Ins Lead Time Variance



Rules of Engagement for Developing Metrics

- Select one metric at a time to fully develop and eliminate all gaps
 - State Problem Statement :
 - determine the problem or question that the metric will address
 - Understand Objective:
 - get everything out on the table to thoroughly evaluate metric to enable documentation in policy
 - Capture Information for:
 - understand the knowledge that exist and doesn't exist regarding the metric
 - Determine Metric DNA:
 - Will components be able to compute the metric to assist OSD in presenting the overall health and performance of the DoD Enterprise Supply Chain
- Round out by drafting policy language to institutionalize proposed metrics