Optimizing Parts Management

14 March 2007

Our History

- MIL-SPEC / MIL-STD
- Acquisition reform
- Controlled chaos
- Enlightened despot?

Areas of Impact on Industry

- Engineering Areas Impacted by COTS
  - Systems, Software, Electrical, Mechanical, and Project Engineering Management
- Critical Engineering Areas
  - Parts Management
  - Obsolescence Risk Management
  - Technology Refresh Prediction
  - Technology Insertion Roadmapping
  - Tools & Services Evaluation

DoD Challenge

Objective	Current Trend
Rapid deployment	Deployment cycle increasing
Reduced footprint	Debating increased end strength
Increased logistics agility	› 20 day CWT
Increased reliability / availability	MC range from 50-90%

We need a national partnership to address these challenges!

Where Are We?

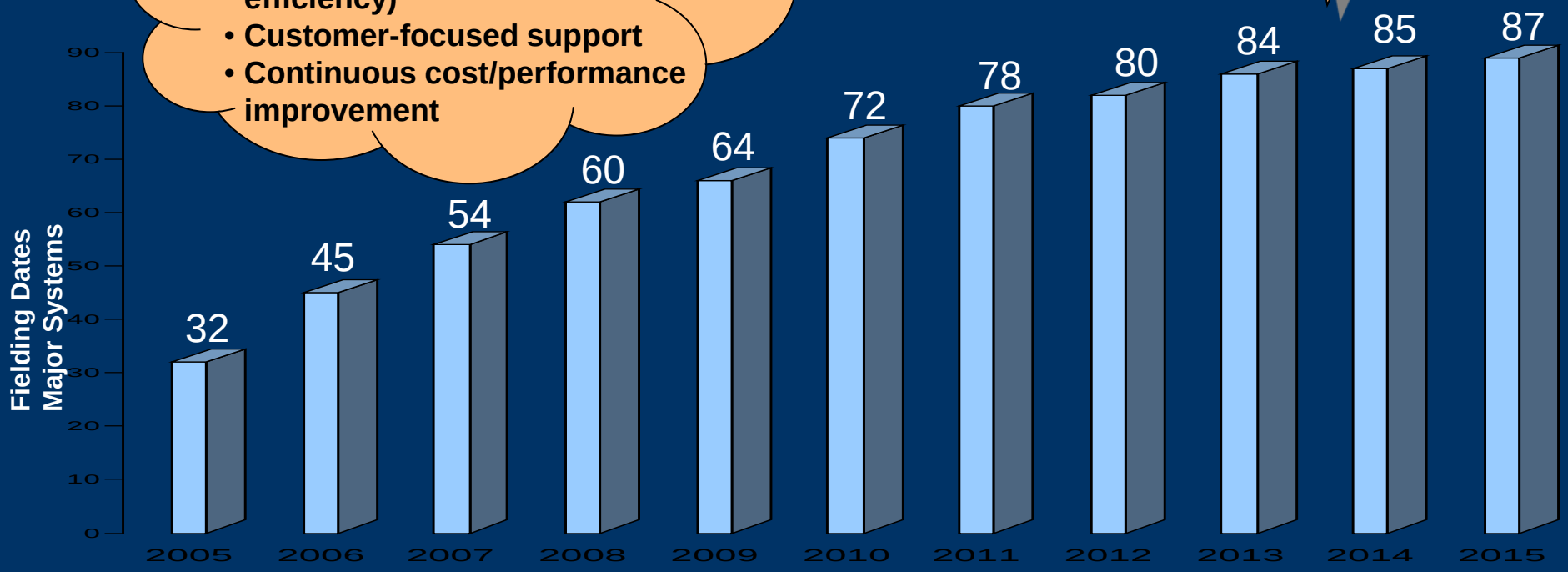
- 5.2M+ stock numbers
- $70B+ secondary inventory
- 6,000+ contractors in theater

Effective parts management is key to achieving DoD logistics goals

Where We Are

- PM accountable for life cycle
- Early emphasis on demand reduction (reliability/fuel efficiency)
- Customer-focused support
- Continuous cost/performance improvement

Leading to a bi-polar support structure



- TLCSM implemented as a go-forward strategy
- Does not explicitly address fielded legacy systems
- Consideration of legacy system varies across Service
- Legacy improvement does not compete well in resource process

QDR: Application of TLCSM principles to fielded systems (where appropriate).

Where We Are Going: Performance Driven Outcomes

Based on Results

ASSURED CAPABILITY
Material and non-material capabilities
integrated across the enterprise to accomplish DoD mission

Empowered

CLEAR OWNERSHIP
Life cycle accountability / responsibility

Linked

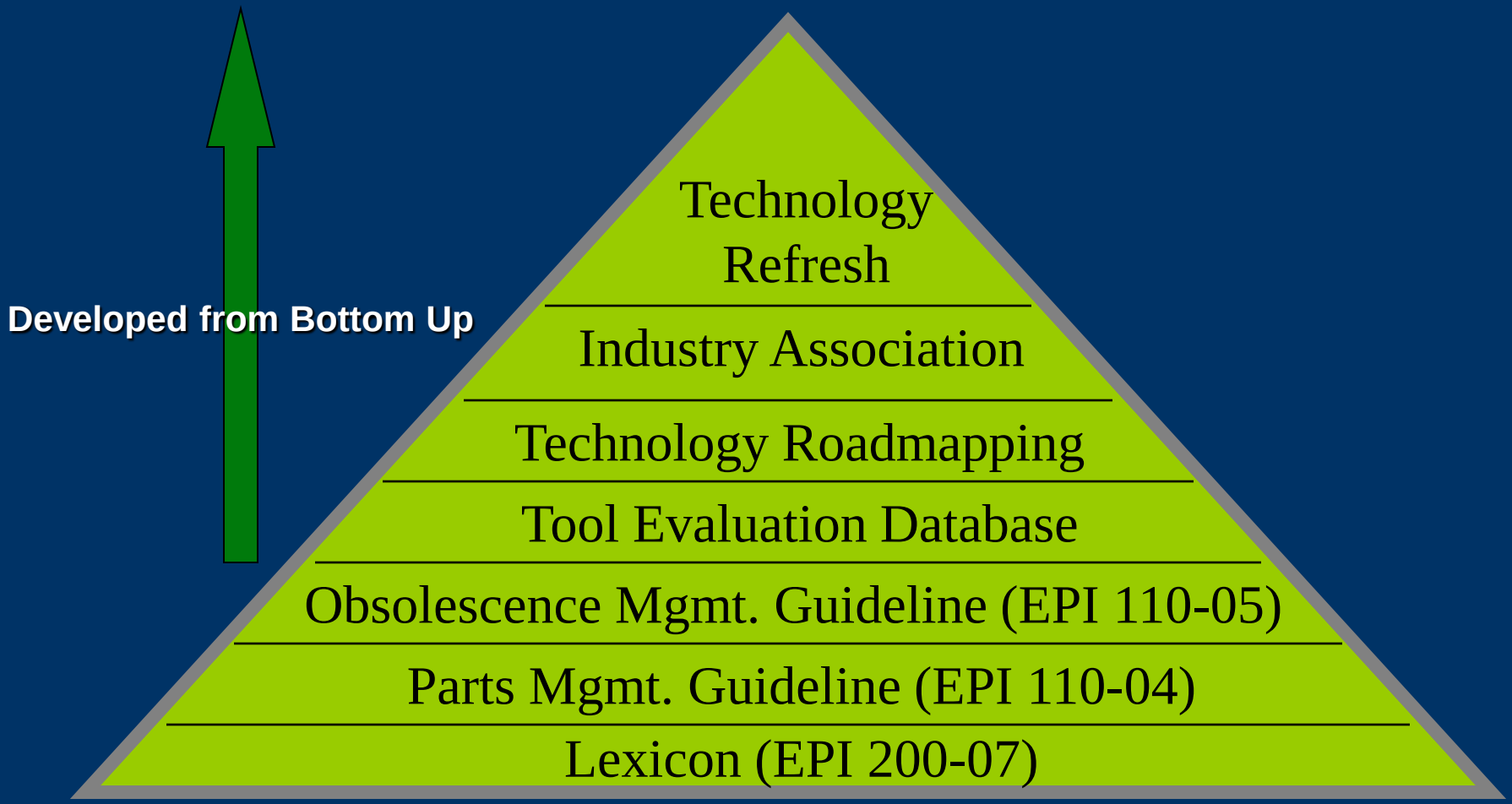
FULLY-ALIGNED FRAMEWORK
Recognition of internal and external shareholders
Stakeholder expectations established by formal agreements
Resources linked to metric-based outcomes

Optimized

BEST PROCESSES & TOOLS
Use the most efficient means to optimize
processes and minimize life cycle cost

PDO is a metric-based, enterprise-wide strategy that achieves planned outxomes by establishing authority, assigning responsibilities and applying optimized processes and resources

Lockheed Martin Process Foundation



LM proactively managing through systems engineering process

Next Steps: Industry View

- Integrate UID / NSN via DLIS
  - Provide product information via web-based service
- Establish voluntary industry parts management consortium
  - Perhaps via industry association
- Codify DoD parts management process
  - Via 5000 series

Providing Customer Satisfaction

- Managing the Critical Engineering Areas for Success
  - Makes systems affordably and supportable
  - Provides cost savings through best decision making from concept through sustainment to disposal
  - Provides systems with higher standards, performance, reliability, and effectiveness
  - Mitigates risks of obsolescence related to the utilization of commercial technologies
  - Reduces the DoD logistic footprint to the warfighter

Words of Wisdom

"The dogmas of the quiet past are inadequate to the stormy present. . . As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country."