

**STATEMENT OF
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HEARING BEFORE THE
READINESS SUBCOMMITTEE
OF THE
HOUSE ARMED SERVICES COMMITTEE
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Sustaining the Force: Challenges to Readiness

Statement of Brigadier General Lynn A. Collyar
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Defense Logistics Agency
Hearing before the House Armed Services Readiness Subcommittee
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Chairman Forbes, Representative Bordallo, distinguished committee members, thank you for the opportunity to appear here today to discuss the Defense Logistics Agency's (DLA) mission in supporting our nation's warfighters. DLA directly supports the material readiness and sustainment of military equipment and weapon systems and the personnel who operate and maintain them worldwide. As DLA's Director of Logistics Operations, I am proud to represent the more than 27,000 men and women of the Agency and our Reserve forces. I've spent 3 of the past 8 weeks in the Theater, and I can assure you our servicemen and women and our civilian employees continue to perform superbly.

DLA Overview

As America's only combat logistics support agency, DLA exists for one purpose – to support America's Soldiers, Sailors, Airmen, and Marines. Today, DLA provides virtually every consumable item America's military forces require for combat readiness, emergency preparedness, or day-to-day operations. This includes food, fuel, medical supplies, clothing and textile items, construction and barrier materiel, and over eighty five percent of their weapons systems repair parts.

In fiscal year 2010, DLA provided more than \$42 billion dollars in goods and services for our customers – primarily to America's Military Services. In executing our mission of providing effective and efficient support to the warfighter and our other customers worldwide, DLA is the end-to-end manager for eight supply chains (e.g., aviation, land and maritime, energy, and several troop support categories). We manage five million items and support more than 1,700 weapons systems. Every day, the Agency processes more than 55,000 orders from military customers and awards more than 10,000 contract actions in response to these orders. We have a

presence in 48 states and 28 countries. DLA also manages a world-wide warehousing operation, with 26 distribution depots located across the continental United States and at key sites overseas, including our expeditionary depot in Kandahar, Afghanistan, where we receive, store, and issue DLA and Military Service assets.

DLA is dedicated to ensuring we obtain best value for every taxpayer dollar in this fiscally challenging environment. By February of this year, DLA saved American taxpayers \$175 million through long term contracting, aggressive negotiations with our suppliers, and systemic changes in our business processes. Additionally, DLA Disposition has reutilized more than \$200 million in materiel and equipment to be made available to other Services. Resource efficiency and stewardship excellence are a major strategic focus at DLA. Our modernized logistics business processes enable real time information and readily accessible performance metrics. DLA works closely with the Services and the Combatant Commands, particularly U.S. Central Command (USCENTCOM), before and during the acquisition process to ensure their requirements are met effectively and efficiently. This end-to-end approach ensures logistics sustainability through the life of the systems we support. DLA also provides storage and warehouse management for items required by the Services. We are not satisfied with the status quo and are currently involved in a Secretary of Defense efficiency initiative to consolidate warehouses where it will improve efficiency and effectiveness. DLA is a key player providing support from contractors' factories to the warfighter, no matter where they serve. Our DLA Distribution Center coordinates movement of items directly with vendors or in partnership with U.S. Transportation Command (USTRANSCOM) to ensure on-time delivery. To facilitate the end-to-end process, DLA's responsibilities include stock positioning at forward locations and tactical distribution centers to enable faster delivery to the customer. DLA coordinates related decisions with the supported Combatant Commands ensuring we effectively meet all requirements in the most cost efficient manner.

Support to Ongoing Military Operations

All of DLA's supply chains are extensively involved in providing the full spectrum of logistics support to forces in both Afghanistan and Iraq. Early planning is key to the Agency's success, allowing continuous engagement with our stakeholders and the customers we support. This enables DLA to understand requirements and respond rapidly. For example, surge clauses in strategic contracts allow us to meet demand as operational requirements expand. While DLA continues to provide force sustainment in Afghanistan, we are simultaneously supporting the downsizing of the operational mission in Iraq and the Army's drawdown and reset mission. Today, DLA's primary role in support of Afghanistan is to source materiel to upgrade our forward operating bases, and to provide subsistence, fuel, construction materiel, and repair parts. In addition to supporting these commodities, distribution and disposition services remain key missions.

While the challenges of providing logistics support for all commodities in Afghanistan and Iraq are unique to each area, the DLA structure to provide support is similar. DLA Support Teams are forward extensions of the Agency located in Afghanistan, Iraq, and Kuwait. Each continues to provide us "eyes and ears" on the ground leveraging DLA's full range of capabilities, including our Enterprise Resource Planning (ERP) system, to support the warfighter, thereby translating "needs" into "requirements." Comprised of deployed military and civilian personnel from throughout the Agency, these teams identify and expedite sustainment requirements, while providing one face and set of processes to the customer for ease of use.

For subsistence, DLA provides support to dining facilities under a Prime Vendor (PV) contract. Recently in Afghanistan, our DLA Support Team worked directly with the PV contractor to increase its subsistence days to supply to meet increased requirements. PV arrangements allow for maximum flexibility to support changing customer requirements while providing best value pricing for commercial products.

Fuel support is also provided to operating forces in both Afghanistan and Iraq using a Prime Vendor concept of support with Free on Board destination contracts, which means we only pay for the actual goods received. Support to forces in Afghanistan is provided via a joint partnership with NATO. DLA Energy supports Regional Command – East and the Joint Forces Command-Brunssum (JFC-B) supports RC-South, West, and Central. Specific to Afghanistan, DLA Energy and JFC-B use contract reserves/storage to mitigate supply disruptions caused by weather, security, and border crossing issues along each ground line of communication (GLOC). Afghanistan has no refineries so all petroleum products are imported. Fuel is sourced from throughout the Southern Caucasus and Central and South Asian States (SC/CASA), as well as Pakistan and Russia, and transported to Afghanistan via rail car and truck.

Although the drawdown mission Iraq has not generated significant construction materiel requirements, the same cannot be said for Afghanistan. DLA is supporting the U.S. Army Corps of Engineers in Afghanistan with material required to build more than 650 buildings for the Afghanistan National Army and Police. DLA-procured steel for the Corps' initial projects have been sourced. We expect the Corps of Engineers to provide additional requirements and line items for sourcing in the coming weeks. These requirements will increase the amount of steel as well as add transformers, generator sets and voltage cables to the list of DLA-sourced material.

Similar to subsistence and fuel, DLA leverages the Prime Vendor model to support medical requirements. DLA Distribution employees provide customer value-added services by assembling new combat lifesaver kits that contain PV-supplied medical items like bandages, scissors, splints and gloves used to treat severely wounded soldiers.

Repair parts for weapon system support, including the MRAP All Terrain Vehicle – the M-ATV, is a particular area of emphasis for DLA. In the fall of 2009, DLA quickly postured itself to support the M-ATV now being fielded in Afghanistan. Currently, nearly 7,000 M-ATVs are on contract to support Operation Enduring Freedom and home station training. To date, over 6,760 M-ATVs have been fielded to protect our warfighters. Since the build-up in Afghanistan, DLA sent supply chain experts to the theater to conduct a top to bottom scrub for lines of operation for MRAP support. MRAP support teams from DLA Land & Maritime in Columbus,

Ohio, helped ensure swift delivery of spare parts for the M-ATV and earlier MRAP variants. The MRAP/MATV program managers acknowledged this hands on support as helping to increase MRAP readiness, and warfighters in the region are reporting high readiness rates. This is another example of DLA's critical effort to ensure sustained readiness.

DLA Aviation at Richmond, Virginia, is focused on aviation support to the fleet of helicopters that are an important means for getting supplies to troops in Afghanistan, where unimproved roads and steep terrain make it difficult to move equipment.

Inventory management and distribution remain DLA core competencies. Building on the success we experienced in developing a distribution center in Kuwait in support of Iraq, DLA established a similar forward deployed distribution center in Afghanistan, in coordination with USCENTCOM, to provide quick accessibility of supplies and to reduce the need for strategic airlift.

Historically, logistics support to Afghanistan was provided through Pakistan from the Port of Karachi through the Torkham and Chaman Gates. Today, the Northern Distribution Network (NDN) utilizes multiple lanes and modes and has expanded significantly since its inception in late 2008. This northern route provides necessary flexibility when the enemy, natural disasters, weather, or unplanned events impeded the flow of materiel along the Pakistan Ground Lines of Communication. DLA is a major user, booking more than 32,000 containers, equaling 72% of the total cargo that's traveled on the NDN. DLA worked with USTRANSCOM to move refrigerated Prime Vendor (PV) owned Class I using a truck routing in early 2010 and in the Fall of 2010 worked with EUCOM to add the Europe to Afghanistan (E2A) route originating from DLA's depot in Germersheim as part of the NDN. Additionally, DLA's efforts to procure locally in the Central Asian NDN countries aid the US strategic goals for the region.

In Iraq, DLA is extensively involved in on-scene support to the drawdown of forces. This is a multi-element undertaking. One effort is the redistribution of materiel to other theaters or the retrograde of materiel back to wholesale supply systems, and another is sustaining the readiness

of the shrinking force. Today, DLA is dealing with excess property and equipment associated with drawdown. A significant challenge is collecting, categorizing and determining need for materiel on closing bases. DLA ensures useable property is returned to the supply system, reused, or disposed as forces drawdown and bases are closed. DLA Disposition supports the Services in this unique undertaking. We are working with the Services to ensure serviceable materiel is returned to the supply system whenever possible. The proper demilitarization of unserviceable equipment and safe disposal of hazardous materiel remains a key focus area.

The joint community adopted a prioritized process for materiel disposition: consume (as far forward as possible); redistribute (to include retrograde or redeploy); transfer to the Government of Iraq; and then disposal. DLA initiated an Enterprise-wide Operational Planning Team that uses the Joint Operational Planning Process to develop DLA's approach to support the related Responsible Drawdown, Retrograde and Reset process. Specific focus areas include: disposal and reutilization requirements; depot capacity and workload requirements to support retrograde materiel; and the impact of materiel retrograde and reset on demand and supply planning.

DLA's disposal and reutilization capability in Iraq had to expand to support the increased volume of property that we expect to process through the drawdown period. DLA now operates four disposal sites in Iraq that support forward operating bases through sales contracts. Similar to our Afghan operations, two of the four sites support hazardous waste removal. Additionally, we support "clean sweep" operations routinely; a process whereby our Expeditionary Disposal Remediation Teams help units with property identification and segregation of materiel, scrap sales, proper turn-in procedures and coordination of scrap removal.

As forces in Iraq draw down, DLA is poised to adjust the supplies flowing to Iraq in order to ensure readiness of the force without contributing to the amount of excess materiel. Adjustments in procurement, based on changing demand patterns, are made as forces drawdown. Today, DLA is working closely with the Department of State to help plan their transition in Iraq. The State Department has asked for our assistance for supplies and fuel on a cost reimbursement

basis. Existing contracts will be leveraged for subsistence and fuel support until State Department contracts are established, ensuring uninterrupted support.

While disposition efforts are primarily focused in Iraq, we are leveraging lessons learned there to improve our operations in Afghanistan. DLA is taking steps to ensure we have the capacity to manage the disposal of unserviceable, excess, or surplus property. Currently, DLA has three fully functional DLA Disposition sites at Bagram Airfield, Kandahar, and Camp Leatherneck. Recently, U.S. Forces - Afghanistan requested DLA expand its mission to include assisting in the removal of hazardous material such as oil, lubricants, and batteries in Regional Command - South. USCENTCOM also asked us to expand our hazardous waste removal operations and we are working to refine this mission as part of our comprehensive strategy for DLA's footprint in support of USCENTCOM in their area of responsibility.

Response to Real World Contingencies

I appreciate this opportunity to also discuss DLA's ability to surge commodity support in response to humanitarian missions in Haiti and Japan, while simultaneously sustaining ongoing military operations. I will also address DLA's role in supply chain management and how we're postured to operate in a fiscally challenging environment.

First, let me discuss our role in Haiti. Lessons learned in past humanitarian support efforts, and DLA's interface and relationship with USTRANSCOM was critical to DLA's timely response to the Haitian earthquake disaster and our ability to quickly move \$122 million dollars in relief supplies to support Operation UNIFIED RESPONSE in January 2010. DLA provided around the clock coverage throughout the crisis, resolving port handling issues with USTRANSCOM's Surface Deployment and Distribution Command and providing assistance to DOD Customers, the Federal Emergency Management Agency, and the U.S. Agency for International Development. Within 96 hours of notification of the earthquake, 12 DLA personnel from across the U.S. were airlifted into Haiti and prepared to render assistance. Our Operations Center monitored two DLA Support Teams in the area of operations, and for two months after the incident, DLA teams continued to report DLA actions for all classes of supply.

In the aftermath of Japan's earthquake and tsunami, DLA responded with enterprise-wide planning and preparation to support U. S. Pacific Command's (USPACOM) Operation TOMODACHI. On March 18, DLA directed its activities to move assets forward, including liaison capability, subsistence resources, clothing and textile supplies, bulk fuel, and medical materiel, to meet humanitarian assistance requirements. In the past two weeks, DLA supported USPACOM and the government of Japan with more than \$1.25M in commodities delivering 64 tons of food, 20,674 gallons of water, and 317 pounds of medical supplies.

Supply Chain Management

Two key lessons from DESERT STORM strengthened and markedly improved the effectiveness of DLA's logistics and supply chain management: (1) increased collaboration among Combatant Commands, military services, and our industry partners; and (2) reliance on shared recurring, repeatable and measurable processes -- made possible by remarkable improvements in technology.

Following DESERT STORM, DOD realized the importance of agreed priorities, through end-to-end logistics synchronization. Embedding logisticians close to our front-line warfighters improves the supply system by providing them greater access to and knowledge and understanding of the environment in which our warfighters are operating. Additionally, establishing an in-theater distribution capability is unique to our current conflicts. After the first Gulf War, the "iron mountain" of excess supplies left in theater, in large measure, led to today's logistics methodology of demand planning and requirements-focused logistics support.

Today, the presence of industry partners inside the process provides greater supply flexibility, especially in fuel, subsistence, medical, clothing and construction items by arranging direct shipments from manufacturers, distributors and strategic suppliers through prearranged contracts that can include surge provisions. USCENTCOM, USTRANSCOM, the Military Services, and DLA work together to drive collaboration, which integrates all of the players in the end-to-end supply chain. This collaborative environment is needed to share ideas and coordinate plans to ensure the most timely and effective delivery of supplies to the soldiers, sailors, airmen

and marines in the theater. In no other conflict have we witnessed the level of supply chain collaboration that currently exists between the combat arms elements. DOD's logisticians and private industry work together to ensure successful warfighter support.

Today's collaborative, end-to-end business models even coordinate a range of reutilization options in the supply chain that redistribute and reutilize goods and property purchased with taxpayers' money, thereby avoiding disposal of a significant amount of usable supplies.

DOD's business systems provide improved tools to support effectiveness and guarantee delivery of the right item to the right place. By merging infrastructure and service-oriented architecture and data applications, the military now has access to common data, business services and information regarding storage and in-transit asset visibility, resulting in greatly improved customer support and inventory position.

The use of commercial best practices and continuous process improvement initiatives help shape today's logistics programs. In assessing performance, perfect order fulfillment is our primary metric of the supply chain in meeting customer requirements. This is a key factor in the success of the logistics system in supporting the warfighter. Fuel, food, water, clothing, construction and medical supplies are stocked forward and delivered by both contractors and military assets as soon as the materiel arrives in theater. The implementations of these logistics transformation initiatives have helped mitigate the problems in the stove-piped processes and inefficiencies of past conflicts. Tailored sustainment minimizes supply chain costs and results in across the board "smart" inventory reductions.

CONCLUSION

Mr. Chairman and members of the committee, in closing I want to thank you for your continued and unwavering support to America's servicemen and women. I am grateful for the opportunity to address DLA's strategy in supporting America's warfighters. DLA is confident it will succeed in meeting the challenges ahead. Our logistics support professionals, processes, and technologies are world class and enable us to anticipate and meet full spectrum requirements.

We are constantly mindful of our obligations to the American taxpayers and do our utmost to be good stewards of our resources and funding.

Our logistics efforts over the past 20+ years are key to successful execution of our mission. Without question, the overriding reason for the success is the skill, dedication and commitment of the men and women of the integrated logistics teams who break down organizational boundaries and work together to develop innovative solutions. While it's virtually impossible to compare today's combat logistics operations with past conflicts, the lessons learned contribute greatly to today's successful logistics operations. We will continue to learn from each mission and we will apply the lessons of past and current missions to enhance the logistics enterprise in the future

Chairman Forbes, Representative Bordallo and distinguished members of the committee, DLA will continue to provide responsive support to the men and women who serve our great nation around the world.