

2002 Defense Economic Conference

Defense Agencies
Public Provision of Goods and Services
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Defense Logistics Agency

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- What is DLA
 - \$16.B Commodity wholesaler and a
 - Combat Support Agency...in theatre
- What were the benefits the past 41 years
 - To the warfighter...better
 - To the taxpayer...cheaper
- What are the issues/problems
 - Service perceptions...cost... focus
 - OSD...management oversight
- What should SECDEF do now?

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- **DLA today:**
 - *The DOD primary* inventory manager for consumables
 - 100% of Food, Fuel, Drugs, Clothing
 - 83% Class IX repair parts
 - *The DOD retail direct maintenance* provider for
 - Some bench stock at some depots
 - Pilot Class IX...for some Navy sites ...soon Army/AF
 - *The DOD requisition processor* all services
 - *The Federal Stock Number Data repository* for all DOD and NATO (DLIS formerly DLSC)
 - *The DOD distribution depot system*
- **Bottom Line...** Foundation of DOD logistics today!

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- DLA Benefits
 - Single buyer for common items for DOD
 - Single wholesale distributor for DOD
 - Economies of scale vs. service managed
 - Surge capability
 - Inventories more flexible and agile
 - Easy to use for Soldiers, Sailors, Airmen, Marines
 - Leader in outsourcing and privatization
 - Support tailored to market ...one size does not fit all
- Bottom Line: Taxpayer wins!...*More Effective for the readiness of the warfighter...at less cost than the alternative*

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- **DLA Problems**

- Actual shortfalls in local supply availability in support of service managed weapon system maintenance and sustainability
- Perceived lack of focus on customer...the warfighter
- Perceived inefficiency... high cost
- Inconsistent inventory investment
- Outdated information systems
- Current OSD policy encourages Weapon Systems Program Managers to free lance outside DLA.

- **Bottom Line...Can do better...with help!**

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- What should SECDEF do about DLA?
 - Modernize the information systems
 - DLA the defacto foundation of service logistics IT systems
 - BSM the sixth try in last 20 years
 - Accelerate implementation of PBD 422...management of Retail inventories... better readiness through better visibility
 - Direct Weapon Systems PM's to use the DLA system *interactively*...take advantage of scale while exchanging logistics info...tech data, maintenance and reliability data...inventory availability... for service and DLA decision support systems
- **Bottom Line: *Make DLA better...more effective...higher readiness for warfighter...more efficient for taxpayers***