



Cost Effective Readiness A Balanced Approach

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Cost Effective Readiness

✦ Overview

- Design for Readiness
 - Requirements
 - Tradeoffs
 - Readiness drivers – the plan
- Readiness for Fielded Systems
 - It's the parts, stupid!
 - $Lxd+SS=ROP$
 - Who do we pay to manage what parts where?
- Readiness in combat
 - Combat vs. garrison – different challenges



Cost Effective Readiness

✦ Design for Readiness

- Accept no requirement/feature without accepting its impact on readiness and cost
- Make smart tradeoffs between performance/readiness/cost during design
 - “It’ll ride better by adding these 200 parts” – Is it worth it?
 - The part I don’t add can never break
 - How deep do I control the configuration – will we be in the card business or the box business?



Cost Effective Readiness

✦ Design for Readiness (cont)

- Know your readiness drivers and make a plan
 - MTBF and Lead times drive System Days Deadlined
 - If it deadlines the end-item, we must either
 - Design-in redundancy
 - Create a lean supply chain for short lead times (not likely for military-unique, low-volume items)
 - Plan to pay someone to manage inventory properly
 - Focus on the readiness drivers



Cost Effective Readiness

✦ Readiness for Fielded Systems

➤ It's the parts, stupid!

- If the guys can get parts, almost nothing stays broke more than a day
- Backorders make me want to puke! No such thing for deadlining item

➤ $Lxd + SS = ROP$

- Basic inventory management
- The longer your lead times, the more important to do it right

➤ In DoD inventory management, we either don't know or ignore ROPs

- This is why stuff stays broke.
- And we pay for multiple levels of inventory management to ignore ROPs!
- Not because we're bad people – bad processes and structure



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✦ Readiness for Fielded Systems (cont)

- Autonomic Logistics
- Sense and Respond
- Automated systems
- Speed of light ordering and delivery

All are a waste of time if the shelves are empty!

✦ $Lxd+SS=ROP!$



Cost Effective Readiness

✦ Readiness for Fielded Systems (cont)

- Who do we pay to manage inventories of what parts where???
 - Focus on the readiness drivers
 - Deadlining items
 - Long lead times
 - At the end of the day, we need to pay someone to make sure we have no backorders for these items – someone who will get the ROP equation right for our readiness drivers
- This is where we do the smart business case for some permutation of Performance Based Logistics
 - Prime Vendor Support (power by the hour)
 - Warranty with rapid turn-around
 - Inventory management of selected items (no-backorders)

It's a cost/readiness tradeoff analysis – readiness “bang” for the buck



Cost Effective Readiness

✦ Readiness in Combat

➤ Combat vs. garrison – different challenges

- In garrison, the problem is the absence of parts
 - Delivery isn't hard – like FEDEXing to your house
- In combat, we have lots of parts
 - The problem is
 - » Figuring out what we have in theater
 - » Getting stuff where it's needed when the “where” keeps changing
 - Like trying to FEDEX to your car
 - It's about identification, sorting and delivery to moving customers
 - This is where Unique Item Identifiers, Sense and Respond, automated systems will really pay off
 - They'll rapidly connect the parts with the customers



Cost Effective Readiness

Questions?