



## BRAC Change Management at DLA: A Collaborative Effort with the Services

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The 2005 Base Realignment and Closure (BRAC) legislation included three supply and storage decisions. The Defense Logistics Agency (DLA) was designated as the Department of Defense (DoD) business manager for these three decisions with the responsibility of coordinating with the military Services to implement:

- **Commodity Management Privatization.** Creates long-term contracts satisfying all supply, storage, and distribution requirements for tires, packaged petroleum, oil, lubricant products, and compressed gases and cylinders. This includes transferring vendor supply contracting functions for these products from the military Services to DLA.
- **Depot-Level Repairable (DLR) Procurement Management Consolidation (includes consumable item transfer).** Realigns procurement management and related support functions for the procurement of new DLRs from the military Services to DLA, thus creating a single, integrated DoD buying organization for new DLRs. This decision also further consolidates consumable item management by transferring work related to the management of remaining service consumable items (with some exceptions) from the military Services to DLA.
- **Supply, Storage, and Distribution (SS&D) Management Reconfiguration.** Consolidates the supply, storage, and distribution functions and associated inventories at the current DLA depots with the military Services' maintenance activities to support operations, maintenance, and production.

#### Article Acronyms

BRAC – Base Realignment and Closure  
 BSM – Business Systems Modernization  
 CRM – Customer Relations Management  
 DLA – Defense Logistics Agency  
 DLR – Depot Level Repairable  
 DoD – Department of Defense  
 EBS – Enterprise Business System  
 SS&D – Supply, Storage, and Distribution

These BRAC decisions are transforming DLA. With BRAC 2005, DLA is taking on new missions previously performed by the military Services. In addition to the transfer of functions to DLA, military personnel with a wealth of experience and knowledge in consumer-level logistics are transferring to DLA to support these missions. As of August 2008, almost 1,100 employees from the Air Force and the Navy have become DLA employees, with additional Air Force, Navy, Army, and Marine Corps personnel set to join the DLA workforce in the coming months and years.

This transfer of missions directs DLA to operate well beyond its traditional wholesale boundaries. It requires the people who are in DLA's existing workforce to shift their mindset from traditional wholesale supply excellence to the broader end-to-end supply chain excellence.

With the magnitude and breadth of these BRAC changes it was clear from the outset that an organized approach to BRAC change management for all stakeholders would be critical for successful transformation. While the stage had been set with previous change management efforts applied to prior DLA initiatives, BRAC has brought about some unique and significant challenges.

### The History of Change Management at DLA

Formal change management at DLA has its roots in the Business Systems Modernization (BSM) program which launched DLA's enterprise resource planning (ERP) system now known as the Enterprise Business System (EBS). At the outset of BSM, contractor support was used to help roll out many aspects of BSM, including the development of a change management approach. This approach included using a combination of contractors and DLA employees fully dedicated to BSM change management. These employees were not from personnel or public affairs—they were chosen for their subject matter expertise in logistics, their knowledge of the DLA workforce, and their leadership at their particular site.

DLA, while one organization, has unique cultures at each field activity and depot. Deep knowledge of the stakeholders was essential for change management success. Because of this, a headquarters-driven, or a one-size-fits-all approach to implementing change management was unrealistic. Altogether, this effort consisted of approximately 25 dedicated contractor

and government employee team members between 2001 and 2006. As originally planned, most BSM government change management positions were absorbed into the organization upon successful implementation of BSM in 2006. EBS efforts have continued.

After BSM, a formal Customer Relations Management (CRM) program was introduced at DLA. Once again, contractors were asked to develop an approach to change management. Their approach also relied on participation from DLA employees. Because a different contractor was used, there was a different look and feel to these change management efforts. DLA leadership concluded that change management should be an organic capability. DLA would develop the approach to change management with possible assistance from contractors rather than the other way around. Nevertheless, despite the lack of a consistent approach, change management efforts for both BSM and CRM were generally regarded as successful. These two initiatives were the first to address change management in a structured and organized way at DLA. Although the full-time government positions dedicated to change management were redirected, the corporate knowledge stayed, and those DLA employees continue to be heavily involved in all agency change management efforts.

Following the BSM and CRM programs, DLA senior leadership defined change management at DLA as “the intentional and structured application of process, tools, and techniques to manage the people side of a change in order to achieve the desired state.”

### BRAC Change Management at DLA

With the breadth of impacted stakeholders and the scope and timing of the changes required, DLA faces a significant change management challenge with BRAC 2005. The goal of BRAC change management is threefold:

- Ensure the successful transition of personnel from the Services to DLA with the least amount of disruption to the workforce, while ensuring no degradation of support to the warfighter

- Prepare the DLA workforce for the shift in culture necessary to deliver end-to-end supply chain integration
- Instill confidence in its customers that DLA can handle the new mission as set forth in the 2005 BRAC legislation

Although popular change management models often include training and organizational alignment aspects, these are considered distinct components from BRAC change management efforts at DLA. This decision was made because the scope of training and organizational alignment, as a result of BRAC, was complex enough to warrant separate consideration while acknowledging the need to coordinate and synchronize with change management efforts. Currently, change management at DLA is approached in three work streams: communications, sponsorship, and change readiness.

### Partnering with the Military Services to Ensure Success

One thing distinguishing BRAC 2005 from previous change management efforts is the critical partnership with the military Services’ change management representatives. These representatives have been identified for each site as well as headquarters components such as Air Force Materiel Command. For the initial transfer of DLR and SS&D employees from the military Services to DLA, it is important to establish two-way communication and sponsorship events with affected employees before their first day as DLA employees. Creating sponsorship opportunities with their current leaders, as well as their future DLA leaders, helps build bridges from the Service organizations to DLA. Additionally, change readiness activities are at the discretion of the Services. Without the work of these knowledgeable Service change management representatives, effective BRAC change management would be impossible. We would have lost the communication battle before it started.

Change management representatives from the military Services help the DLA team understand the culture, fears, and concerns of their workforce. They also interact with their

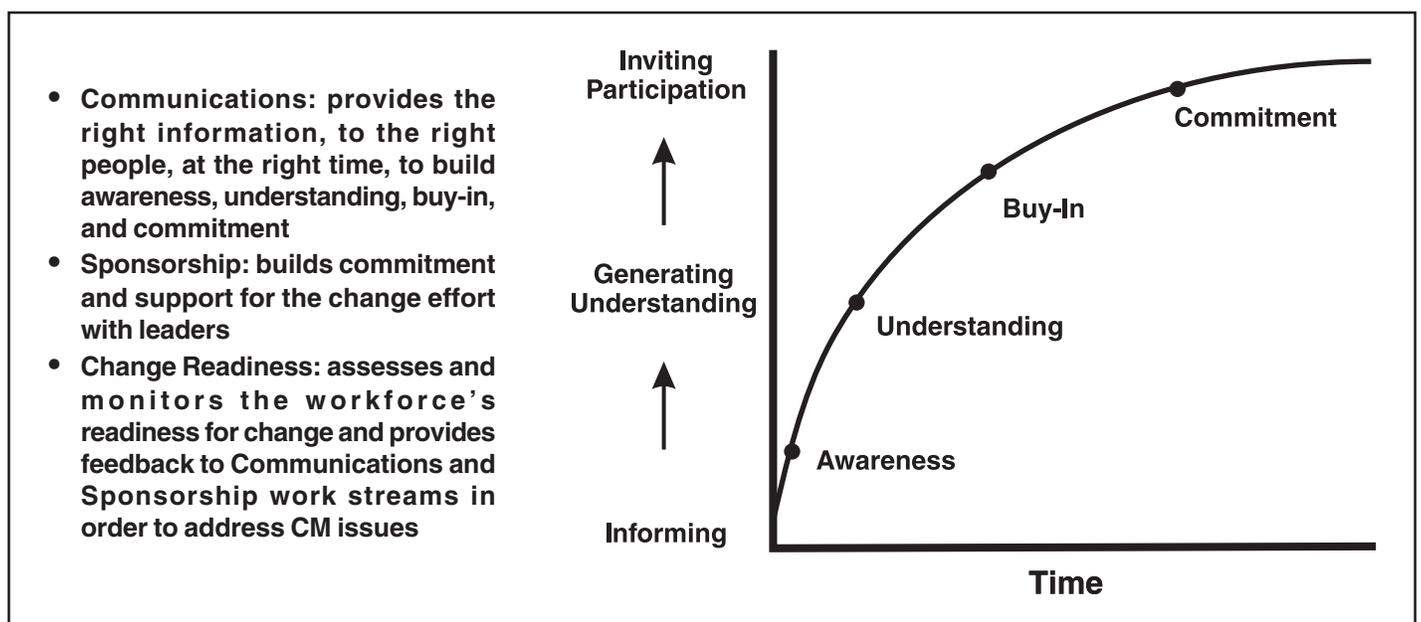


Figure 1. BRAC Change Management Workstreams at DLA

leadership, help design change management activities at individual sites, and take responsibility for implementing many of the change management deliverables. In turn, DLA provides templates and lessons learned from other BRAC sites, manages and monitors program deliverables, hosts teleconferences and face-to-face meetings with change management personnel across the Services, and works with DLA senior leadership to coordinate sponsorship events. Additionally, the DLA change management team provides communication products and vehicles, including brochures, videos, answers to frequently asked questions, employee access to a BRAC Website, and articles. This collaborative effort with the Services is an essential aspect of effectively implementing BRAC legislation and realizing BRAC objectives designed to enhance efficiencies and effectiveness within the DoD supply chain.

## BRAC Change Management Challenges

The BRAC legislation states that decisions will be implemented by September 2011; however, achieving savings, efficiencies, and improvements will continue beyond the initial implementation. This extended timeframe creates challenges. Change management representatives from the Services are focused on many other initiatives in addition to BRAC. Many of these initiatives have a shorter project timeline, thus creating a greater sense of urgency and visibility.

It is important to remember that change management extends beyond the initial transfer of missions and resources to DLA. Leaders at DLA and the Services must take an active sponsorship role and serve as strong advocates throughout their organization,

driving all of the changes required by BRAC law while maintaining the best interests of DoD.

A final challenge to BRAC change management efforts includes measuring success. While it is possible to measure the number of hits at a frequently asked questions Website, talking points developed and delivered to leadership, articles published, and brochures handed out at town halls, it could be argued that this does not reflect effectiveness. Ideally, if the goals of BRAC change management at DLA are to help ensure the successful transition of employees to DLA, prepare the workforce for the culture shift necessary to take on new mission, and help instill confidence in its customers, DLA metrics should measure these activities. Once appropriate metrics are defined, distilling change management efforts from other internal and external factors will be a challenge. Research has clearly shown that effective change management works, and so DLA officials will continue their attempts to define effectiveness, measure progress, and course correct as necessary.

For more information on the BRAC 2005 Supply and Storage decisions, please visit <https://today.dla.mil/BRAC/default.asp>.

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## Retrograde Transit Normalization Study (RETRNS)—A Preliminary Investigation into Variance in Retrograde Processing

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### Introduction

The speed with which carcass-constrained retrograde assets flow through the retrograde cycle (from base supply to the depot) matters. It matters because the Air Force's procurement and planning processes use the depot repair cycle time (DRCT) as a variable in worldwide buy and repair requirements. Our primary interest lies within a component of this large pipeline called reparable intransit (RIT).<sup>1</sup>

In 2006, Air Force Materiel Command, Supply and Engineering Requirements Division (AFMC/A4Y) ran a simulation using the Aircraft Availability Model (Logistics Management Institute) and the September 2005 D200A annual year (AY) data set to test the consequences of reducing reparable intransit time by 10 to 30 percent. At a 30 percent reduction in processing time, buy requirements would decline by \$12.5M and repair requirements would decrease by \$4.8M for a total savings of \$17.3M.<sup>2</sup>

In February 2007, AFMC/A4YR ran this simulation on the September 2006 D200A annual year (AY). The simulation

showed that a 30 percent reduction in retrograde cycle time would result in a reduced buy requirement of approximately \$32M and a reduced repair requirement of about \$11M. These estimates must be tempered by the fact that in an actual production run additional D200A business rules would come into play as well as a post-D200A process that completes the budget estimate.<sup>3</sup>

Whether faster shipping times would lead to cost savings has recently been called into question.<sup>4</sup> The essence of the argument is that while carcass-constrained assets should be expedited, other assets should be moved more slowly to save on transportation costs. Supporting this perspective is the fact that the Air Force employs a repair on demand (ROD) system for reparable—assets not in demand end up being stored at a depot until a specific repair request is made. In short, the point is made that it makes little sense to ship assets express (given the attendant costs) just to have them sit on a shelf waiting to be needed. The authors used a Monte Carlo simulation to demonstrate that at the 99.99 percent confidence level adding a couple days to shipping time does not increase back orders.