

***Establishing a PBL Corporate Environment
Perspectives from On-going Research***
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Establishing a PBL Corporate Environment

On-going research by the University of Tennessee, begun in 2005, has identified characteristics common among successful PBL programs.

- A business relationship based on a shared understanding of PBL between the government community and the business community.
- An alignment of interests and common understanding of outcomes among the warfighter, the program office, the Component, and the PSI.
- A PBL contract that comprehensively reflects the business relationship and set of desired outcomes
- An effective and strategic performance management program.



Engagement with over 40 PBL programs. Site visits, interviews, briefings and workshops with organizations across the DoD enterprise.

There are best practices in PBL implementation.



Current PBL Research

Goal: To facilitate and enhance the use of Performance Based Logistics (PBL) strategies.

Who: University of Tennessee and Defense Acquisition University (DAU), sponsored by USAF

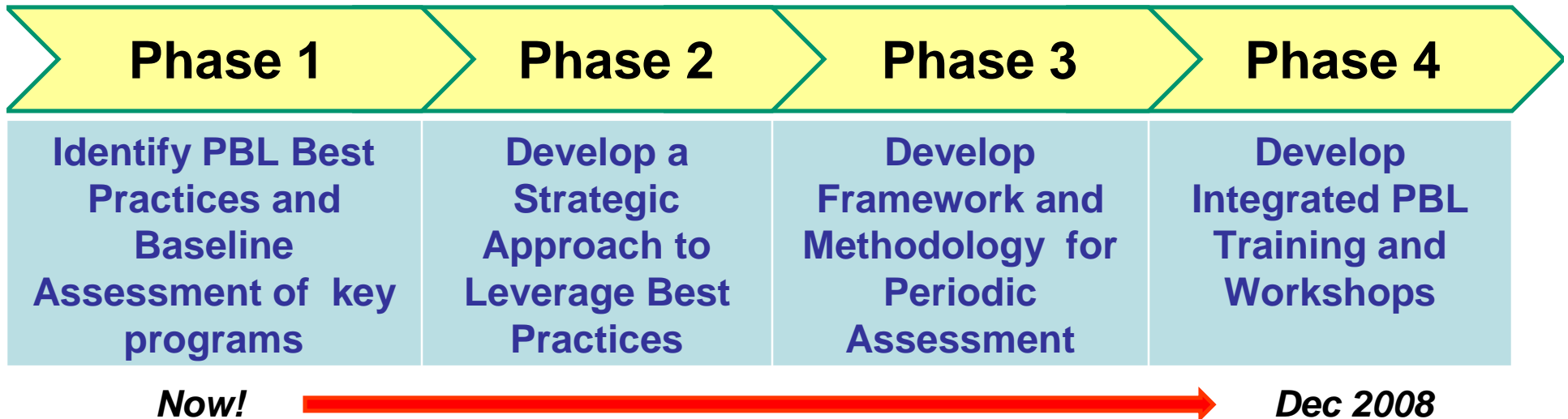
What: The most comprehensive data collection and analysis of DoD PBL to date



U.S. AIR FORCE



Defense Acquisition University





A Phase 1 deliverable. Data.

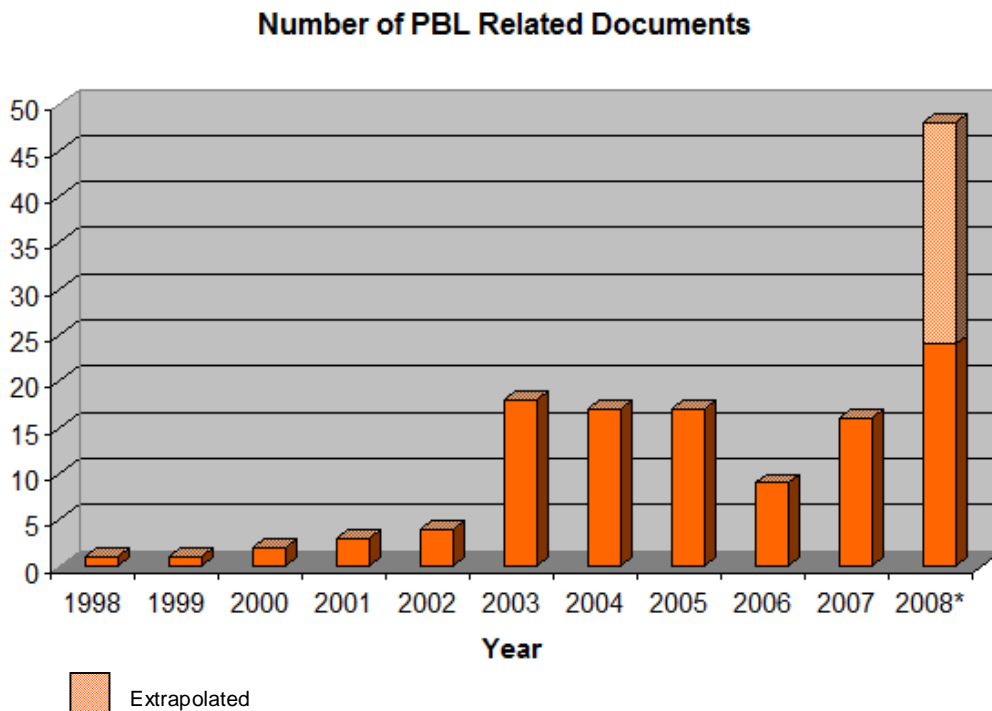
Comprehensive PBL database allows comparison across PBLs in terms of key contract information such as:

- Contract length
- Type of contract (service or supply)
- Metrics outlined in the contract
- Performance against metrics
- Scope of workload and functions managed by PSI
- Types of partnering arrangements
- Oversight Mechanism and Processes
- Lessons Learned/Current Issues



An Interesting Trend

In an effort to provide clear and concise direction, DoD is creating complexity



Year	Number of Documents**
1998	1
1999	1
2000	2
2001	3
2002	4
2003	18
2004	17
2005	17
2006	9
2007	16
2008*	24

**Two documents were without publication date

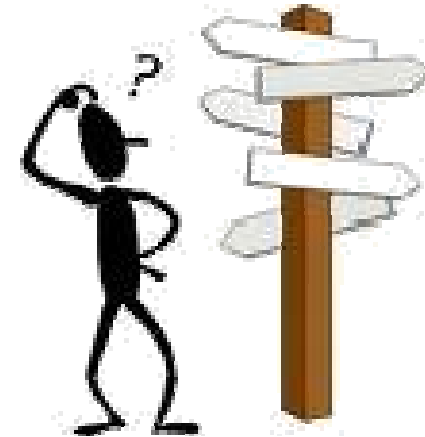
*First 6 months of 2008 only



An Illustration of the Result: Metrics

Complexity can lead to confusion

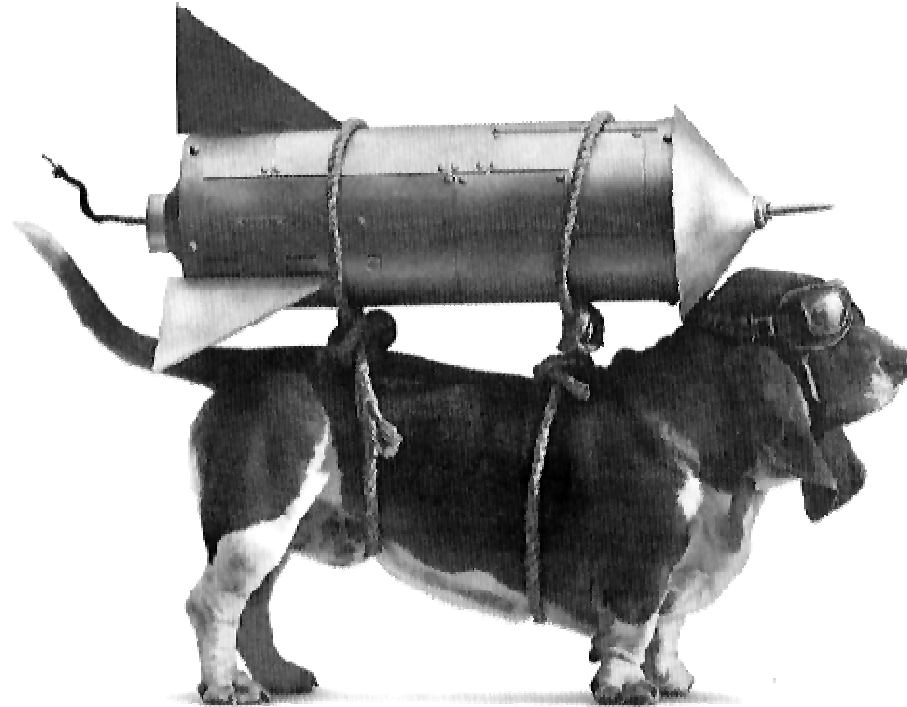
- OSD has “new” policy that establishes 4 new top level outcomes
- All organizations have guidance in effect with the “old 5”



Characteristic / Objectives	DAU	OSD	USAF	USA	USN	USMC
4 Top Level		10-Mar-07				
5 Old Metrics	1-Mar-05	16-Aug-04	27-May-08	27-Sep-07	1-Nov-05	5-Jan-07



So PBL is starting to look like this . . .





What PBL is supposed to be.

“...an integrated, affordable, performance package designed to optimize system readiness and meet performance goals for a weapon system through long-term support arrangements with clear lines of authority and responsibility.”



Source: Defense Acquisition Guidebook (Section 5.3)

PBL is a holistic and integrated approach



So, how do we describe “good” PBL Corporate Environment?

“I shall not today attempt further to define the kinds of material I understand to be embraced within that shorthand description; and perhaps I could never succeed in intelligibly doing so. But I know it when I see it . . . ”

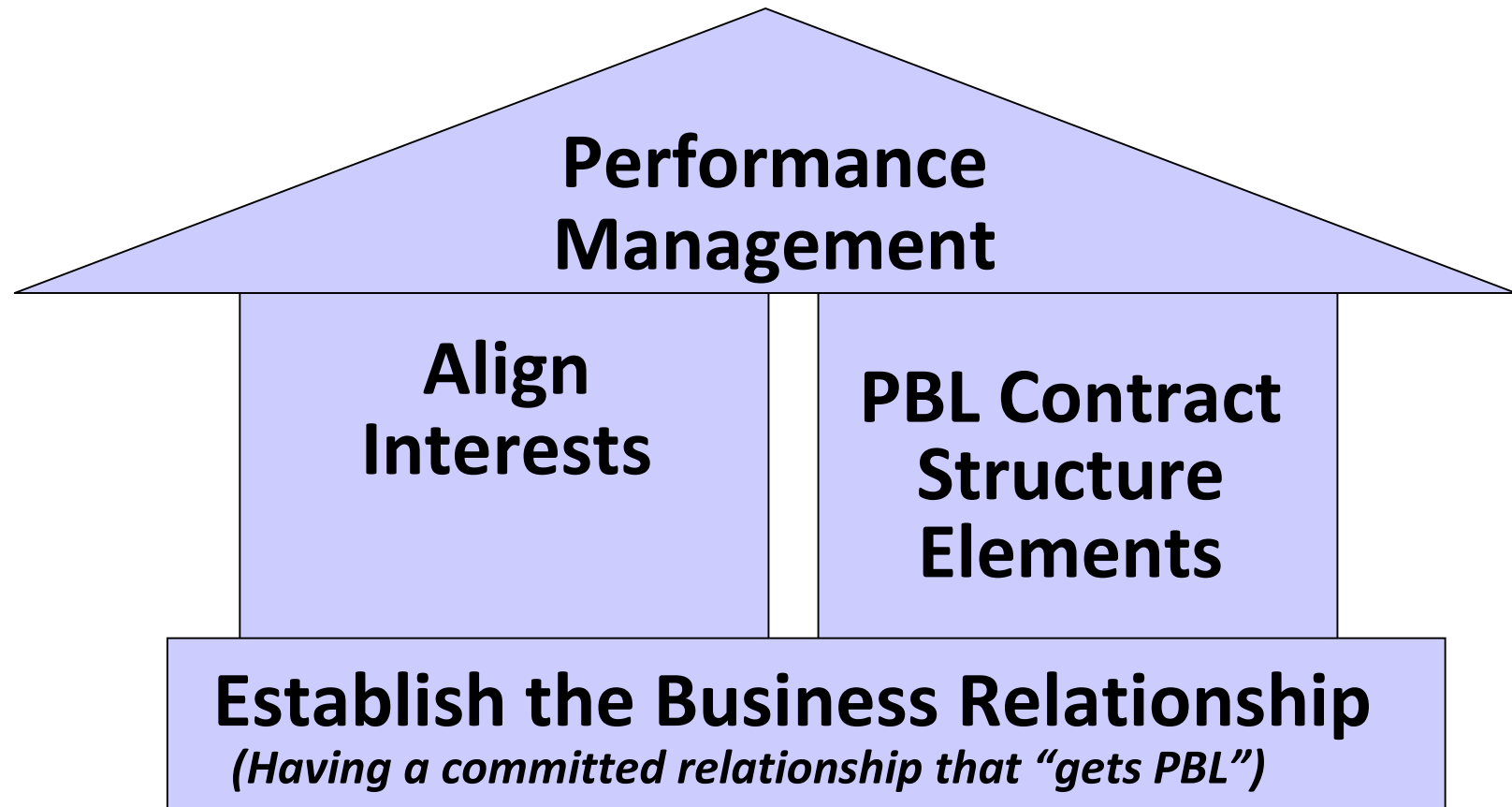
Associate Justice Potter Stewart
United States Supreme Court
Jacobellis v. Ohio (1965)





PBL needs a balanced and comprehensive corporate environment

Identified “PBL Best Practice Tenets”





Key Tenets of PBL (Draft)

Creating the “Corporate” Environment

- **Performance Definition.**
Broad, top-level. Readiness, availability, reliability, cycle time, affordability.
- **Performance Measurement.**
Few ‘Outcome’ metrics aligned to warfighter need & Support Provider scope.
- **PBL Knowledge Base.**
Comprehensive knowledge and experience in PBL strategy and implementation.
- **Horizontal and Vertical Organizational Alignment.**
Visibility & coordination on top-level outcomes driving lower-level outputs.
- **Risk Alignment.**
Increased Support Provider risk balanced by high flexibility and incentives.
- **Stakeholder Perspectives.**
Consensus on objectives. Top-down support to drive optimal solution.
- **Work Scope.**
Range of Logistics elements at highest possible level of system operational fully aligned with assigned performance and support outcomes.
- **Workload Allocation.**
Workloads distributed to the most effective providers consistent with statutory guidelines, best competencies, and best value. Good use of Public-Private Partnering.



Key Tenets of PBL (Draft), continued. Creating the “Corporate” Environment

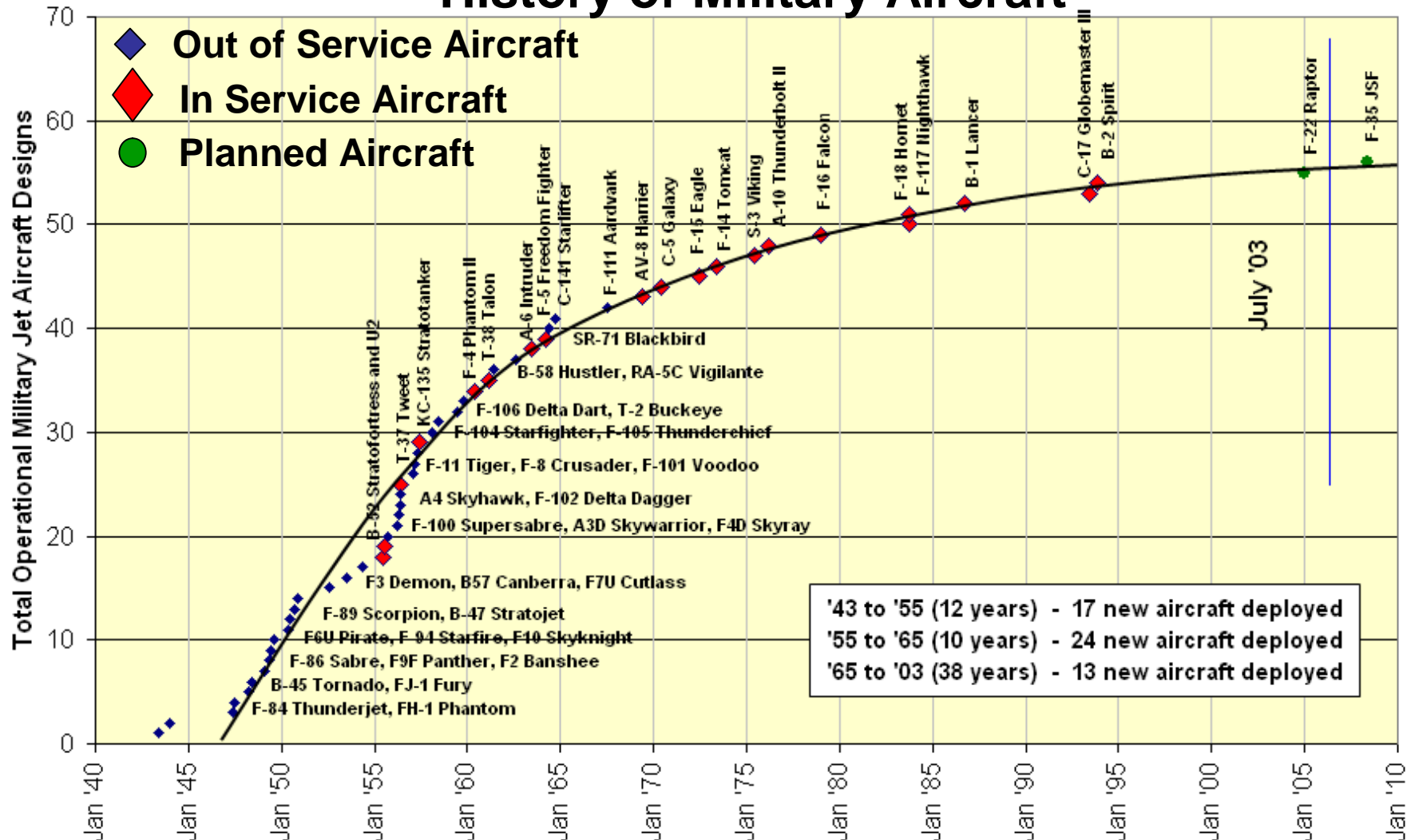
- **Workload Flexibility.**
Outcomes specified as high-level objectives with minimal prescriptive direction. Significant Support Provider flexibility regarding ‘how’ to achieve outcomes.
- **Supply Chain Integration.**
Maximum Support Provider management and visibility of supply chain. Supply chain components align to optimizing for the end item, vice internal processes.
- **Contract Length.**
Multiple year or Multi-year term with high confidence in options/award term years.
- **Contract Type and Terms.**
Fixed Price with incentives for achievement of top-level system outcomes that include availability, reliability, product & process improvement and affordability.
- **Performance Incentives.**
Tightly aligned, promoting behaviors and outcomes that benefit all.
- **Financial Enablers.**
Reliable funding over contract term. Complete visibility of support funding. ‘Colors’ aligned to as needed.
- **Product & Process Improvement.**
Support Provider authority for continuous product, process improvement.



Fact: The Times Have Changed

There are fewer new systems...and they are expected to last longer.

History of Military Aircraft



Source: Pratt and Whitney



Affordability





Step up to the challenge: create a corporate environment for PBL





Questions?



The Future of Military Funding

Thanks!
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