



NAVY ACQUISITION REFORM INFO-ALERT



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CAD/PAD Joint Program Achieves Dramatic Reduction in Logistics Response Time

Commercial companies do it everyday. Firms such as Sears respond quickly and efficiently to orders from their customers. Why can't the Government do the same? This thought occurred recently to managers in the CAD/PAD Joint Program Office* at Indian Head, Maryland. The Navy's process for supplying replacement CAD/PADs to the fleet could take as much as 120 days. Commercial firms deliver in a day or two. Why the difference? To find out, the CAD/PAD Joint Program Office began a highly successful experiment in reducing logistics response time.

The experiment, known as the CAD/PAD Supply Support Reengineering Initiative or 1-877-4CADPAD for short, began with an examination of the "as is" process. It consists of 18 paper-intensive steps, burdening the fleet with many inefficient retail stock management tasks. A typical requisition requires successive actions by four entities: the requesting squadron, the host activity weapons department, the CAD/PAD inventory manager and the stock point at Indian Head. Investigators also found that many requisitions got lost in the supply system. As a result, squadrons were stockpiling assets as a hedge, leading to shortages elsewhere due to maldistribution. The benefits of a streamlined "just-in-time" acquisition system were being lost because of a "just-in-case" logistics system.

The objectives of the reengineering were to restore confidence by delivering assets when and where needed, to reduce the 120-day resupply time to 7 days, to reduce significantly retail stocks at the squadrons, to reduce fleet management of retail stock, to use computer modeling to show savings, and to adopt proven commercial practices.

The new reengineered process contains just 10 steps. The requesting squadron can now order needed items directly from the stock point via a 1-800 number. The telephone operator is able to validate need in real time, using computerized aircraft maintenance data. An overnight commercial carrier, allowing automated tracking of shipments, is used in most cases. Management actions by the weapons departments are significantly reduced, and those of the inventory manager are eliminated.



The Joint Program Office began a prototype implementation of the system in December 1998. Seven air stations, a contractor location and four ships were involved. Through 20 August 99, 1,081 orders have been placed. To date, the average response time from order to receipt is 5.5 days. The annual savings have amounted to over 50 work years, largely at the squadrons and weapons stations. The response of managers at the prototype locations has been overwhelmingly favorable.

So what's next? Full implementation in the US is scheduled in October 1999. Then a process for resupplying overseas locations will be developed. Next, the ordering process will be shifted to the Internet as part of another initiative known as Virtual Fleet Support. And finally, the Joint Program Office will reengineer the CAD/PAD disposal process so that field locations may simply use the container in which a replacement CAD/PAD arrived to return an overage item to Indian Head for recycling or disposal.

For additional information about the CAD/PAD Virtual Fleet Support, visit their website at <http://cadpad.ih.navy.mil> or contact Tony Taylor [anthttaylor@aol.com or (703) 836-6197].

*CAD/PAD stands for Cartridge Actuated Device/Propellant Actuated Device, explosive devices used in aircraft escape systems and other applications. These items all have defined service lives and must be replaced periodically. The Joint Program Office manages full life cycle responsibilities for this commodity for all military services.