NAVICP’s PBL Perspective

Navy Success with PBL

- Today’s Challenges
- The PBL Solution
- PBL Successes
- The Way Ahead
- Summary

Presented at:
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Today's Challenges

**War on Terrorism**

Support Current Warfighter Deployments with an Aging Arsenal

- Reliability Down
- Obsolescence Up
- Costs Up

**Battle against Cost**

Meet CNO Enterprise Objectives

- Achieve Cost Savings to Recapitalize our Force

New Strategies for Today's Environment Required
The PBL Solution

A Different Acquisition Strategy

Pre - 1996 1997 - 1999 2000 and Beyond

Traditional Inventory

Buying Parts to Address Failures

Managing Supplies

Supply Chain Management

Attacking Logistic Failures

✓ Improve Reliability
✓ Resolve Obsolescence
✓ Integrate Support Solutions

Managing Relationships and Outcomes

✓ Customer Focused Goals
✓ Gov’t/Industry Partnerships

Turning to Commercial/Government Best Practices
Alternative logistics support solutions that transfer traditional DoD inventory management, technical support, and supply chain functions to the provider for a guaranteed level of performance at the same or reduced cost.

**PBL Supplier Roles**

- Warehousing
- Requirements determination/forecasting
- Engineering/services
- Transportation
- Repair/overhaul/replace decision
- Consumable
- Obsolescence management
- Configuration management
- Technology/reliability insertion

**Purpose**

- Lower Response Time
- Lighten Logistics Footprint
- Increase Availability
- Cultivate Long Term Partnerships With Industry
- Leverage Commercial Supply Chain Solutions

A Reengineering Tool to Improve Readiness through Reliability
Why PBL Works

- Navy buys comprehensive performance package... not individual parts
- This approach totally reverses vendor incentive
  - Fixed price “pay for performance” contract now motivates vendor to reduce failures / consumption
  - Long term commitment enables vendor to balance risk vs. investment
- Improves Parts Support ... Material availability increases + Logistics Response Time (LRT) decreases resulting in Improved Readiness
- Optimizes Depot Efficiency ... Repair Turn Around Time (RTAT), Awaiting Parts (AWP), & Work in Process (WIP) decrease
- Invests in Reliability ... Mean Time Between Failures (MTBF) improves
- Shortstops Failures ... reduces off-station demand

Procuring the Performance “End-State” ... NOT the “How To”
Auxiliary Power Unit (APU)

Pre-PBL:
• Material availability: 65%
• Backorders: 125
• Units awaiting parts: 232
• Multiple unincorporated upgrades

PBL:
• Depot Partnership: NADEP Cherry Point provides touch labor
• Guaranteed 90% availability ... 95% attained
• Backorders eliminated ... 0 units awaiting parts
• Response time reduced from 35 days to 5 days
• Repair Turn-around-time (RTAT) reduced from 162 days to 38 days
• 18 reliability improvements incorporated; over 60 other enhancements
PBL Successes

AEGIS

Pre-PBL:
• Material availability: 62%
• Backorders: 155

PBL:
• Material availability: 94%
• Current backorders: 6
• Repair turn around time reduced
• Repair capability established for item previously managed on as consumable
Pre-PBL:
- Material availability: 43%
- Backorders: 718 total ... including 436 high priority
- Work In Process (WIP): 1264 Units
- Repair Turn-around-time (RTAT): 116 days

PBL:
- Depot Partnership: NADEP Jacksonville provides touch labor
- Guaranteed 85% availability ... 99% attained
- Backorders eliminated ... 0 IPG 1, 0 total
- WIP reduced by 75%
- RTAT reduced by 25%

F404 Engine

8 SECDEF 2005 Winner
The Way Ahead

Making PBLs “Bigger” and “Broader”

Integration With All Support Elements Provides Greater Opportunities For Optimal Support

Platform Level

System Level

Component Level
• **Naval Support Challenges**
  - Maintain support for aging weapons
  - Realize savings to support recapitalization

• **The PBL Solution ...**
  - Better availability ... faster response
  - Industry incentivized to manage obsolescence / improve reliability

• **The Way Ahead**
  - Bigger, broader PBLs ... more ILS elements

PBLs ... The Enabler to Cost Wise Readiness