



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO J-38

JUN 28 2000

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE
(ACQUISITION, TECHNOLOGY AND LOGISTICS)
THROUGH: DEPUTY UNDER SECRETARY OF DEFENSE
(LOGISTICS)

SUBJECT: Department of Defense Reform Initiative Directive (DRID) #54 –
Logistics Transformation Plans

DRID #54 requires components to develop a logistics transformation plan that supports attaining the objectives of the Department of Defense Logistic Strategic Plan. The Defense Logistics Agency (DLA) is permitted to submit an annotated DLA Performance Contract that specifically addresses the information contained in Section 3.0 of the standard format of a logistics transformation plan. Attachment 1 is DLA's Logistics Transformation Plan for Fiscal Years 2001-2005; it is an annotated extract of information from the DLA Performance Contract for Fiscal Years 2001-2005. The information is sorted by the objectives in the Department of Defense Logistics Strategic Plan.

DLA is in the process of developing a balanced scorecard approach to strategic performance measurement. This will allow DLA to more closely align DLA performance indicators measured with the DLA strategic goals and objectives that support logistics transformation. It is our intention to base the DLA Performance Contract for Fiscal Years 2002-2007, and beyond, on the strategic performance measures generated by the balanced scorecard development process. Cascading lower levels of supporting scorecards will align measures at every level to the overall strategic goals, ensuring a concerted effort to transform logistics operations throughout DLA. DLA's Plan of Action and Milestones for the balanced scorecard development and roll out is detailed in attachment 2.

HENRY T. GLISSON
Lieutenant General, USA
Director

Attachments

cc:
PA&E, OUSD (C)



DLA Logistics Transformation Plan

(Linking the DLA FY 2001-2005 Performance Contract with the DoD Logistics Strategic Plan)

DoD Logistics Strategic Plan Objective 1: Optimize Support to the Warfighter															
<u>DLA Performance Contract</u>	<u>DLA Strategic Plan</u>														
Performance metrics (deliverables, goals, and objectives) contained in DLA Performance Contract for the period FY 2001 – 2005	The logistics initiatives associated with this performance metric have the greatest impact on (contribution to) this goal and this objective														
8. Deliverable: Aggregate supply availability for all weapon system items will be equal to or greater than 85 percent for each military service for each fiscal year.	Goal 1: Consistently provide responsive, best value supplies and services to our customers Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance.														
9. Deliverable: Product conformance of supply—non-energy material on hand will meet the following percentages from FY 2001 through FY 2005. <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY00</th> <th>FY01</th> <th>FY02</th> <th>FY03</th> <th>FY04</th> <th>FY05</th> </tr> </thead> <tbody> <tr> <td>Conformance Percentage (%)</td> <td>95.5</td> <td>96</td> <td>96.5</td> <td>97</td> <td>97.5</td> <td>98</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Conformance Percentage (%)	95.5	96	96.5	97	97.5	98	Goal 1: Consistently provide responsive, best value supplies and services to our customers Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance
	FY00	FY01	FY02	FY03	FY04	FY05									
Conformance Percentage (%)	95.5	96	96.5	97	97.5	98									
10. Deliverable: DLA will maintain the petroleum war reserve material and re-supply peacetime inventory, by product by CINC, at or above the control limit.	Goal 1: Consistently provide responsive, best value supplies and services to our customers Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance														
13. Deliverable: Achieve an overall customer satisfaction rating from FY 2001 through FY 2005 which reflects the percentage of customer responses of 4 or greater on a 5-point Likert scale. <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY00</th> <th>FY01</th> <th>FY02</th> <th>FY03</th> <th>FY04</th> <th>FY05</th> </tr> </thead> <tbody> <tr> <td>Satisfaction Rating (%)</td> <td>85</td> <td>83</td> <td>85</td> <td>87</td> <td>89</td> <td>90</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Satisfaction Rating (%)	85	83	85	87	89	90	Goal 1: Consistently provide responsive, best value supplies and services to our customers Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance
	FY00	FY01	FY02	FY03	FY04	FY05									
Satisfaction Rating (%)	85	83	85	87	89	90									

DLA Logistics Transformation Plan

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<p>17. Deliverable: Sell excess stockpile commodities over the period FY 2001-2005, as approved by the Congress in the Annual Materials Plan, according to the schedule below:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 2px 10px;"></th> <th style="padding: 2px 10px;">FY00</th> <th style="padding: 2px 10px;">FY01</th> <th style="padding: 2px 10px;">FY02</th> <th style="padding: 2px 10px;">FY03</th> <th style="padding: 2px 10px;">FY04</th> <th style="padding: 2px 10px;">FY05</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px 10px;">Sales (\$M)</td> <td style="padding: 2px 10px;">480.0</td> <td style="padding: 2px 10px;">476.2</td> <td style="padding: 2px 10px;">413.9</td> <td style="padding: 2px 10px;">406.6</td> <td style="padding: 2px 10px;">367.4</td> <td style="padding: 2px 10px;">342.8</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Sales (\$M)	480.0	476.2	413.9	406.6	367.4	342.8	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>
	FY00	FY01	FY02	FY03	FY04	FY05									
Sales (\$M)	480.0	476.2	413.9	406.6	367.4	342.8									
<p>18. Deliverable: Reduce the number of stockpile storage sites to nineteen per the schedule provided below.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 2px 10px;"></th> <th style="padding: 2px 10px;">FY00</th> <th style="padding: 2px 10px;">FY01</th> <th style="padding: 2px 10px;">FY02</th> <th style="padding: 2px 10px;">FY03</th> <th style="padding: 2px 10px;">FY04</th> <th style="padding: 2px 10px;">FY05</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px 10px;">Number of Sites</td> <td style="padding: 2px 10px;">47</td> <td style="padding: 2px 10px;">39</td> <td style="padding: 2px 10px;">34</td> <td style="padding: 2px 10px;">29</td> <td style="padding: 2px 10px;">22</td> <td style="padding: 2px 10px;">19</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Number of Sites	47	39	34	29	22	19	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>
	FY00	FY01	FY02	FY03	FY04	FY05									
Number of Sites	47	39	34	29	22	19									
<p>22. Deliverable: Improvements in Metrics</p> <p>DLA will review the five plans and reports delivered per the FY 2000-2005 Performance Contract, determine which ones require follow-on metrics, and develop those metrics for the FY 2002-2007 Performance Contract.</p>	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance</p>														
<p>24. Deliverable: Improvements in Metrics</p> <p>For the FY 2002-2007 Performance Contract, DLA will develop a replacement for the product conformance metric that will encompass the benefits of its total cost of quality model. The metric should provide visibility of total quality costs, allowing DLA to optimize product support investment strategies. Using total quality costs as a baseline, the metric should provide an effective means of gauging progress toward meeting quality improvement goals and future investment requirements. The metric must quantify the benefits of DLA quality improvement expenditures in terms of customer service improvements and program efficiencies, measured by reductions in failure and materiel costs.</p>	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>														
<p>DoD Logistics Strategic Plan Objective 2: Improve Strategic Mobility to Meet Warfighter Requirements</p>															
<p>None</p>	<p>Not Applicable</p>														

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DoD Logistics Strategic Plan Objective 3: Implement Customer Wait Time as the DoD Logistics Metric																						
<p>7. Deliverable: Logistics response time reliability for supply—non-energy materials will improve over the program period to reflect greater percentages of requisitions processed within shorter time frames. The LRT targets are:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY00</th> <th style="text-align: center;">FY01</th> <th style="text-align: center;">FY02</th> <th style="text-align: center;">FY03</th> <th style="text-align: center;">FY04</th> <th style="text-align: center;">FY05</th> </tr> </thead> <tbody> <tr> <td>LRT Reliability %</td> <td style="text-align: center;">95</td> <td style="text-align: center;">96</td> </tr> <tr> <td>Number of Days</td> <td style="text-align: center;">18</td> <td style="text-align: center;">9.3</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	LRT Reliability %	95	96	96	96	96	96	Number of Days	18	9.3	9.3	9.3	9.3	9.3	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance</p>
	FY00	FY01	FY02	FY03	FY04	FY05																
LRT Reliability %	95	96	96	96	96	96																
Number of Days	18	9.3	9.3	9.3	9.3	9.3																
DoD Logistics Strategic Plan Objective 4: Fully Implement Total Asset Visibility Across DoD																						
<p>11. Deliverable: The sample inventory accuracy for all products, as determined by a statistical sampling in each fiscal year, will be greater than or equal to 95 percent.</p>	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance.</p>																					
<p>12. Deliverable: The depot location accuracy for all products, as determined by either a complete validation of locations or a statistically valid sample survey of locations, will be greater than or equal to 99 percent.</p>	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance</p>																					

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DoD Logistics Strategic Plan Objective 5: Reengineer/Modernize Applicable Logistics Processes/Systems																						
<p>14. Reengineering Action: Shift to Commercial Practices for Hardware Items <u>Goal:</u> DLA will shift a significant portion of its sales of Hardware items to commercial practices. Hardware items are defined as all DLA managed items not captured in the Energy and Troop Support Metric. As examples, this includes Class IX consumables, wood and wood products, metals, material handling equipment, and marine lifesaving equipment.</p> <p><u>Objective:</u> Continue the shift of sales to commercial practices and develop a plan that supports the accelerated schedule of further shifts, as shown below:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY00</th> <th style="text-align: center;">FY01</th> <th style="text-align: center;">FY02</th> <th style="text-align: center;">FY03</th> <th style="text-align: center;">FY04</th> <th style="text-align: center;">FY05</th> </tr> </thead> <tbody> <tr> <td>Assessments Completed</td> <td style="text-align: center;">67</td> <td style="text-align: center;">77</td> <td style="text-align: center;">83</td> <td style="text-align: center;">88</td> <td style="text-align: center;">91</td> <td style="text-align: center;">97</td> </tr> <tr> <td>Obligations (%)</td> <td style="text-align: center;">41</td> <td style="text-align: center;">43</td> <td style="text-align: center;">45</td> <td style="text-align: center;">47</td> <td style="text-align: center;">49</td> <td style="text-align: center;">50</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Assessments Completed	67	77	83	88	91	97	Obligations (%)	41	43	45	47	49	50	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.3: Implement commercial business-based systems and practices</p>
	FY00	FY01	FY02	FY03	FY04	FY05																
Assessments Completed	67	77	83	88	91	97																
Obligations (%)	41	43	45	47	49	50																
<p>15. Reengineering Action: Shift to Commercial Practices for Energy and Troop Support Items <u>Goal:</u> Eliminate a significant portion of DLA’s inventory of energy and troop support items and, commensurate with the application of modern commercial practices and systems, reduce the size of the ICPs.</p> <p><u>Objective:</u> Continue the shift of sales to commercial practices, as shown below:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY00</th> <th style="text-align: center;">FY01</th> <th style="text-align: center;">FY02</th> <th style="text-align: center;">FY03</th> <th style="text-align: center;">FY04</th> <th style="text-align: center;">FY05</th> </tr> </thead> <tbody> <tr> <td>Obligations (%)</td> <td style="text-align: center;">96.63</td> <td style="text-align: center;">97.00</td> <td style="text-align: center;">97.00</td> <td style="text-align: center;">97.13</td> <td style="text-align: center;">97.25</td> <td style="text-align: center;">97.38</td> </tr> </tbody> </table> <p><u>Objective:</u> DLA will develop and provide an initial demonstration as a step towards implementing a commercial order processing system to automatically route customer orders/requisitions directly to the source of supply.</p>		FY00	FY01	FY02	FY03	FY04	FY05	Obligations (%)	96.63	97.00	97.00	97.13	97.25	97.38	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.3: Implement commercial business-based systems and practices</p>							
	FY00	FY01	FY02	FY03	FY04	FY05																
Obligations (%)	96.63	97.00	97.00	97.13	97.25	97.38																
<p>16. Deliverable: Increase the percentage of property sold (workload measured by acquisition value) by DRMS through commercial ventures (long-term business arrangements) each year, according to the following schedule:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY00</th> <th style="text-align: center;">FY01</th> <th style="text-align: center;">FY02</th> <th style="text-align: center;">FY03</th> <th style="text-align: center;">FY04</th> <th style="text-align: center;">FY05</th> </tr> </thead> <tbody> <tr> <td>Percentage of Sales</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">80%</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">95%</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Percentage of Sales	50%	75%	75%	80%	90%	95%	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.2: Team with our business partners to achieve customer results</p>							
	FY00	FY01	FY02	FY03	FY04	FY05																
Percentage of Sales	50%	75%	75%	80%	90%	95%																

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<p>23. Deliverable: Improvements in Metrics</p> <p>For the FY 2002-2007 Performance Contract, DLA will develop a metric (or metrics) that quantifies the benefits its customers receive from the use of Prime Vendor and Direct Prime Vendor, and other shift to commercial practice strategies.</p>	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.1: Meet customer expectations of quality, timeliness, information, and performance</p>																					
<p>DoD Logistics Strategic Plan Objective 6: Minimize Logistics Cost While Meeting Warfighter Requirements</p>																						
<p>1. Deliverable: Reduce the Supply—Non-Energy cost of operations to materiel ratio (OMR) in FY 2001 to FY 2005 by the percentages listed below.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY 2000</th> <th>FY 2001</th> <th>FY 2002</th> <th>FY 2003</th> <th>FY 2004</th> <th>FY 2005</th> </tr> </thead> <tbody> <tr> <td>Ratio (%)</td> <td style="text-align: center;">17.7</td> <td style="text-align: center;">17.2</td> <td style="text-align: center;">16.6</td> <td style="text-align: center;">16.1</td> <td style="text-align: center;">15.9</td> <td style="text-align: center;">15.8</td> </tr> </tbody> </table>		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Ratio (%)	17.7	17.2	16.6	16.1	15.9	15.8	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>							
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005																
Ratio (%)	17.7	17.2	16.6	16.1	15.9	15.8																
<p>2. Deliverable: The Defense Working Capital Fund (DWCF)—Supply Management customer price change (CPC) will be no greater than realized increases in the DoD composite inflator from FY 2001-2005. Current forecasts of the CPC and the DoD inflator are as follows:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY00</th> <th>FY01</th> <th>FY02</th> <th>FY03</th> <th>FY04</th> <th>FY05</th> </tr> </thead> <tbody> <tr> <td>CPC (%)</td> <td style="text-align: center;">4.7</td> <td style="text-align: center;">4.5</td> <td style="text-align: center;">1.5</td> <td style="text-align: center;">-0.3</td> <td style="text-align: center;">1.2</td> <td style="text-align: center;">1.7</td> </tr> <tr> <td>DoD Price Escalation (%)</td> <td style="text-align: center;">1.5</td> <td style="text-align: center;">1.5</td> <td style="text-align: center;">1.6</td> <td style="text-align: center;">1.7</td> <td style="text-align: center;">2.0</td> <td style="text-align: center;">2.0</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	CPC (%)	4.7	4.5	1.5	-0.3	1.2	1.7	DoD Price Escalation (%)	1.5	1.5	1.6	1.7	2.0	2.0	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>
	FY00	FY01	FY02	FY03	FY04	FY05																
CPC (%)	4.7	4.5	1.5	-0.3	1.2	1.7																
DoD Price Escalation (%)	1.5	1.5	1.6	1.7	2.0	2.0																
<p>3. Deliverable: DLA’s major petroleum product acquisition price, weighted by product type, geographic location, and time of purchase, will not exceed comparable measures of similar commercial products.</p>	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>																					
<p>4. Deliverable: Increase annual dollar cost avoidance under the electricity program, in accordance with the following targets:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY00</th> <th>FY01</th> <th>FY02</th> <th>FY03</th> <th>FY04</th> <th>FY05</th> </tr> </thead> <tbody> <tr> <td>Dollar Targets (\$M)</td> <td style="text-align: center;">N.A.</td> <td style="text-align: center;">13.0</td> <td style="text-align: center;">14.5</td> <td style="text-align: center;">21.5</td> <td style="text-align: center;">27.5</td> <td style="text-align: center;">31.0</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Dollar Targets (\$M)	N.A.	13.0	14.5	21.5	27.5	31.0	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments</p>							
	FY00	FY01	FY02	FY03	FY04	FY05																
Dollar Targets (\$M)	N.A.	13.0	14.5	21.5	27.5	31.0																
<p>5. Deliverable: Complete the pre-award procurement phase for utility system privatizations and forward to the appropriate Military Service representative for award authorization, in accordance with the following schedule:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY00</th> <th>FY01</th> <th>FY02</th> <th>FY03</th> <th>FY04</th> <th>FY05</th> </tr> </thead> <tbody> <tr> <td>Pre-Award Phases Completed</td> <td style="text-align: center;">N.A.</td> <td style="text-align: center;">125</td> <td style="text-align: center;">100</td> <td style="text-align: center;">225</td> <td style="text-align: center;">N.A.</td> <td style="text-align: center;">N.A.</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Pre-Award Phases Completed	N.A.	125	100	225	N.A.	N.A.	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.3: Implement commercial business-based systems and practices</p>							
	FY00	FY01	FY02	FY03	FY04	FY05																
Pre-Award Phases Completed	N.A.	125	100	225	N.A.	N.A.																

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<p>6. Deliverable: Provide disposal through abandonment and destruction (A&D) of non-hazardous property for the military services at an average cost not to exceed the following per line item disposed:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 10%;">FY00</th> <th style="width: 10%;">FY01</th> <th style="width: 10%;">FY02</th> <th style="width: 10%;">FY03</th> <th style="width: 10%;">FY04</th> <th style="width: 10%;">FY05</th> </tr> </thead> <tbody> <tr> <td>Average Cost (\$)</td> <td style="text-align: right;">294.81</td> <td style="text-align: right;">269.78</td> <td style="text-align: right;">251.79</td> <td style="text-align: right;">241.39</td> <td style="text-align: right;">235.81</td> <td style="text-align: right;">235.81</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Average Cost (\$)	294.81	269.78	251.79	241.39	235.81	235.81	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2.1: Achieve performance and cost commitments.</p>													
	FY00	FY01	FY02	FY03	FY04	FY05																						
Average Cost (\$)	294.81	269.78	251.79	241.39	235.81	235.81																						
<p>19. Deliverable: Using best business practices, reduce non-energy inventory to the following levels each fiscal year.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 10%;">FY00</th> <th style="width: 10%;">FY01</th> <th style="width: 10%;">FY02</th> <th style="width: 10%;">FY03</th> <th style="width: 10%;">FY04</th> <th style="width: 10%;">FY05</th> </tr> </thead> <tbody> <tr> <td>Inventory Levels (\$M)</td> <td style="text-align: right;">7,035</td> <td style="text-align: right;">6,764</td> <td style="text-align: right;">6,483</td> <td style="text-align: right;">6,165</td> <td style="text-align: right;">5,849</td> <td style="text-align: right;">5,534</td> </tr> </tbody> </table>		FY00	FY01	FY02	FY03	FY04	FY05	Inventory Levels (\$M)	7,035	6,764	6,483	6,165	5,849	5,534	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2-3: Implement commercial business-based systems and practices</p>													
	FY00	FY01	FY02	FY03	FY04	FY05																						
Inventory Levels (\$M)	7,035	6,764	6,483	6,165	5,849	5,534																						
<p>20. Deliverable: Conduct public/private competitions for 16 distribution depots and selected functions at the two principal distribution sites (PDSs) using OMB Circular A-76 procedures:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 10%;">FY98</th> <th style="width: 10%;">FY99</th> <th style="width: 10%;">FY00</th> <th style="width: 10%;">FY01</th> <th style="width: 10%;">FY02</th> <th style="width: 10%;">FY03</th> <th style="width: 10%;">FY04</th> <th style="width: 10%;">FY05</th> </tr> </thead> <tbody> <tr> <td>Start</td> <td style="text-align: right;">3 Depots</td> <td style="text-align: right;">6 Depots</td> <td style="text-align: right;">7 Depots</td> <td style="text-align: right;">2 PDSs</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> </tr> <tr> <td>Transition Complete</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> <td style="text-align: right;">3 Depots</td> <td style="text-align: right;">6 Depots</td> <td style="text-align: right;">7 Depots</td> <td style="text-align: right;">2 PDSs</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> </tr> </tbody> </table>		FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	Start	3 Depots	6 Depots	7 Depots	2 PDSs	---	---	---	---	Transition Complete	---	---	3 Depots	6 Depots	7 Depots	2 PDSs	---	---	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.2: Team with our business partners to achieve customer results</p>
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<p>21. Deliverable: Conduct public/private competitions for the logistics functions at 39 Defense Reutilization and Marketing Offices (DRMOs) using OMB Circular A-76 procedures:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 10%;">FY98</th> <th style="width: 10%;">FY99</th> <th style="width: 10%;">FY00</th> <th style="width: 10%;">FY01</th> <th style="width: 10%;">FY02</th> </tr> </thead> <tbody> <tr> <td>Start</td> <td style="text-align: right;">10 DRMOs</td> <td style="text-align: center;">---</td> <td style="text-align: right;">29 DRMOs</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> </tr> <tr> <td>Transition Complete</td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> <td style="text-align: right;">10 DRMOs</td> <td style="text-align: center;">---</td> <td style="text-align: right;">29 DRMOs</td> </tr> </tbody> </table>		FY98	FY99	FY00	FY01	FY02	Start	10 DRMOs	---	29 DRMOs	---	---	Transition Complete	---	---	10 DRMOs	---	29 DRMOs	<p>Goal 1: Consistently provide responsive, best value supplies and services to our customers</p> <p>Objective 1.2: Team with our business partners to achieve customer results</p>									
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Start	10 DRMOs	---	29 DRMOs	---	---																							
Transition Complete	---	---	10 DRMOs	---	29 DRMOs																							
<p>25. Deliverable: For the FY 2002-2007 Performance Contract, DLA will develop a “net landed cost” pricing structure for distribution based on commercial pricing practices.</p>	<p>Goal 2: Reduce costs – improve efficiency – increase effectiveness</p> <p>Objective 2-3: Implement commercial business-based systems and practices</p>																											

Plan of Action & Milestones – DLA Balanced Scorecard

FY 2000

March – 24th

BSC briefed at Senior Leader Conference

April – 13th

Mr. Thurber briefed at DLA 21 Offsite

April – 27th

BSC Approach memorandum approved by RADM Archer and Mr Thurber, and distributed

May – 9th

Senior Leadership Orientation

June

Senior Staff Interviews

July

- Finish Senior Staff Interviews
- Two-day Offsite July 6th & 7th
- Populate framework scorecard with clarified vision and goals
- Communicate to entire organization

August

Refine/Establish goals, measure, and targets

Initial alignment of strategies

Designate working group

Identify data gaps

COTS BSC tools

September

Link strategies to the initiatives

Identify data sources for measures

Begin closing data gaps

Assign ownership

Incorporate BSC into R&A/PMR

FY2001

October

Initial review

Improve the process

November

Fine tune

December

Fine tune

January

Review newly captured data

February

Evaluate cause and effect

Suppositions

March

Review and revise

Put R&A/PMR into 100% BSC format

April

Full implementation

Establish review cycle