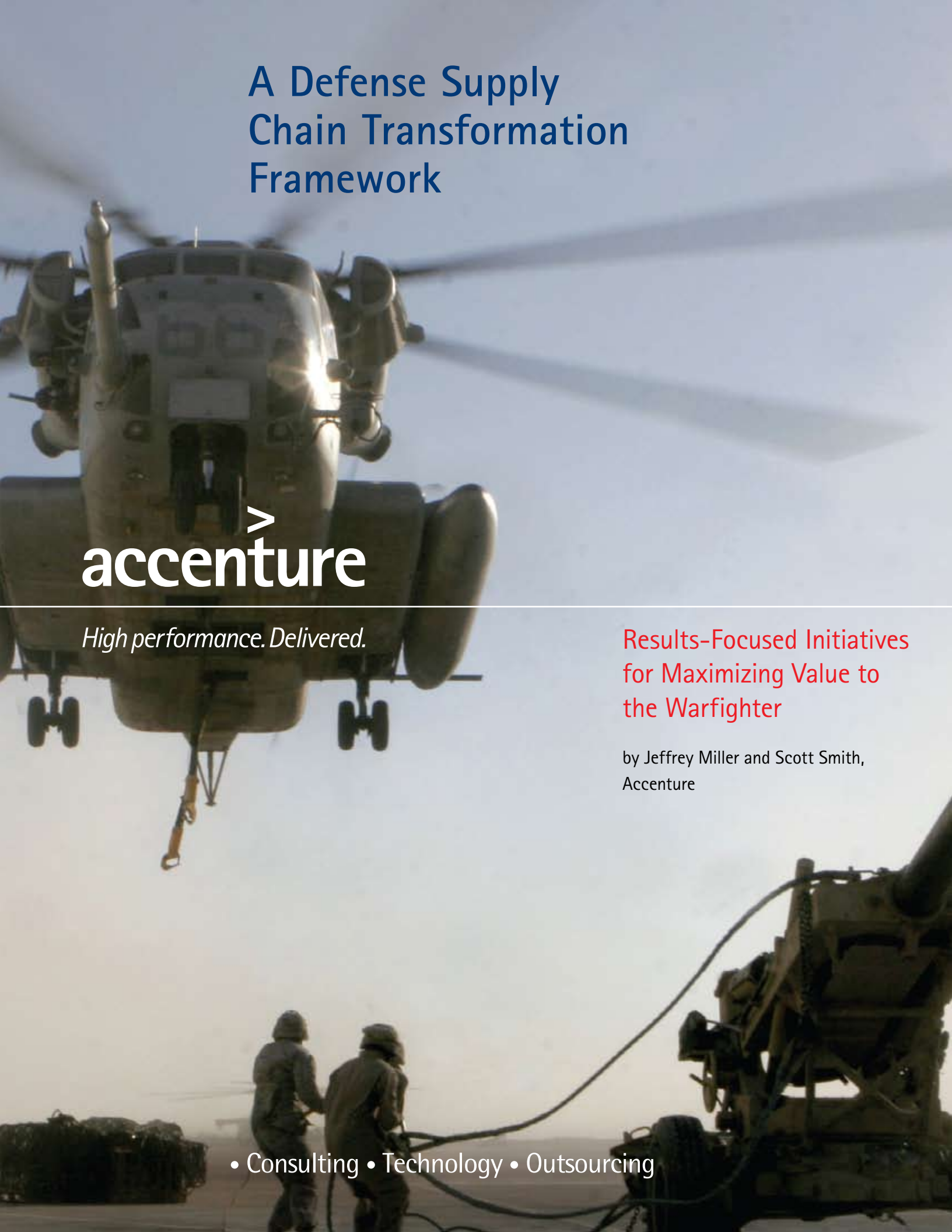
A Defense Supply Chain Transformation Framework



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Results-Focused Initiatives for Maximizing Value to the Warfighter

by Jeffrey Miller and Scott Smith, Accenture

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This Page:
US Air Force (USAF) Technical Sergeant (TSGT) Richard Moore, Communications Computer Systems Operator, 458th Air Expeditionary Group (AEG), establishes a network firewall list at Mihail Kogalniceanu Air Base (AB), Romania, during Operation ENDURING FREEDOM on March 18, 2003. DoD photo by MSGT Jon Nicolussi, USAF.

On the Cover:
Marines prepare to attach a sling fastened to a M198 Medium Howitzer onto a U.S. Marine Corps CH-53E Super Stallion helicopter in Al Asad, Iraq, on Nov. 29, 2006. The Super Stallion, from Heavy Marine Helicopter Squadron 465, 3rd Marine Aircraft Wing (Forward), will airlift the howitzer to Barwana, Iraq. DoD photo by Gunnery Sgt. Michael Q. Retana, U.S. Marine Corps.

A Defense Supply Chain Transformation Framework:

Results-Focused Initiatives for Maximizing Value to the Warfighter

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While the needs of the warfighter certainly have changed in recent years, the fundamental priorities of supply chain excellence—improving service and reducing cost to serve—have not. It is to these basics that the defense supply chain must recommit itself. With some of the most diverse and expansive supply chains in the world, defense organizations are highly dependent upon the respective performance of their numerous partners, many of whom are outside their immediate control. Increasing supply chain outreach and emphasizing the end-to-end synchronization of information can yield incalculable operational benefits—not just in dollars and cents, but also in operational readiness and mission success.

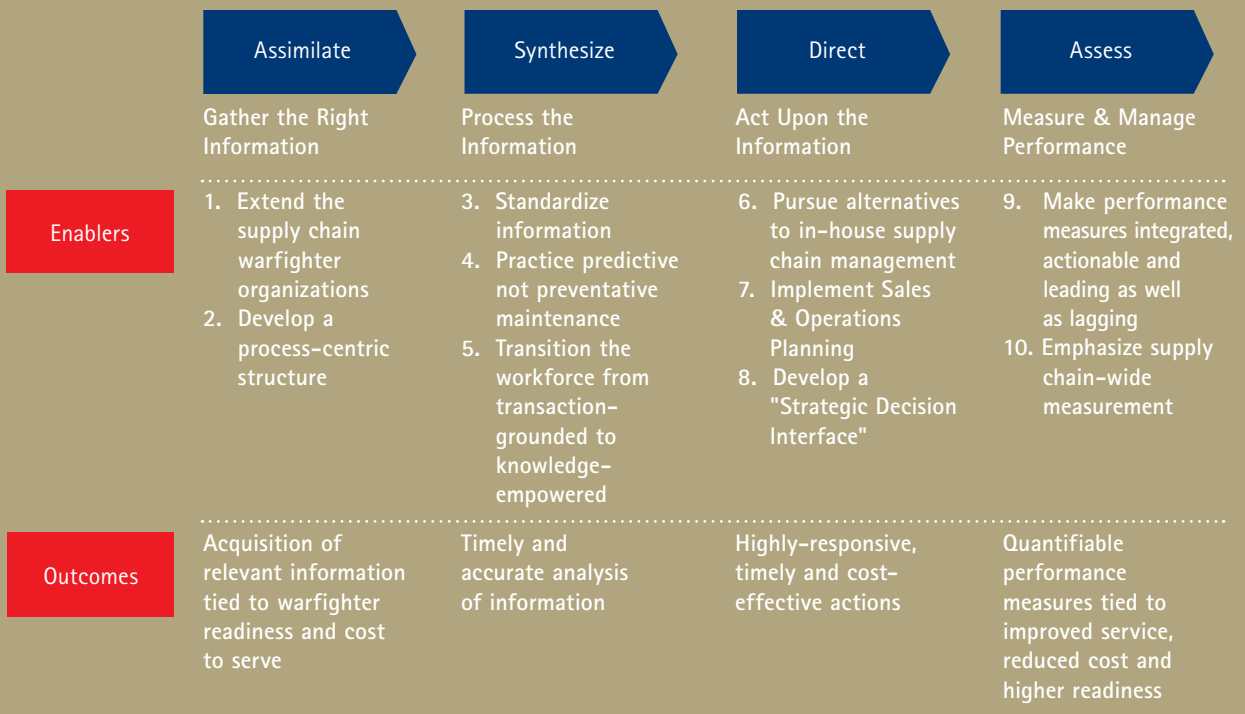
High performance through defense supply chain management begins with an understanding that technology is just one of several drivers in supply chain excellence; equally important are organizational design of the supply chain as well as the skills and expertise of the people running the process.

A Model for High Performance through Defense Supply Chain Management

This paper presents a transformation framework that focuses on discrete opportunities to improve the defense supply chain—opportunities to create highly responsive, agile supply chains that are people- and information-powered and process-enabled. While we understand the distinct characteristics of the supply chains of the individual branches of the military, the concepts described here have been built on Accenture's experience helping clients—ranging from Best Buy to Dell to the Defense Logistics Agency—build and run some of the largest and most efficient private- and public-sector supply chains in the world. The fundamentals of those implementations are transferable and provide a starting point for improvement.

Using this transformation framework, we outline ten specific opportunities to achieve high performance across four stages of the defense supply chain: Assimilate, Synthesize, Direct and Assess (Figure 1).

Figure 1: A framework for leveraging people and information to transform the defense supply chain.



Assimilate

Gather the Right Information

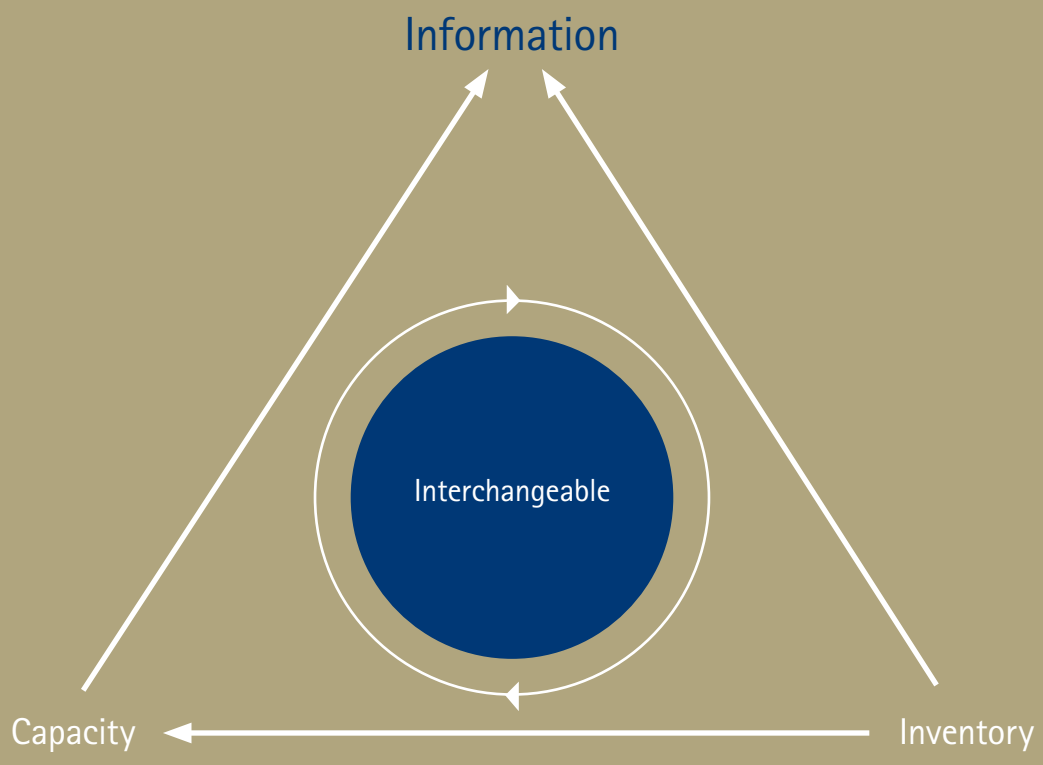
All supply chains are driven by three basic value levers: capacity, inventory and information (Figure 2). However, defense supply chains traditionally have emphasized capacity and inventory. The value of information has not been unappreciated, but it often has been positioned solely as a means to position capacity and inventory in the right place at the right time ("where is the part"..."how many are in stock?"... "when will it be delivered"..."how many can I store?"). Leveraging information to optimize cost to serve has been a somewhat lagging priority in the eyes of the military because it runs contrary to the common perception that more is better.

But times are changing. Constrained budgets, financial accountability mandates, public scrutiny of federal spending and the evolving nature of 21st century warfare have forced the military to abandon its principles of mass logistics. Instead, it must find more effective uses of information to ensure superior logistics services to the warfighter. Recent deployments of enterprise resource planning (ERP) solutions, advanced planning systems, data warehouses and sense-and-respond technology have created overwhelming amounts of data which, in many cases, have paralyzed defense supply chains with information overload. Simply put, it has become more difficult to discern relevant from irrelevant information, to standardize information to make it more manageable and to fix the problem by moving outside traditional supply chain comfort zones.

1. Extend the Supply Chain by Facing the Warfighter and the Supplier

Acquiring the right information begins with understanding both the needs of the warfighter and the capabilities of suppliers. Understanding these needs and capabilities requires an outward focus.

Figure 2: Supply chain value levers.



Culturally, however, the military tends to organize its supply chains around materiel. Organizing around materiel is fairly simple with direct lines of authority over planning, procurement, distribution and finances. However, what is lost in this organizational structure is a focus on the warfighter—and the mountain of information about the warfighter that could be used to improve supply chain performance. Basically, defense supply chains need to alter their organizational focus by creating "warfighter-facing" and "supplier-facing" organizations (Figure 3).

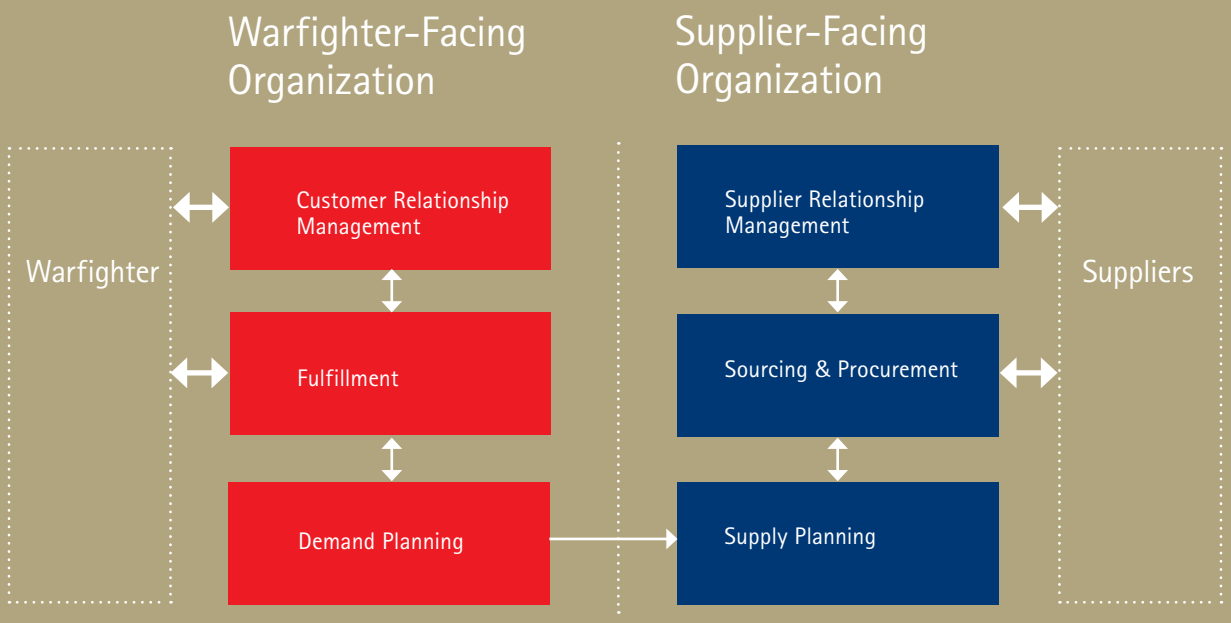
The warfighter-facing organization is dedicated to understanding, supporting and engaging the warfighter. It forecasts demand, segments customers by mission or criticality, provides consistent levels of service and continuously seeks and acquires relevant information about the warfighter to plan more effectively and improve service.

The supplier-facing organization is committed to understanding and supporting the acquisition and movement of vendors' goods and services. Key responsibilities include supply planning, stock positioning, inventory investment, supply network design, wholesale/retail visibility and sourcing/procurement.

Creating these two organizational entities can be challenging for any materiel-focused entity. New and deeper skill sets are required on both sides of the equation. Moreover, the two organizations must be closely integrated to verify the processes, technologies and performance measures work together to make proactive, effective supply decisions. However, the benefits of this structure can be considerable:

- **Improved forecast accuracy through collaboration and greater understanding of the warfighter's processes and requirements:** "What is the operating tempo?"..."what is the deployment schedule?"..."what weapons systems are utilized?"... "what is the state of weapon system availability?"
- **New opportunities for adding value to the mission:** With deeper understanding of the warfighter, the entity is better positioned to understand what new services it can or should offer.
- **Aligned performance measures:** Leading and lagging metrics can be divined to measure actual performance levels.
- **Do more with less:** With a better understanding of customer requirements and improved forecast accuracy, defense organizations are able to improve service levels while simultaneously reducing investments in safety stock.

Figure 3: Integrating warfighter-facing and supplier-facing organizations.



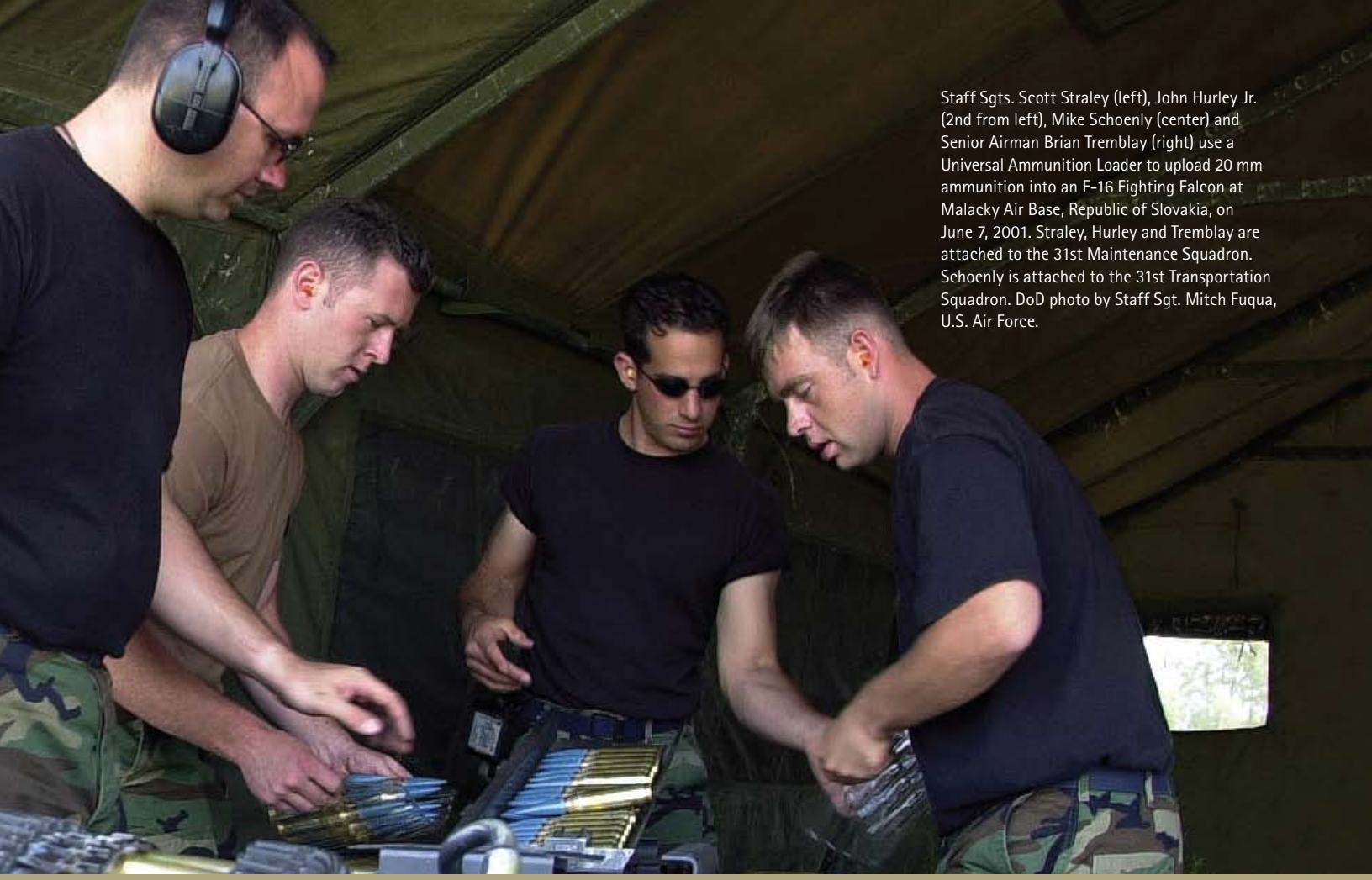
2. Develop a Process-Centric Infrastructure

Large-scale transformation requires a profound shift in decision-making authority—from historical power bases to distinct process ownership. As shown in Figure 4, defense organizations have historically organized themselves by agency, service, geography or competency. To achieve enterprise success, they should consider realigning by process area while concurrently assigning ownership and accountability across the traditional, stove-piped areas, resulting in increased collaboration and integration across work streams.

Organizing by process area requires that decisions be made at an enterprise level and that a new position—process owner—be established to ensure that each action aligns with the organization's overall objectives. Process owners are the primary organizational element for promoting and ensuring supply chain-wide integration. Acting as decision authorities for all requirements in a given process area, their focus is on monitoring process performance, continuous improvement and clear lines of accountability. Principal process owner responsibilities include:

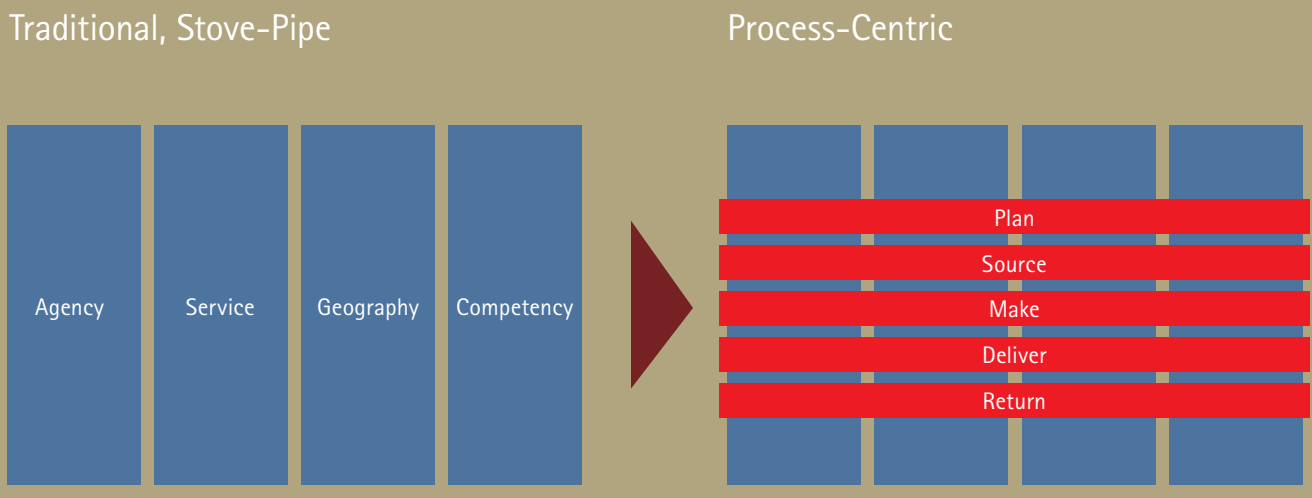
- Design, monitor and manage the process.
- Promote enterprise integration to foster collaboration across work streams and functions.
- Promote uptake of new capabilities.
- Promote a shared learning environment through "communities of practice" to share ideas and techniques for improving performance.
- Drive continuous process improvement.
- Establish key performance indicators (KPIs) to quantify each process area's specific contributions to performance.

The Defense Logistics Agency (DLA) is an excellent example of an organization that successfully underwent a process-centering transformation. The DLA reorganized around distinct process areas, including order fulfillment, planning, procurement and financial management. These areas were supported by a standardized technology solution with consistent training and job definitions. The realignment resulted in broader and deeper supply chain skills, the creation of enterprise metrics as strategic performance measures for the organization, the elimination of disparate business practices and successful integration of business processes through process ownership.



Staff Sgts. Scott Straley (left), John Hurley Jr. (2nd from left), Mike Schoenly (center) and Senior Airman Brian Tremblay (right) use a Universal Ammunition Loader to upload 20 mm ammunition into an F-16 Fighting Falcon at Malacky Air Base, Republic of Slovakia, on June 7, 2001. Straley, Hurley and Tremblay are attached to the 31st Maintenance Squadron. Schoenly is attached to the 31st Transportation Squadron. DoD photo by Staff Sgt. Mitch Fuqua, U.S. Air Force.

Figure 4: Organizations must shift decision-making authority to span the enterprise.



Synthesize

Process the Information

With an extended supply chain that reaches deeper into customer and supplier operations, defense supply chains can easily become swamped with information. Advanced IT capabilities—ERP, niche solutions, data warehouses—provide defense supply chain professionals with more information than ever before. Unfortunately, most defense organizations do not have the ability now to synthesize huge amounts of data into useful information. A new emphasis on information standardization, technology-based analytics and new approaches to skills development are needed.

3. Standardize Information Across the Extended Supply Chain

The defense industry is arguably one of the world's largest users and generators of data. This is why it stands to benefit so heavily from increased data standardization—to make sure information about materials, products, employees, customers, suppliers, assets, etc. is current, consistent and accurate wherever it is used inside or exchanged outside the enterprise.

In many defense entities, a central corporate repository of standardized information has not yet been realized, shortchanging their ability to view, consolidate, share, leverage and rationalize information. Compliance with external regulations, such as financial accountability standards and information assurance, may also be compromised.

Consider the relationship among systems, operations, logistics and transportation commands as illustrated in Figure 5. Across these organizations, there are myriad planning systems, bills of material (BOMs) and inventory management systems. Without standardized information, there are numerous potential instances of communication breakdowns resulting in lost economies and missed synergies. Most regrettable is that all of the information needed usually exists and is documented somewhere but not shared. Standardized master data between system commands, operational commands, logistics commands and transportation commands would solve this problem.

4. Perform Condition-Based Monitoring

Condition-based monitoring is an emerging capability for helping defense supply chains analyze demand-signal data (Figure 6). Through the use of advanced sensor technology, condition-based monitoring systems capture scores of data points and transmit these back to a centralized location. The data points feed an analytical database whose understanding of each piece of equipment's unique characteristics and shortcomings grows continually. Those insights make it possible for a companion application to develop customized, money-saving maintenance programs for each resource type rather than relying on scheduled maintenance service.

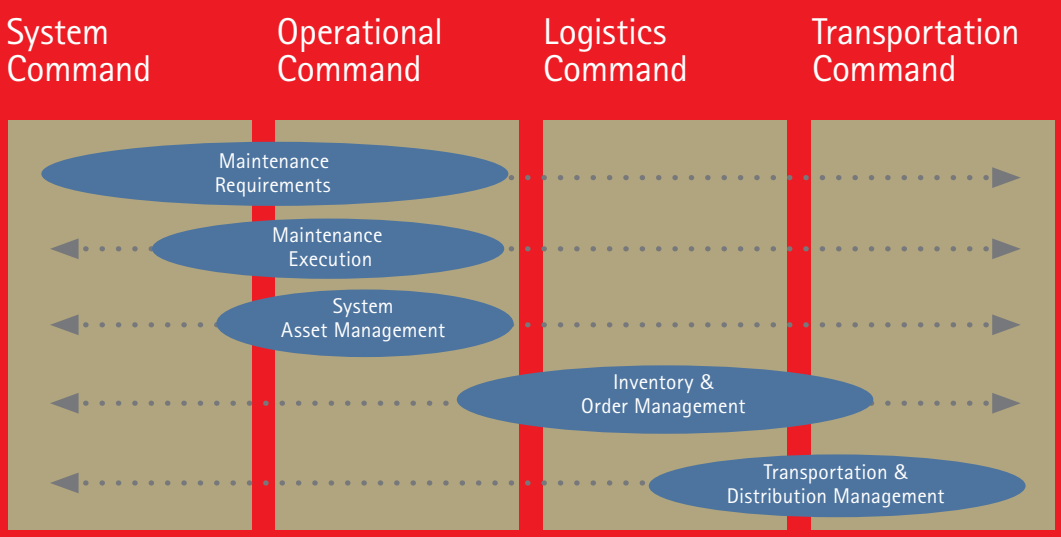
From the perspective of the logistics provider, acquiring and analyzing data make it possible to reduce spare parts-management costs by leveraging information to more accurately forecast inventories and bundle parts orders. Condition-based monitoring is a powerful tool. However, improving forecast accuracy, reducing safety stock investments and improving service levels still depend on well-integrated processes executed by supply chain professionals. Without these processes and skills, condition-based monitoring could become another way to overwhelm defense supply chains with information they are unable to process.

5. Create a Knowledge-Empowered Workforce

The vision of integrated computer-to-computer supply chain synchronization often fogs the reality that the catalyst of high performance through supply chain management is still people.

Supply chain transformation initiatives inevitably involve invasive change with new processes that require deep supply chain skills. The workforces of most defense supply chains—characterized by tenured professionals who possess enormous knowledge of legacy systems and processes—may need training and realignment to meet these new challenges. For the knowledge-empowered, information-centric supply chain to thrive, deeper supply chain competencies are required. Defense organizations must first adopt a new model for developing an organization of supply chain experts. As outlined in Figure 7, this new model begins by identifying the knowledge, skills and abilities (KSAs) desired in the workforce. All training must consider a KSA end-state and strive for a full understanding of current gaps in workforce competencies. Training requirements are then mapped to specific jobs and a defined career path for supply chain professionals.

Figure 5: Achieving standardized data integration.



Why can't we standardize and integrate the data?

Figure 6: The activities (components) of condition-based monitoring.

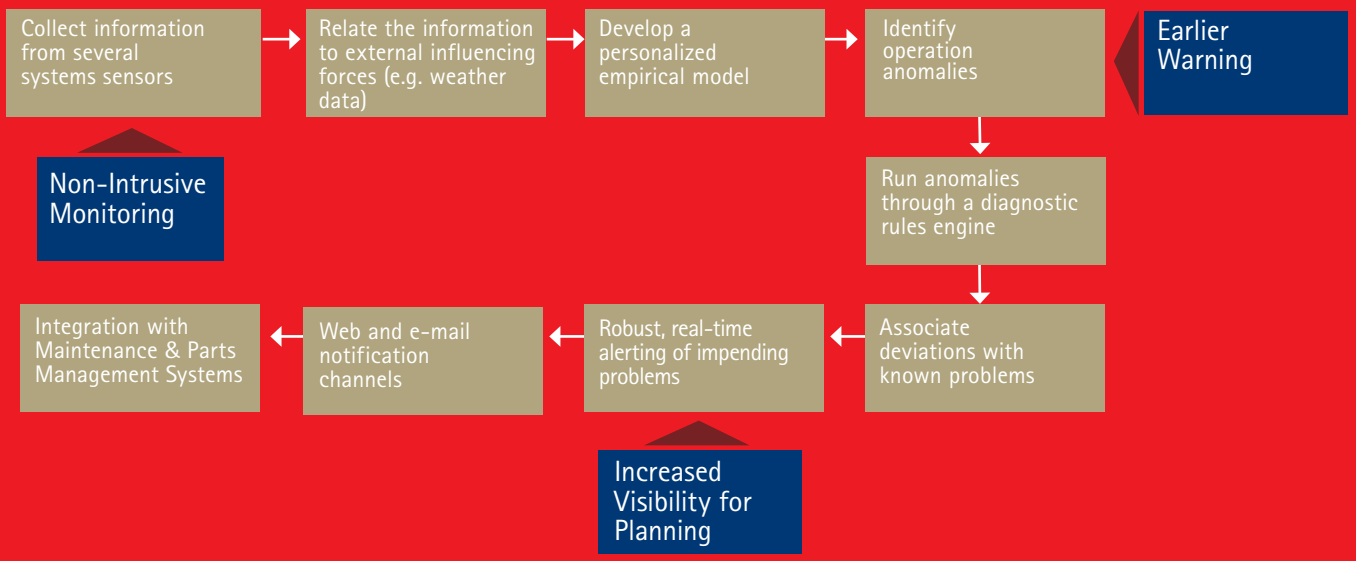


Figure 7: A workforce competency model.

Figure 8: Developing the knowledge-empowered workforce.

	Skill Transformation	Certification Programs	Customized Programs
Classroom	1. Common Job Definition 2. Skills Assessment 3. Curriculum Map 4. Content Delivery 5. Value Measurement 6. User Shadowing Sessions	1. RILA—Retail Industry Leaders Association 2. APICS—Association for Operations Management Preparation 3. ISM—Institute for Supply Management 4. VHA—Certificate of Achievement Program	1. eLearning content 2. Classroom content 3. Client—specific certification programs
Computer-based Training			
On-the-job Training			

U.S. Navy Sailors aboard Military Sealift Command fast combat support ship USNS Arctic (T-AOE 8) load supplies onto a cargo hook underneath an MH-60S Seahawk helicopter during a vertical replenishment with USS John C. Stennis (9CVN 74) on Feb. 27, 2007, in the Arabian Sea. The USS John C. Stennis Carrier Strike Group is on a scheduled deployment in support of maritime security operations. U.S. Navy photo by Mass Communication Specialist Seaman Josue Leopoldo Escobosa.

Retraining a large workforce with 20 to 30 years of immersion in legacy business processes and systems is a tremendous challenge. But failing to do so creates even bigger challenges: prolonged and compromised decision-making processes; higher costs associated with service and rework; and perhaps most important, a general inability to leverage the massive amounts of information that major technology implementations have helped acquire.

To address the learning challenge in a meaningful way, defense organizations must also adopt a knowledge-management approach that focuses on six key attributes: breadth, flexibility, relevance, consistency, affordability and speed. As shown in Figure 8, the most effective means of transferring this knowledge is a blended approach of formal classroom training, computer-based training and on-the-job training across the areas of skills transformation, certification programs and customized training.

One of the biggest reasons a knowledge-empowered workforce is so effective is that levels of responsibility are moved down within the chain of command. Decisions formerly made by higher-level staff can be made just as competently by better-trained subordinates with a process view and a stronger command of supply chain decision-, monitoring- and visibility-enhancement technologies.

Retraining a large workforce with 20 to 30 years of immersion in legacy business processes and systems is a tremendous challenge.

Direct

Act Upon the Information

As more and more data are acquired and processed, logistics agencies must turn the information into action. The two most important aspects of these actions are alignment with strategic objectives and the need for speed and accuracy.

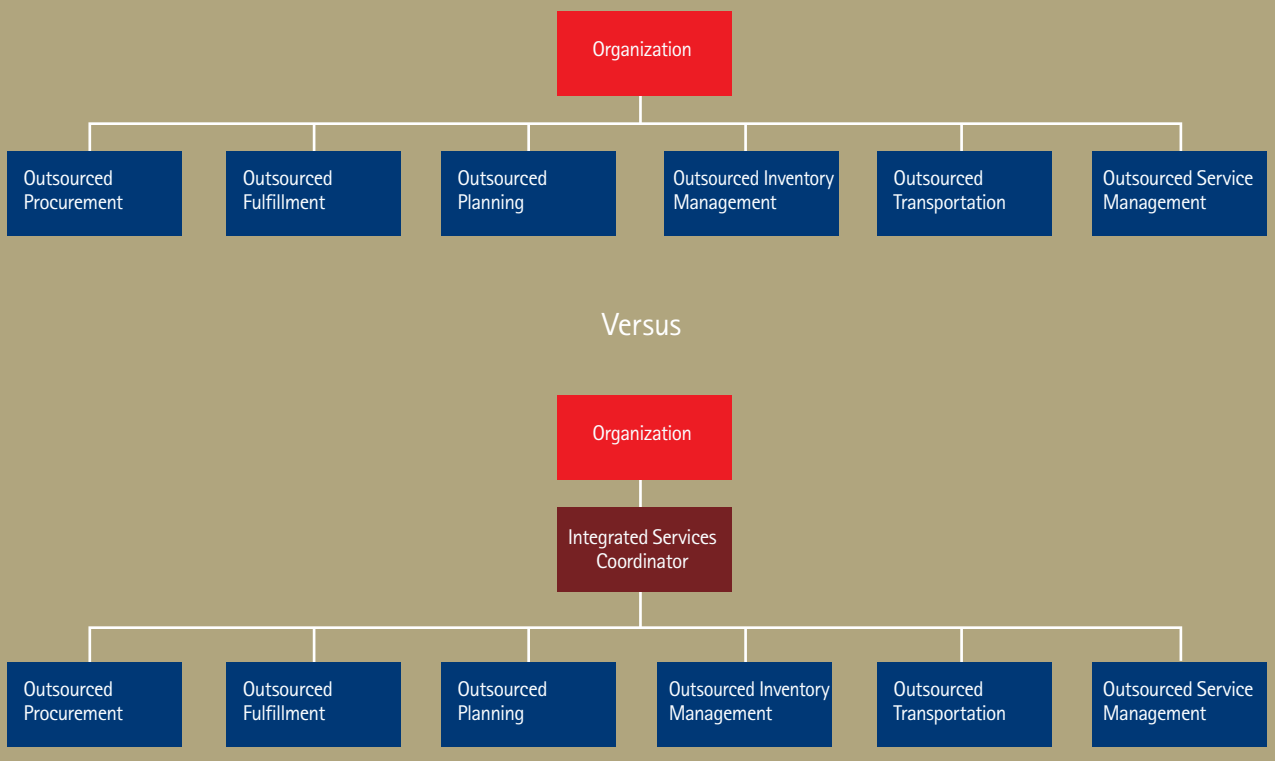
6. Pursue Alternatives to In-House Supply Chain Management

When examining the capabilities and challenges associated with the various supply chain processes, many defense logistics providers may find the time and cost to transform the process is too steep. In such cases, agencies should consider alternative ways to manage the process. However, the great challenge is avoiding fragmentation: validating that each process is optimally connected with other internal or external organizations and that well-established links in one area do not come at the expense of other areas. Fragmentation can be a problem even if an entity offloads only one process, such as transportation or distribution, to an external provider. The objectives of the services provider and its client may conflict, particularly if the provider is asset-based. A transportation company, for example, is not in business to find the industry's best rate for its client, but rather it is in business to apply its best rate for the client. Resource limitations also come into play since providers usually are limited by the breadth of their own assets and are rarely inclined to increase capacity by working with competitors.

In this regard, using an integrated services coordinator may be a sensible option to create supply chain-wide synergies, even among organizations that only obtain one or a few supply chain functions from an external provider.

Integrated services coordinators can be thought of as global, asset-agnostic entities capable of managing any or all parts of their clients' supply chain. As shown in Figure 9, these organizations manage, align and optimize the activities of multiple third parties—confirming that all parts work together and that the whole is always greater than the sum of its parts. These capabilities would be particularly advantageous for transportation management since defense entities often encounter problems managing multiple fleets, capturing volume discounts, optimizing delivery performance and maximizing shipment visibility. Planning and distribution are other good examples of where an integrated services coordinator can provide excellent value as they safeguard against poor forecast accuracy, excessive inventories, low productivity, alternating shortages and surfeits of warehouse space, and constantly evolving distribution network requirements.

Figure 9: Instead of directly managing the contributions of one or several third parties, defense entities can outsource any or all aspects of supply chain management to an integrated services coordinator.



Whether an organization chooses to obtain one or several processes externally, there are several potential benefits associated with an integrated services coordinator:

- **Improved visibility:** Integrated services coordinators have developed proprietary tools and processes that provide specialized views of interactions across multiple operating groups, as well as detailed track-and-trace information on shipments.
- **Better alignment of supply and demand:** Planning and forecasting can be extremely investment intensive—so much so that many entities often must limit their expenditures. For integrated services coordinators, planning and forecasting are core capabilities, so they have already invested in the technologies needed to do it right.
- **More predictable and potentially lower costs:** The ability to amortize services and technology implementations across multiple clients gives integrated services coordinators the opportunity to save money on behalf of every client, irrespective of how many functions are outsourced.
- **Unified delivery of supply chain services:** Integrated services coordinators work across internal and external organizations in a more consolidated, holistic way than third party logistics providers (3PLs). Their mission is to maximize collaboration among whatever outsourced functions are handled directly and whatever supply chain functions have been kept in-house.
- **Increased agility:** Access to a huge range of technologies and service capabilities helps integrated services coordinators respond optimally to their clients' shifting requirements and sudden changes in supply or demand.
- **Better service:** Integrated services coordinators leverage the talents of the best 3PLs to help clients increase product availability, order accuracy and on-time delivery percentages. Via an integrated services coordinator, defense entities have access to the most advantageous variety of services from the most desirable variety of 3PLs—even within a single function, such as transportation.

The concept of integrated services changes not only how defense organizations consume services, but also how they procure them, particularly in the arena of asset management. Traditional asset management arrangements have emphasized basic maintenance and replenishment through performance-based logistics (PBL) contracts. As defense organizations move toward an integrated services paradigm, they will increasingly look to service providers to move beyond providing basic ad hoc services to providing mission readiness and rapid regeneration of firepower. In this light, integrated service coordinators should provide not just asset management, but also capabilities-based lifecycle management (CBLM) services.

U.S. Army Staff Sgt. Shawn Smith watches his Blue Force Tracker while communicating with others within his convoy during a patrol in Kirkuk, Iraq, on Nov. 4, 2006. The Blue Force Tracker gives real-time location of friendly forces on the battlefield. Smith is a patrol leader from Bravo Company, 2nd Battalion, 35th Infantry Regiment, 25th Infantry Division. DoD photo by Staff Sgt. Samuel Bendet, U.S. Air Force.

Figure 10: The Accenture CBLM Framework

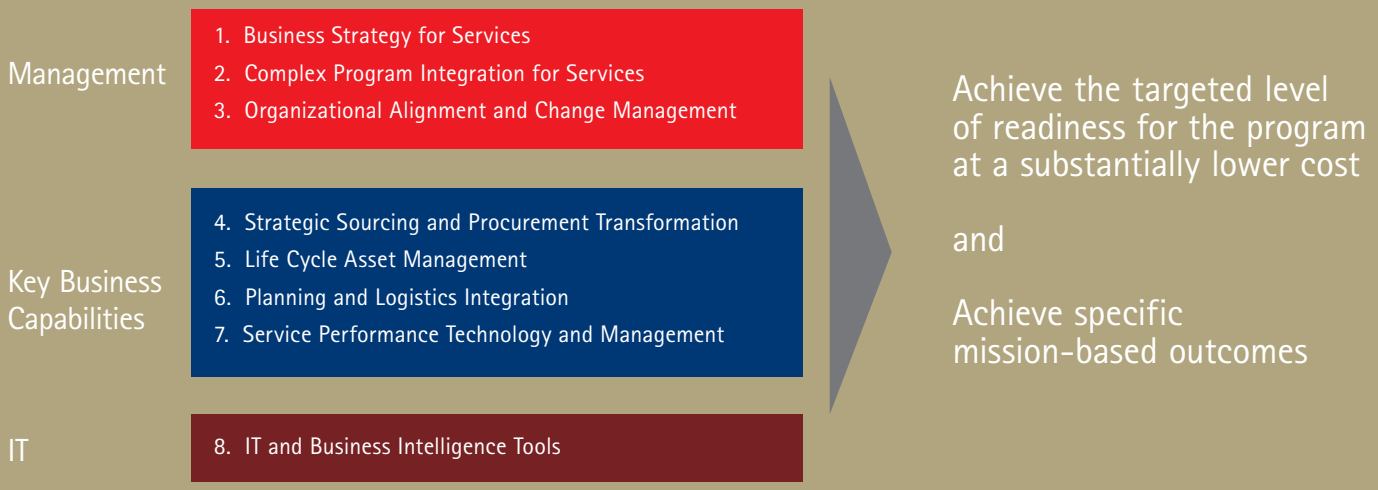
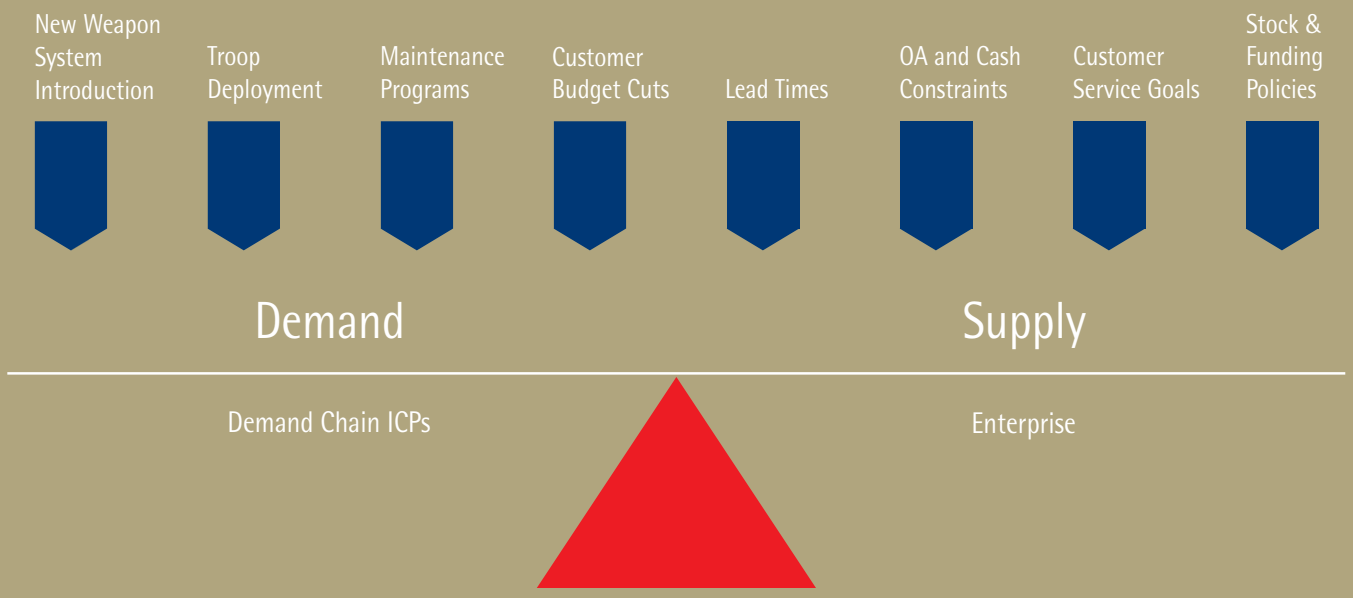


Figure 11: Sales & Operations Planning (S&OP) is the ability to rapidly respond to environmental changes and integrate intelligence from multiple sources into a single enterprise plan.



To effectively provide CBLM services, integrated service coordinators must be able to support a core set of capabilities including:

- Providing global depot and field maintenance activities, including transportation and logistics.
- Assessing value of performance-based contracts through business case development.
- Managing technical support services, including technical documentation.
- Supporting configuration management including as-built and as-maintained management.
- Developing, measuring and reporting upon program metrics.
- Actively monitoring and measuring system/platform performance.
- Ensuring DoD-mandated levels of system/platform uptime.
- Creating, managing and supporting a human resource pool to carry out performance-based business activities.
- Acquiring, tracking and maintaining government property in support of the contract.

The capabilities that defense organizations should look for in their integrated service coordinators are summarized in Figure 10.

As they begin to deepen their ties with integrated service coordinators, defense organizations must structure their contracts to capture the performance criteria and metrics that correctly align service coordinators' performance to the defense organization's targets for mission and asset readiness.

7. Implement Sales and Operations Planning

For defense logistics organizations to support the strategic alignment of warfighter and supplier operations, they must be able to rapidly respond to environmental changes and integrate intelligence from multiple sources into a single enterprise plan. As shown in Figure 11, a common commercially-adopted process for making this happen—to proactively balance demand with supply constraints—is Sales and Operations Planning (S&OP). The value of S&OP varies, depending on the number of inputs and whether they take place at the tactical, operational or strategic level. For example, an organization might undertake strategic S&OP during its budgeting process while executing at the operational level on a monthly basis. This would allow the organization to modify investment decisions to respond to changes in demand forecasts.

Warfighter-facing and supplier-facing organizations coupled with S&OP processes provide the necessary flexibility to respond more fully to the needs of the warfighter. The frequent results are improved forecast accuracy, better stock availability, reduced lead times, lower inventory levels, faster reaction to customer requirements and increased investment flexibility. Furthermore, this framework provides the ability to parlay new warfighter and supplier information into additional opportunities to improve service. Implementation of S&OP is typically a low-cost endeavor, with immediate benefits realized from the alignment of adjusted forecasts with inventory investment.

8. Develop a Strategic Decision Interface

Supply chain organizations that embody high performance use technology to optimize every aspect of their services, core processes and infrastructures. One such technology with particular potential to help defense entities act on information is a Strategic Decision Interface. Essentially, this interface is a scalable, networked command center that collects, synthesizes and displays relevant, targeted information. It also integrates with other networked or mobile devices. One might liken it to an executive dashboard often used in commercial supply chain management.

Strategic Decision Interface technology focuses on compressing decision cycle times and reducing staffing requirements by improving collaboration. In effect, it synthesizes and fuses large amounts of data to make information more actionable. In addition to improved cross-process and cross-geography collaboration, such a tool allows decision makers to re-play past decisions and use simulation techniques to provide predictive analysis.

Supply chain organizations also can use a Strategic Decision Interface to make true, effects-based assessments by combining real-time information with planned or virtual information. This is yet another way to quickly translate logistical awareness into action[1].

[1] A demonstration of Strategic Decision Interface can be accessed at www.accenture.com/Global/Services/Accenture_Technology_Labs/Services/StrategicDecisionInterface.htm

Assess

Measure & Manage Performance

In some ways, defense organizations are not much different from other large-scale enterprises. Both recognize the importance of establishing and leveraging performance metrics and tend to rely on measures that are long on data and short on standardization and integration. Also, most large-scale entities concentrate on lagging as opposed to leading indicators, limiting their ability to make proactive, goal-directed decisions. Lastly, most large-scale entities tend to only measure what they think they can control. For this reason, assessments relating to the extended supply chain are rarely made. New approaches to supply chain-wide measurement—assessing performance—represent the final critical component of an information-driven defense supply chain.

9. Make Performance Measures Integrated, Actionable and Leading as well as Lagging

Defense entities have a fairly strong reputation for performance measurement, yet measurement problems still exist. One reason is that defense entities' size and scope often result in an excess of measures. By focusing too much on minutia, as opposed to higher-level strategic issues, the quality and viability of the entire measurement process may be reduced. As noted earlier, many entities measure only those activities they can control within their four walls. Because of their contractual relationships with suppliers, agencies usually have greater control over supplier performance than they do over the demands of the warfighters they support. The result tends to be a strong focus on supply issues and less focus on forecasting and meeting the needs of the warfighter on the ground.

U.S. Navy Master at Arms Seaman Apprentice Jon Moore, from Mobile Security Squadron Three, scans the ocean during his security watch Nov. 17, 2006, aboard USNS Supply (T-AOE 6), which is under way in the 5th Fleet area of operations in support of maritime security operations. U.S. Navy photo by Mass Communication Specialist 2nd Class Kitt Amaritnant.

When too many processes, milestones and activities are subject to quantification, it also becomes difficult to stay ahead of the game—focusing on leading indicators that predict problems, rather than lagging indicators that reveal problems after the fact. This is another common problem in military logistics and the primary reason for the introduction of integrated KPIs.

Lastly, multiple metrics are only valuable if they are linked to one another. In the defense business, internal processes often are measured against each other, but not according to their contribution to larger, enterprise-wide goals. Take, for example, a common measure of planning effectiveness—attainment to plan. This KPI measures the alignment of the forecast from demand planning, the supply plan from supply planning, the purchase order from procurement, and the supplier's delivery performance based on quantity and required delivery date. If there is perfect alignment among all four lower-level measures, the attainment to plan is achieved. Failure at any point across the four measures translates to a failure to meet attainment to plan.

10. Emphasize Supply Chain-Wide Measurement

Using metrics to manage performance is a valuable exercise only when the metrics are used in a process-wide approach that is linked to strategic goals. Gauging and managing performance should be the result of identifying the measures that most heavily and directly impact cost and service. These questions may help identify what those measures should be:

- How does forecast accuracy impact service and inventory costs?
- How do delivery accuracy and lead times affect service levels and inventory investments?
- What percentage of purchases are "spot buys" versus delivery orders related to long-term contracts?
- What is the right sourcing strategy for the item?
- How many shipments require special, and thus expensive, handling and expediting?
- What are the space- and resource-utilization levels at key storage facilities?
- What is the relationship between full-truckload and less-than-truckload shipments, and how many "dead-head" miles are logged over a given timeframe?
- How many handoffs are required for a particular item or line? More handoffs invariably mean higher costs and increased margin for error.

As noted earlier, measurement in defense logistics always comes down to two things: cost and service. Thus the simplest and best approach is to focus most heavily on measuring the strategic levers of cost and service.

New systems are a critical part of acquiring and managing information, yet understanding and quickly acting upon the right information requires a broader focus.

Once the right performance metrics have been identified, performance targets and organizational accountability must be established. Ownership for meeting performance targets and achieving performance improvement goals should be assigned to the appropriate organizational element, customer or supplier operation. To this end, most defense organizations have experience managing to performance targets, which are typically based on historic performance and improvement objectives. However, due to the integrated cross-process nature of KPIs, a less-familiar challenge arises when assigning accountability. Using the previous example of attainment to plan, numerous members of the supply chain have an impact on this measure (demand planners, supply planners, buyers, suppliers, etc.). When assigning performance accountability, it is important to first understand which organizational element has the most responsibility or influence on the metric. For example, metrics that impact customer service or involve customer interaction, such as delivery and forecast accuracy, should be assigned to customer operations. Conversely, metrics involving inventory planning and procurement, such as turnover levels and safety stock levels, should be assigned to supplier operations.

Conclusion

The Role and Value of High Performance in Defense Logistics

Many defense supply chains have launched initiatives to become high performance organizations—logistically superior entities that meet the needs of the warfighter with speed, efficiency and consistency. However, many of those initiatives have been based on the replacement of legacy applications with new information systems. With so much riding solely on technology, some efforts are bound to fall short of expectations because critical, non-system aspects of the supply chain transformation are not being fully considered.

New systems are a critical part of acquiring and managing information, yet understanding and quickly acting upon the right information requires a broader focus. This focus begins with a supporting organizational structure, aligned with customers and suppliers, and tightly integrated with consistent, enterprise-wide processes. Such an organization also must be knowledge empowered to properly synthesize and act upon the larger set of information being acquired. Then the success of the organization must be quantifiably judged according to its speed and accuracy in supporting the warfighter, while simultaneously reducing cost to serve. It is a daunting but achievable proposition whose time has come.

U.S. Navy Sailors salute the ensign aboard submarine tender USS Frank Cable (AS 40) in Apra Harbor, Guam, Jan. 1, 2007, after bringing it to half-staff in honor of former President and Navy veteran Gerald R. Ford. U.S. Navy photo by Mass Communication Specialist 1st Class Jeremy Johnson.

About Accenture Defense

Accenture's Defense industry group delivers strategy, operations, IT and mission services that enable departments of defense, the intelligence community and federal agencies to achieve high performance and support the warfighter at speed. With the help of Accenture's capabilities, worldwide presence and experience, clients meet mission goals, mitigate risk and realize cost savings. Visit www.accenture.com/defense for more information.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With approximately 177,000 people serving clients in more than 120 countries, the company generated net revenues of US$23.39 billion for the fiscal year ended Aug. 31, 2008. Its home page is www.accenture.com.