

I wish I lived in that place called the perfect world. Where end items arrive at the depot just as I needed them because there is a fully funded equipment float, where ERPs crunch completely valid data and orchestrate perfect collaboration, bills of material are properly configured to each variant, Statements of Work were perfectly clear and consistent, depth of repair is understood a lead time away, parts arrived to my line just as they were needed, outside funding priorities do not drive sub-optimization on the fly and acquisition programs delivered on time so legacy equipment did not limp along well beyond their planned lifecycle. But I don't live there...let me be clear these are not excuses just our reality. So it is not one thing...it is all things! I will be the first to admit that the war and GWOT supplemental funding has been a fine lubricant for this otherwise squeaky machine, but we are coming to a point where this machine will seize if we are not careful.

In reality we operated in an extremely complex world. So it is fair to say there is no one overarching solution that will solve all the evils of operating in our current environment. Being a Mason Award panel member in previous years, I can attest that across the depot community there have been many and significant pockets of success that we can all be very proud of. It is also true that what has been successful in one depot does not always translate well to other depots. One might ask, why is that? I suggest it is because each depot is really a distinct and vastly different business each with a unique set of attributes all operating at different levels of process maturity...sometimes on a line by line basis. For example, better OEM and second tier support based on the newness of the weapons system and sheer number of end items involved vs. low equipment density well beyond its prime are two ends of just one spectrum that depots are faced with. Our environment would argue for a high degree of customization in solutions vice the cost saving one size fits all approach. Additionally, it requires solutions orchestrated across many fronts (people, process and systems) to achieved the finely tuned nirvana well all seek.

Let's look at the recent BRAC provided supply chain solution; Supply, Storage and Distribution for the depots. Don't worry I am not going to refight any BRAC battles here...I just want to illustrate a point. The initiative in concept was for senior leadership intuitive and a means to rationalize the unwieldy inventory on depot books through standardized DLA inventory management processes...a win/win for the department. Why was inventory there in the first place? One could argue it is a buffer for the uncertainty created by the imperfect world we live in compounded by the impact on war fighting if a production failure occurs. Now I am not arguing for a cavalier approach to managing any facets of our business, but certain behaviors are resident in depot DNA. For example, miss a carrier launch milestone and see if anyone cares that you saved...or worse yet racked up "cost avoidance" of \$50M in inventory. As DLA began to tackle this huge task, words like, "site specific solutions" crept into the discussion. Wholesale supply attainment of 85% meant nothing in this new world. Production is king! Let's dive a little deeper ...we have thrown two working capital funds together, Supply Management and Depot Management, that are incentivized to two different end states...DLA doesn't like to buy parts on the oft chance they might sell them and depots don't want the need for a few parts at arms reach to stand in the way of a an overburdened production schedule. I think we will find that over time this new business area of direct support to production may spawn a completely new business area for DLA with its own business and financial rules, and the proper incentive structure focused on production output...maybe even a new working capital fund program under DLA. We should be flexible and smart enough to embrace this kind of change in the department...as it will be a key strengthening of the links in our supply chain.