

DDC prepares for BRAC 2005 implementation

Lunch & Learn offers details on BRAC 2005

By Polly Charbonneau, DDC Command Affairs

The Base Realignment and Closure Act of 2005, or BRAC 2005, will have two major impacts on the Defense Distribution Center (DDC). Supply, storage and distribution management will be dramatically reconfigured. Of a lesser magnitude but still important, the commodity privatization will also impact DDC.

Steve Bitner, DDC's BRAC Retail Transition team lead, led a Lunch & Learn discussion for DDC HQ employees about the implementation of BRAC 2005. More than 40 DDC HQ employees attended.

A major intent of the 2005 BRAC is transformation, Bitner said. Specifically, the authors hope to establish a consolidated multi-service supply, storage and distribution system that enhances the strategic deployment and sustainment of expeditionary joint forces worldwide. Additionally, the authors hope to create joint activities in heavy DOD concentration areas inside the U.S.

To achieve this transformation, the BRAC 2005 authors are reconfiguring wholesale storage and distribution around four regional Strategic Distribution Platforms (SDPs), which will be operated by DDC.

DDC's two existing SDPs, Defense Distribution Depot San Joaquin, Calif. (DDJC) and Defense Distribution Depot Susquehanna, Pa. (DDSP) will continue their operations. Two additional SDPs will be created. One at Defense Distribution Depot Oklahoma, Okla. (DDOO) and the other at Defense Distribution Depot Warner Robins, Ga. (DDWG).

Additionally, BRAC 2005 will realign the remaining CONUS DDC distribution centers as Forward Distribution Points (FDPs) and consolidate their supply and storage functions, and associated inventories with those supporting industrial activities

such as maintenance depots and shipyards.

The DDC distribution centers to be realigned are located at Albany, Ga. (DDAG); Anniston, Ala. (DDAA); Barstow, Calif. (DDBC); Cherry Point, N.C. (DDCN); Corpus Christi, Texas (DDCT); Hill, Utah (DDHU); Jacksonville, Fla. (DDJF); Norfolk, Va. (DDNV); Puget Sound, Wash. (DDPW); Richmond, Va. (DDRV); San Diego, Calif. (DDDC); and Tobyhanna, Pa. (DDTP).

Taken from the BRAC baseline (information gathered in 2003), this realignment and consolidation will result in elimination of more than 700 positions at DDC distribution centers around the country, Bitner said.

Ultimately, Bitner said, it is hoped that BRAC 2005 will result in enhanced deployment and sustainment of expeditionary forces, a reduction in excess capacity, and the elimination of unnecessary redundancy.

BRAC 2005 will also close one of the oldest distribution centers in the U.S., Defense Distribution Depot Columbus, Ohio.

The realignments, downsizing, and closure will result in an estimated savings of \$2.9 billion in Net Present Value through FY 2025, Bitner said.

However, for DDC to realize these changes and savings, the item managers of the stock that will be eliminated must act first, Bitner said. "We can't achieve our savings until the ICPs (Inventory Control Points) have dealt with the inventory reductions."

The inventory reductions will be substantial, Bitner said. BRAC 2005 requires that the FDPs shrink their covered storage areas by more than 40 percent.

In addition to the inventory reductions, another change to DDC's current business practices will be the privatization of commodity storage and distribution, Bitner said.

Bitner said that site visits were about to begin at several of DDC's CONUS distribution centers. Visits to the distribution centers are designed to determine exactly what is "as is, where is," Bitner said.

The site visits will be led by part of the

BRAC governance structure, the Material Readiness Program Office, or MRPO.

The MRPO is comprised of more than 50 representatives from each military service and Department of Defense agencies.

Balanced Scorecard: A perspective for making business decisions

Jessica Walter, DDC Command Affairs

"Get a perspective!" was displayed in bold font on the 9 ft. by 12 ft. screen as more than 40 Defense Distribution Center (DDC) headquarters employees entered the DDC conference center for the January Lunch & Learn session.

The topic was Balanced Scorecard, a document that provides a perspective for defining and implementing business practices that increase DDC's capability to serve the Warfighter.

"This is a structured approach to what we do, how we'll do it, and guidelines for doing our business," said DDC Strategic Planner Bob Hauseman.

DDC's Balanced Scorecard identifies the values, goals and perspectives that are used to guide DDC leaders through the decision-making process to ensure DDC is poised to provide top-quality customer support to America's Warfighters.



DDC Strategic Planner Bob Hauseman describes how DDC's Balanced Scorecard is focused on customer satisfaction and is used at every level of the organization to guide decisions that affect DDC's future.

Balanced Scorecard, Hauseman explained, was developed about 15 years ago by Harvard Business School professor Robert Kaplan and David Norton, the cofounder and president of a premiere consulting firm, who identified a need for businesses to focus less on where they were and more on where they wanted to be in the future.

“Businesses at that time were measuring performance based on the improvement of existing processes and short term financial gain,” said Hauseman.

“This is a structured approach to what we do, how we’ll do it, and guidelines for doing our business.”

What they were missing, according to the authors, was the opportunities to leverage the skills of their employees, to keep customers involved, and to develop new products based on the customers’ needs.

The application of this knowledge to DDC: “We’re moving from having transactions with our customers to having relationships with our customers,” said Hauseman.

The customer-focused Balanced Scorecard ties into many other parts of the DDC strategy and business including the Business Plan, the mission statement, the vision statement, and even long-term goals and initiatives.

It is also closely aligned, Hauseman stressed, with DLA’s strategies. “We are one enterprise, one DLA. DLA isn’t just a holding company with separate, individual organizations under it.”

The four perspectives of the Balanced Scorecard are customers, internal

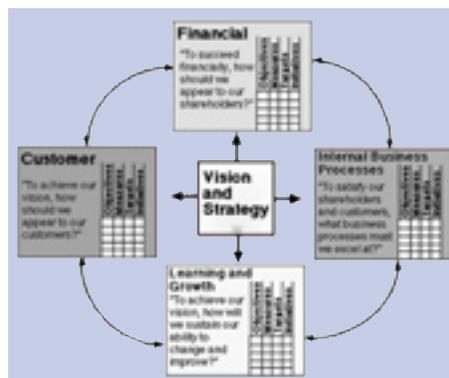
processes, workforce and resources. “We need to implement programs that our customers need, refine and manage our internal process, leverage the talent of our workforce and use our resources wisely in order to maximize our support to America’s Warfighters.”

Interwoven with these perspectives are the themes of strategic relationships, quality and innovation, and operational efficiency. “This is how we stay balanced. All of these components must be linked and supported by each other so we can do the best job possible.”

Hauseman stressed the importance of employees in the Balanced Scorecard. “Our workforce provides the foundation on which we implement our business practices,” he said. “Providing opportunities to keep our employees well-trained, promoting a climate that promotes trust and excellence, and maintaining a safe, secure, healthy work environment for our employees are the first steps in realizing our goals.”

The perspective of the Balanced Scorecard doesn’t stop at DDC headquarters. The Commanders at DDC’s 26 component distribution centers around the world are developing plans specific to each of their sites. “They are looking at their overall performance and identifying areas for improvement. If we’re hitting the mark, how do we stay there? If we’re not hitting the mark, how do we get there?”

“Our goal is to meet the needs of our customers, and the Balanced Scorecard provides the map to get us there,” Hauseman concluded.



DDC’s Goals and Strategies

Goal 1: Provide responsive integrated best value supplies and services consistently to our customers.

- Implement a program to improve our relationship with customers
- Provide logistics solutions that maximize readiness and combat power
- Deliver consistently on customer requirements and expectations

Goal 2: Develop, institute, and continuously enhance the internal processes required to deliver value-added logistics solutions to the Warfighter.

- Become a performance-based distribution center of excellence
- Strive for continuous process improvement
- Grow the business
- Maintain a best value Information Technology environment
- Improve management of current and future real property
- Build and manage customer relationships

Goal 3: Ensure our workforce is diverse, enabled, and empowered to deliver and sustain logistics excellence.

- Maintain a trained and ready organization
- Achieve a corporate culture that has strength in mission, adaptability, consistency and involvement
- Maintain a safe, secure and healthy work environment

Goal 4: Manage DLA resources for best customer value.

- Use our resources wisely
- Minimize total supply chain costs
- Be good stewards of taxpayers’ money