



ORACLE



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Chair Talk

Greetings Fellow GWAC Members and Logisticians! This issue of the GWAC ORACLE Newsletter includes information about upcoming events; Chapter Officer reports; Management Committee meeting minutes (including an update on the progress of the GWAC CPL Study Group; an article on *PBL Works*; a book review on *The Role of Outsourcing in the Retail Supply Chain* by Clifford F. Lynch, and Flyers on the 7 February PBL Workshop and more . . .



On a personal note, I have accepted a new job as the Performance Learning Director for Performance Based Logistics (PBL) at the Defense Acquisition University (DAU) which is located at Fort Belvoir, VA. Since I no longer work at Booz Allen, GWAC no longer has access to the Booz Allen Rosslyn office location for our luncheons and it will be difficult for me to participate in GWAC luncheons in the greater Washington D.C. area. The GWAC Management Committee is exploring options on luncheon locations and looking for an individual who can take the lead on organizing and conducting the luncheons. If you have any thoughts or recommendations, please feel free to share your thoughts by contacting me or one of your GWAC Management Committee Members shown on page 2.

7 February SOLE District 2 Workshop

The Northern Virginia Chapters of District 2 of SOLE - The International Society of Logis-

tics will be conducting a three hour workshop on PBL on Saturday, 7 February at the Jacobs' office facility in Dumphries, VA. Mr. Steve Brown from DAU will be conducting the Workshop. SOLE Members only - the cost is free. See Flyer on pg. 8.

25 February GWAC Luncheon

GWAC will be partnering with DCCEAS in honor of National Engineer's Week for our 25 February luncheon to be held at the Pier 7 Restaurant in Washington, D.C. The first 10 GWAC members to show up are free. Otherwise the cost is \$25 to attend. See the Flyer on page 9.

SOLE is Looking for a Volunteer

SOLE Headquarters is looking for help with the Designated Logistician program due to an increase in applications. Volunteer(s) are needed to review applications against criteria and for recommended approval. The ideal candidate will be a detail oriented person who can contribute 10 to 15 hours per week. Retirees are welcome. Contact www.solehq@erols.com.

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Vice-Chair, Finance	
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Steve Morgan	
Vice-Chair, Education	(Open)

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The ORACLE

The ORACLE is published 12 times a year. The deadline for articles and announcements is the second Monday of the month to be published. Authors, please reference "Editorial Objectives and Guidelines" under the "ORACLE Newsletter" Link at www.gwacsole.org for more details. GWAC assumes no responsibility for statements made by advertisers or for statements of fact or opinion expressed or implied in this publication.

Upcoming Events

7 February, 2008, PBL Workshop to be held at Jacobs' Company Office in Dumphries, VA. Contact David.Floyd@dau.mil. (See Flyer)

19-20 February, 2009, Capabilities Based Requirements and Architectural Frameworks to be held in Washington, DC. Contact www.technologytraining.com.

23-24 February, 2009, Current and Future Military Data Links. This will be held in Wash., DC. www.technologytraining.com.

16-19 March 2009, PBL 2009 to be held in Washington, D.C. hosted by IDGA. Contact sherryl.jacobs@idga.org.

23-24 March, 2009, Configuration Management to be held in Washington, DC. Contact www.technologytraining.com.

25-27 March, 2009, Advanced Configuration Management to be held in Washington, DC. Contact www.technologytraining.com.

VC Finance Report

by Thomas Lorenzo at

thomas.lorenzo@pentagon.af.mil

As of 30 November, 2008

Beginning Balance: \$6,400.64

Income: Luncheon

Total Income: \$0.00

Expenses: (\$0.00)

Total Expenses: (\$0.00)

Ending Balance: \$6,400.64

VC Prof. Dev. Report

by Steve Morgan, at

Morgan.Steven@bah.com

The October 29th Awards Luncheon speaker was Brigadier General David Reist, USMC. The Logistician of the Year was Dave Peterson, PH. D. from LMI.

CPL Chair Report

By Dave Floyd, CPL at

floyd_david@bah.com

CPL Exam Update

The next CPL exam will be held on 2 May at the FIT Education Center. Several CPL Study Group members are planning to take the exam.

GWAC 2008 CPL Study Group

The CPL Study Group has shifted from Thursday to Wednesday evening meetings from 5:00pm to 7:00pm through May of 2009 at a rate of two chapters a week in order to cover all the reading materials. We will be finishing the final chapters of William Stevenson's 8th Edition of *Operations Management* this week and begin Stock and Lambert's book on Strategic Logistics Management. We added a new member to our Study Group, Tracey Ramsey. Up to this point we have covered such topics as Reliability, Maintainability and Availability Measures (now referred to by DoD as Reliability, Availability, Maintainability (RAM)), recent trends in logistics, the definition of logistics and systems engineering and how logistics

has evolved from the traditional 10 ILS elements. We've covered Supportability Analysis, and logistics in the various phases of the acquisition life cycle. We are currently studying Forecasting, Quality, Inventory Management, Supply Chain Management, Project Management and Waiting Lines and Simulation.

SOLE Searchers

Check out the updated "Jobs" page hyperlink at the GWAC Web site at www.gwacsole.org. or contact Thomas Lorenzo at thomas.lorenzo.ctr@pentagon.af.mil

DCCEAS Chair Report

DCCEAS restarted in September. Dev Raheja has expressed interest in leading a GWAC Seminar in "Design to Reduce the Logistics Footprint". More info will follow as GWAC submits and gets approval from SOLE on a Seminar Business Plan.

Website Chair Report

Contact our new webmaster at webmaster@gwacsole.org with your comments and/or input. Files added during the last month to the functional areas include the following:
General.

- October Management Committee Meeting Agenda and Minutes
- Updated Calendar of Events

Administration.

- Membership Spreadsheet, Password protected (contact_webmaster@gwacsole.com)
- October ORACLE Newsletter

Finance.

- Contact Dave Floyd, CPL for a copy of the Financial Report.

Chapter Events List 2007-2008

<u>Date</u>	<u>Event</u>
January 12	GWAC Mngt. Meeting
February 7	PBL Workshop
February	GWAC Mngt. Meeting

GWAC Management Management Committee Meeting Minutes

CALL TO ORDER:

Chair Dave Floyd, CPL, called the meeting to order at 5:45 p.m. on 8 December, 2008 at Hamburger Hamlet in Arlington, VA.

CHAPTER OFFICERS PRESENT:

Dave Floyd, CPL	Chapter Chair
Lyle Paulson, CPL	IPC
Tom Griffiths	VC Membership
Steve Morgan	VC Programs
Richmond Miller, CPL	Advisory Member

OLD BUSINESS:

Past Minutes. The GWAC Management Committee reviewed and recommended approval of the November 2008 Management Committee Meeting minutes and Financial Report.

VC/COMMITTEE REPORTS:

VC FINANCE:

The GWAC financial balance is \$6400.64

VC MEMBER SERVICES:

There was no GWAC luncheon held in December.

VC PROGRAMS:

Luncheon Speakers. Mr. Ted Seymour, Booz Allen, was our 30 January, 2008 speaker. He spoke on *PBL Business Case Analysis (BCA)*. Our 20 February luncheon was held in conjunction with DCCEAS at the Pier 7 restaurant in Washington, D.C. There was no GWAC luncheon held in March. The 30 April GWAC luncheon speaker was Mr. Bill Kobren, CPL, Director of the Logistics and Sustainment Group at DAU, who spoke on the topic: "What DAU Can Do for You!". Our 28 May luncheon speaker, Mr. Irv Varkoni, spoke on *Supply Chain Globalization, Preparedness and Resilience*. The 25 June GWAC luncheon speaker was Mr. Alex Melnikov, Senior Analyst for DMSMS in OSD. He spoke on *Managing DMSMS*. Our 30 July GWAC luncheon speaker was Mr. Michael D. "Bo" Gourley, Program Director for Logistics Sustainment at

the Defense Acquisition University (DAU). He spoke on *The Relationship Between Systems Engineering and Logistics*. Mr. Joe Spruill, DHS, spoke about *DHS Logistics* at the September luncheon. The October luncheon was the GWAC 11th Annual Awards Luncheon. Dr. Dave Peterson from LMI received the GWAC Logistician of the Year Award.

VC ADMINISTRATION:

On a personal note, Chair Dave Floyd, CPL went on a ski trip to Snowshoe, WVA over the holidays with some friends and celebrated the New Year.

CPL COMMITTEE CHAIR:

There was some discussion about CPL recertification that needs to be done every five years. The next CPL Exam will be held on 2 May, 2009 at the FIT Education Center. Contact Chair Dave Floyd, CPL at 703-805-4475 or at david.floyd@dau.mil.

NEW BUSINESS:

Dev Raheja, the GWAC DCCEAS representative and GWAC Management Committee Advisor, expressed interest in conducting a GWAC Seminar on "*Design to Reduce the Logistics Footprint*" to be held sometime in the Spring contingent on SOLE's approval of the Business Plan. Topics include:

- How Much Logistics Support We Really Need?
- Designing out failure modes
- FMECA for reducing logistics needs
- Designing maintenance-free subsystems
- Techniques of reducing MTTR
- Reliability Centered Maintenance (RCM)
- Techniques of improving Inherent Availability
- Techniques to improve Operational Availability
- Prognostics design to reduce logistics cost.

ADJOURNMENT:

There being no further discussions, Chair Dave Floyd, CPL, adjourned the meeting at 7:00pm. The next GWAC Management Team meeting will take place at Hamburger Hamlet on Monday, 9 February, 2009 starting at 5:45 pm. GWAC members are most welcome to attend.

ARTICLE

Performance-Based Logistics Works

**By Alex Miller, Associate Dean for executive education
at the University of Tennessee**

Performance-Based Logistics, a strategy for making sure warfighters have the equipment they need when they need it, works. Government, industry and academic studies show PBL contracts regularly improve availability 20-40% and costs by 15-20%. Caught in the pincer of escalating military risks and increasing budget pressures, one might expect military leaders to be clamoring to PBL, but there are pockets of outright resistance. Some counterarguments are solid, but three are paper tigers:

- I know somebody who tried something like PBL and it failed. PBL contracts need to adhere to certain tenets that have been proven over time. When these guidelines are violated, results suffer. There is anecdotal evidence that bastardized versions of PBL fail, but there is convincing research showing that properly constructed PBL contracts work.
- Statutory restrictions make PBL difficult. Issues surrounding policies such as the Title 10, the 50/50 rule and “color of Money” restrictions are real enough, but so what? While not easy rules to live by, they are the hand we’ve been dealt, and others have been able to play the hand just fine. Get on with the work of sourcing the best possible results for the warfighter given the regulations governing your options.
- PBL must be more expensive for government; contractors would not be interested if PBL weren’t more profitable for them. Profits are the carrot that keeps contractors focused on whatever mixes of improved availability and lowered costs the contract targets. In a well-built PBL, improving contractor profits result from better performance and decreases customer costs.

Beyond the paper tigers, three genuine obstacles face U.S. military leaders:

The business case analysis for PBL is seldom straight forward. Every business case must grapple with two costs: the fixed cost of being in a given line of work and the variable cost of actually carrying out the work. It’s common for a contractor proposing a PBL contact to figure both types of costs into its estimates of building and operating the business. However, it’s also common for the customer

(Continued next page . . .)

ARTICLE (Cont'd)

Performance-Based Logistics Works

**By Alex Miller, Associate Dean for executive education
at the University of Tennessee**

considering shifting work to a PBL contract to ignore reductions in its fixed costs. After all, if they are truly fixed, they are not going away. The resulting apples-to-oranges comparison is made in both government and commercial PBL contracting, but blurry government accounting exacerbates the problem for the military. The solution is to assign good people to learning how others (U.S. and foreign militaries and commercial companies) have wrestled with these issues in building business cases.

PBL threatens to erode job and infrastructure we need to protect. One strategy for addressing the threat of lost work is a “not on my watch” stance to stonewalling PBL. An alternative strategy is to focus on how to partner with organizations offering complementary skills in order to provide the most cost-effective support to warfighters. The logic of the second strategy is that it is more important to be on the winning team than it is to hang onto historical roles. The best way to protect jobs and infrastructure is to be part of the team that provides the most affordable support.

There is no burning platform. The organizations that have been the quickest to get on board with PBL have been standing on the burning platforms of competition among commercial airlines or dangerously low mission-capable rates in military organizations. Today, U.S. military services don't consistently perceive such a burning platform. But there is a growing consensus that defense budgets are likely to flatten (shrink in real terms) while the Global War on Terror supplement disappears and missions continue to increase in scope and complexity. Responsible leaders will get ahead of the trends, recognize the coming burning platform and move now to prepare their organization for the new reality.

In the coming years, military leaders will have to take more seriously than ever their responsibility for finding the most cost-effective means of supporting warfighters. The research shows that properly done, PBL can be an important part of the solution. However, to move in this direction, leaders will need to get past the bogus arguments and address the real issues. Considering the stakes, this work is worthy of our best efforts.

Published in Aviation Week & Space Technology/November 3/2008

Logistics Book Reviews



The Role of Outsourcing in the Retail Supply Chain
Clifford F. Lynch
CFL Publishing, 2007

The trend of outsourcing supply chain activities to logistics service providers (LSPs) might seem to be a relatively recent development, but in his new book, *The Role of Outsourcing in the Retail Supply Chain*, Clifford Lynch notes that the practice has a long and venerable tradition. Some European LSPs, he says, can actually trace their origins to the Middle Ages.

In this lively booklet, Lynch, a widely respected logistics consultant (and *DC VELOCITY* columnist), traces the evolution of the retail business and the forces that led to rising interest in outsourcing logistics and other supply chain activities, especially in the last decade or so. (It should be noted that while Lynch is carefully neutral in his discussion of the roles of third parties, the booklet was sponsored by UTi Worldwide Inc., a provider of logistics and supply chain services.)

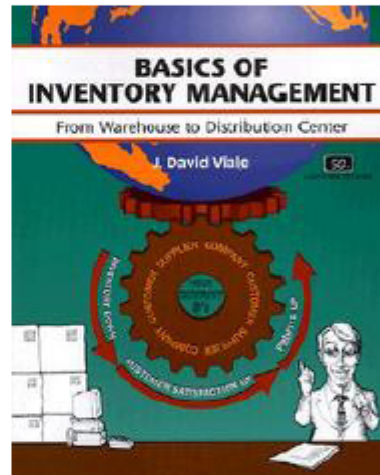
In his discussion of outsourcing today, Lynch outlines the factors that lead retailers to outsource supply chain functions, including operating expertise, the scale of operations, retailers' focus on core competencies, and risk mitigation. But he also examines reasons why some retailers choose to retain close control over certain aspects of Lynch also provides a primer on what to look for in a service provider and the variety of roles that LSPs can play in a supply chain. The booklet is available at no charge from Lynch (www.cfllynch.com) or Elijah Ray at UTi.

Logistics Outsourcing--A Management Guide, by Clifford F. Lynch. Council of Logistics Management

Includes a compact disk. ISBN 0-9658653-4-7. n

Logistics Outsourcing--A Management Guide

Clifford Lynch provides important useable guidelines for establishing and managing outsourcing relationships. In Lynch's unique narrative style, he documents and delivers the very core elements that should become part of every logistics manager's knowledge base. Lynch provides a host of supporting examples from the field, sample documents and forms, and detailed tools and worksheets to equip logistics managers. Managers, educators, and students of logistics and supply chain management will find the book enjoyable to read and a great reference addition to their libraries.



Publisher Notes: *Inventory Management*

- This book contains a logistics approach to inventory management-from the warehouse through the distribution system, from the supplier to the customer. Written for managers, it outlines objectives and performance measures pertaining to customer service, inventory investment, and operational efficiency. Factors affecting inventory are fully discussed and warehouse environments are fully explored, including types and objectives, packaging, material handling, and costs involved.



*Please join the Northern Virginia Chapters of
District 2 of SOLE – The International Society of Logistics*

**on Saturday, 7 February, 2009 at Jacob's office facility,
3850 Fettler Park Drive, Dumfries, VA from 8:00 am to 11:00 am**
for a workshop and continental breakfast.

The event is free and is restricted to SOLE Members only.

Participants will receive certificates for three hours of training.

RSVP to dsfloyd@comcast.net

Topic: Performance Based Logistics

**Steven M. Brown, CPL
Defense Acquisition University**

Biography

Steve Brown is a Certified Professional Logistician with over 25 years experience in operational, acquisition, and sustainment logistics. He is currently serves as Chair for the Logistics Management Department at the Defense Acquisition University campus on Fort Belvoir, Virginia. His duties with DAU include developing and teaching graduate-level courses for the DoD Acquisition, Technology and Logistics workforce. He also conducts performance support, research and knowledge management for the military services, defense agencies and Secretary of Defense Staff. As Course Manager for DAU Performance-Based Logistics classroom and online courses he orchestrated PBL training for over 10,000 DOD logisticians. His previous positions have included responsibility for acquiring and sustaining several of the nation's premier aerospace systems. While serving as an Air Force officer, he commanded an award winning Logistics Squadron and distinguished himself managing aircraft maintenance and flight test units. During assignments to key program management positions, he helped field advanced fighter aircraft engines and the F-22 stealth aircraft. He also served on the headquarters staffs for Air Force Materiel Command, U.S. Air Forces in Europe and NATO. Steve's education includes a Masters Degree in Systems and Industrial Engineering plus executive programs at Harvard and the Massachusetts Institute of Technology. He is a member of the DoD Acquisition Core and is Level III Certified in Life-Cycle Logistics, Program Management and plus Systems Engineering. His interest in continuous process improvement is reflected in certification as an instructor for Lean Six-Sigma, Air Force Smart Operations 21 and Lean Academy courses. In addition to publishing in professional journals, he has created popular online resources and videos. DOD and the U.S. Air Force have recognized his many contributions to improving the supportability of defense systems and the logistics management workforce. In 2003, the Greater Washington Area Chapter of SOLE recognized him as "Logistician of the Year." He has served as a director of the Logistics Education Foundation, the Lean Advancement Initiative Education Network, the Reliability Maintainability and Supportability Partnership; and on SOLE's CPL Qualification Review Board.

Directions to Jacobs' Office, 3850 Fettler Park Drive, Dumfries, VA 22025

- Take I-95 South towards Richmond
- Exit onto 152B (234) towards Manassas
- Make your immediate right onto 234
- Turn left at the next light onto Van Buren
- Take the immediate left onto Fettler Park Drive
- 3850 is the first building past the shopping center under construction



*Please Join the Greater
Washington Area Chapter (GWAC) of
SOLE – The International Society of Logistics and
The DC Council of Engineering and Architectural
Societies (DCCEAS)*

On Wednesday, 25 February, 2009
at the Pier 7 Restaurant
650 Water St SW, Washington, DC,
202-554-2500

In celebration of National Engineer's Week

*with a luncheon and presentation at \$25 per person
GWAC has paid for a table of 10 so the first 10 to show up are free!*

RSVP to bunnystreet@yahoo.com

**The Guest Speaker is
Mr. Brendan Owen LEED AP, P.E.,
Vice President LEED Technical Development
U.S. Green Building Council**