

BY JIM ROMEO

# READY for



# the Unpredictable

*The U.S. Army equips itself for logistics transformation*



**U**.S. Army leaders realize the challenges that logistics pose for operating in peacetime and conflict. In an era when commercial enterprise executives have dedicated much effort to honing their supply chain networks, U.S. Army decision makers have been set on a logistics transformation to get the Army in line with the best practices of its peers in the public and private sectors. The Army's Logistics Modernization Program has been going on for about 8 years and aims to bring the logistics of military readiness up to speed by March 2009.

Army leaders have established three principal goals for the logistics transformation: Enhance strategic mobility and ability to deploy, optimize the logistics footprint, and reduce the cost of logistics support without reducing readiness or war fighting capability.

According to A.T. Kearney, a supply chain logistics consultancy to the U.S. Army and other government agencies, the ability to project power anywhere in the world in a timely fashion is fundamental and unique to the U.S. military's mission and role. Deploying combinations of assets beyond the established network is the key to effectiveness—and a complex undertaking.

"Few businesses in the private sector have to plan for and execute

in such a scenario [as the Army's]," explains Bob Gordon, a spokesperson for A.T. Kearney. "But there are some analogous comparisons and experiences to learn from. In particular, the best reference points can be found when comparing the Army enterprise not to a company, but to an industry or multicompany value chain."

Gordon adds that achieving the capability Army leaders' desire begins with designing supportability into the assets and ensuring the logistics network can provide the necessary flexibility and reconfigure in all operational conditions. "The Army's second and third goals basically recognize the constraints of doing this in a reasonably sized and well-thought-out infrastructure that's cost effective and budget conscious. In other words, buying your way out of this with enormous capacity isn't the answer," he says.

#### **Not a single-service initiative**

Shaping this reasonably sized infrastructure is a constraint to carrying out a complete transformation of the Army's supply chain processes. One must view the Army in the context of its role as a joint service capacity, and it must work with other services under the Department of Defense (DoD). According to Carl Freeman, a retired major general with the U.S.

Army and a senior strategist with BearingPoint's DoD Mission Services, the Army logistics transformation must be viewed in the context of DoD logistics and not as a single-service initiative. The branches of the armed services are always interdependent because leaders at individual branches don't know the location of the logistics target.

Geographical dispersion also means uncertain destinations for troops and assets and makes planning all the more difficult. "Let's face it, who knows where the next challenge will be for the United States and its allies?" asks Barbara Doornick, a vice president with the SAIC Corporation in Washington, D.C. Doornick is a retired U.S. Army brigadier general who formerly served as deputy commander of the Military Traffic Management Command. "It drives you to look at solutions that allow you to do things faster, [with] better support, and at less cost whenever possible."

mobility, deployability, sustainability, and readiness," adds Jeffrey Smith, CSCP, a vice-president of SoBran Inc., the federal contractor that manages the logistics operations for the U.S. Navy in Jacksonville, Florida.

### **Technology to prevent disconnect**

With a large infrastructure of supply chains within supply chains, Army logisticians must be careful to avoid a disconnect between the soldier in the field and the origin of points of supply. There is distance both physically and psychologically between the force on the ground and its remote support people who requisition, inventory, and plan the flow of material to the ground troops.

According to an Army white paper on the need for logistics transformation, "Today's Army logistician cannot see the requirements on the battlefield. Our customers cannot see the support that is coming their way."

Recognizing the different requirements by soldiers in the field and those in remote locations who manage their supply lines is always a challenge. However, such a challenge can be surpassed by the use of technology and management science.

"Requirements determination and asset visibility are problems that are shared by supply chain logistics in many sectors but unique in a sense that, for the Army, such problems may well result not in the loss of revenue or even mission failure, but ultimately in the loss of soldiers' lives," Freeman explains. "There are technology solutions available or emerging that may assist the Army in both areas. Great strides have been made ... in requirements forecasting; but there is certainly room for improvement."

Freeman adds that automated decision support systems available in the commercial sector can help

synchronize manning, equipping, maintenance, sustainment, reset, and recapitalization efforts.

For example, the evolution of sensors used to communicate inventory data throughout the DoD is an emerging technological solution that helps communicate inventory data in real time. "The aviation industry and others have made considerable progress in developing on-board sensors to track engine and component performance to maximize equipment readiness and reliability by using advanced predictive analytics and data mining techniques," Freeman says. "Telematics permits the rapid relay of equipment faults to supply and maintenance facilities for the timely repair of essential systems. The capability of using sensor data to develop, validate, and deploy predictive models may well lead to true prognostics and a more proactive Army logistics system."

### **Capturing commercial best practices**

An enterprisewide system of using information has been implemented within the Army. Doornick says the same process of control that commercial entities such as Wal-Mart have employed can be used well in the Army. At Wal-Mart, Doornick explains, a point of sale at the cash register triggers a companywide system. Staff members are notified of purchases and arrange for items to be replaced on the floor the same night or purchased from a local distributor. A resupply process kicks into action with every point of sale. "That is what the enterprise system will do for the Army," she says.

Capturing best practices from commercial enterprises is an important element of success for full implementation of the Army's new logistics model. "It is essential to capitalize upon the best business transformation practices from the commercial sector," Freeman says. "As industry has demonstrated time and time again, a systems-oriented approach is really more cost effective and yields more long-term benefits. Some of these

## **Who knows where the next challenge will be for the United States and its allies?**

DoD operates the world's largest and most geographically dispersed supply system. There are supply chains within the larger supply chain of the Army. There are individual service supply chains such as the Defense Logistics Agency and the General Services Administration, as well as multiple supply chains that stretch back into original equipment manufacturers; contractors; and vendors who provide parts, equipment, and supplies.

"Yesterday's spectrum of missions—including peace keeping, war fighting, and disaster assistance—has always been a costly challenge in terms of

practices might include improved methodologies [such as] lean six sigma, better situational awareness, better operational analysis and


tive it will be at driving the distribution function.

“The Army customer can better communicate to the distribution function and improve its alignment with the overall supply chain, both initially and during order fulfillment, if they have reliable visibility information,” says Gordon. “Today, the [transportation and distribution] (T&D) function can often appear as a black box to the overall supply chain manager and the customer. Improving this begins

with setting the appropriate T&D requirements for an order, seeing it through the process, and knowing its status. T&D must be very predictable on delivery performance, but also be

capable of being flexible and responsive to support changing or accelerated customer demand.”

It’s important to keep in mind that the Army is working within an environment that is not nearly as predictable as Wal-Mart.

“[Wal-Mart leaders] know when Christmas comes. They know it comes in December every year, and they know when they need to put out their Christmas decorations and toys that parents will buy,” Doornick says. In the Army, the end point often moves. You are actually delivering the product to a moving target. The Army has to be ready for Christmas in July.” 

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## **T**here is distance both physically and psychologically between the force on the ground and its remote support

decision-making tools, and greatly improved interfaces.”

A.T. Kearney consultants add that the greater the visibility the Army has into its supply chain, the more effec-