



Cargo drop from C-17 to remote forward operating base, Afghanistan

U.S. Air Force (Adrian Cadiz)

Global Dispersion, Global Sustainment

# A Mandate for a Global Logistics Organization?

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**F**or the past several years, my position regarding whether or not the United States “needs” a global logistics command has been represented many ways—sometimes in ways that were unfamiliar to me. I thought it important to take this opportunity to offer my thoughts on this subject, and hopefully to open meaningful dialogue in an area with the potential to fundamentally change how we enable the Nation to project and sustain its forces.

Most defense analysts agree that the future operating environment will be unstable, uncertain, and complex. These attributes call for U.S. military capabilities that are adaptive—able to quickly and precisely respond to emerging conditions in a constantly changing operating environment. Although there seems to be strong consensus about the future attributes, I am not certain that there is agreement on what the implications of that future environment are for U.S. logistics capabilities (resources, processes, policies, and organizations).

One characteristic of this future environment will have a major impact on how we provide logistics support to our forces: global dispersion. There should be no doubt that potential adversaries will attempt to thrive in the least governed areas of the globe, and if we, as a nation, are to deal with them, we will find ourselves operating in remote, harsh, and globally distributed locations. This global dispersion is a profound problem for logisticians that, when coupled with the environmental attributes described above, should drive us toward sustainment concepts that are based on the imperative to respond rapidly and precisely to changing requirements. If “rapid and precise” were to become the overarching metrics of success for an uncertain, globally dispersed environment, we should be asking ourselves if we have the best logistics structure to meet that outcome. The purpose of this article is to offer an idea of how to partially answer that question, and in doing so, to clarify my personal views regarding a “global logistics organization.”

Before addressing the issue of organizational design, it is important to provide my underlying assumptions. I am assuming that the preeminence of the Services with respect to their Title X responsibilities will remain in place. In other words, the Services will continue to be held responsible to raise, train, equip, and maintain our forces, and

those forces will be made available to the joint force commander (JFC) for employment. Secondly, I assume that the JFC’s authorities as defined by the Goldwater-Nichols Department of Defense Reorganization Act of 1986 will remain unchanged. And last, I assume that a 21<sup>st</sup>-century organization does not have to “own” all of the assets needed to effectively and efficiently deliver a harmonized outcome. Given these constraints, let us take a look at the heart of our ability to sustain operations: the defense supply chain.

### The Defense Supply Chain

The ability of commercial providers to effectively respond to their customers’ needs has been supported primarily by the modernization of their supply chains. This incredible commercial success has been the result of four key principles: the effective integration of supply chain processes; the ability of distributors to provide highly reliable, time-definite delivery to the customer; the transparency provided into and across supply chains for all the players; and optimizing supply chain performance against common outcomes. Taken together, these four principles have revolutionized the commercial market space and serve as a foundation for my ideas in the military sphere. In developing an organizational option for better performance, I have tried to discern what could be learned from the commercial world’s success and how those lessons might be applied to the defense supply chain to significantly improve the ability to support the needs of the customer—the members of the joint force. If we can coalesce around these few key principles of commercial success, we could use them to help design an organizational option that would deliver significant value.

In the commercial space, supply chain processes have been integrated for the most part through a single organizational element responsible for harmonizing a company’s supply chain operations. These control elements ensure that the needs of the customer are directly linked to the source of supply, and that the two are tied together with an efficient and effective distribution system. Furthermore, they ensure that commercial supply chain planning is done in a collaborative and transparent manner. The defense supply chain, however, has no equivalent organization responsible for its overall performance.

Since the defense supply chain is not blessed with a single “organization” or element responsible for ensuring that supply and distribution operations are in harmony, it is a logical and relatively easy step to declare that we should have such an organization. But in many respects, the defense supply chain

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looks very different from the commercial model, and that fact is often used as a rationale against making changes. The primary players in the defense supply chain do not look like what we see in the commercial space. The defense supply chain does have a global distributor—the U.S. Transportation Command (USTRANSCOM)—which has been designated the distribution process owner. But we also have a distribution process command in the Defense Logistics Agency (DLA), and we have two Services that execute distribution activities at the operational level through executive agent authorities. The supply chain has, for the most part, a global supplier in DLA, but significant supplier activities are also taking place in each of the Services for critical components. Additionally, we have lots of “sourcing” activities being conducted that cannot be seen by DLA, even though those activities could be for supply items that DLA is responsible for managing. Also, we must not forget that industry is an important player—maybe the most critical element of all—to defense supply chain success; for it is within industry that we ultimately find the “source” of our logistics support. Given this background, what options do we have?

### The Status Quo-Plus

One option is to continue with our current organizational design and find ways to deliver following the principles of supply chain success described earlier:

- Integrating supply chain processes that are “owned” by the Services, USTRANSCOM, DLA, industry, and members of the joint force would be possible. Although possible,

this kind of integration would be very difficult given that these organizational elements do not always share a common view of the outcome that the supply chain is to deliver, do not share common financial processes to unite their efforts, and do not have information systems that enable the sharing of supply chain data.

- Providing expected delivery times would also be possible within the current organizational construct, and we could do so at a level of reliability that exceeds 90 percent. But it will not be easy given that the current design insulates supply chain members from each other, and we rarely, if ever, measure order fulfillment from the customer's end of the supply chain. In fact, we really do not measure reliability today; we measure our performance on the average only for those items we deliver.

- Providing transparency under the current structure could be accomplished, but sharing information among the many different players will require some significant data management policy changes and openness. Delivering transparency will be a challenge regardless of organizational design, if for no other reason than the assumptions stated at the beginning of this article. However, bridging the systems gap will be the key to achieving the principle of transparency.

- The last principle—optimizing against a common outcome—is the ultimate goal of a 21<sup>st</sup>-century supply chain, whether it be defense or commercial. In the current design, we will be challenged to work through differing organizational cultures, disconnected internal financial and business processes, and differing views on the outcomes we want to achieve.

Although it is possible to accomplish these principles without changing our organizations, I do not think we can effectively cross the barriers that stand in our way. Is there a better way to design our organizations to more effectively and efficiently achieve the outcomes these principles demand? I believe there is. My first priority in finding a better way is to look at the defense distribution process because distribution is the common thread that binds a supply chain together. In the commercial space, as previously mentioned, it has been the distributor's ability to provide highly reliable, time-definite delivery that has fundamentally changed the way the world does business. In the distributed operat-

ing environment of defense, I believe that our work should start and end with the distribution process.

### Distribution

USTRANSCOM, as the distribution process owner, has most of the tools today to be as effective as any commercial distributor—*most*, but not all. What could be done organizationally to give USTRANSCOM an enhanced capability to provide time-definite delivery? What might this new organization

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*removing the distribution mission from DLA's portfolio will enable its role as a global supplier to the joint force*

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look like if it were to reflect cutting-edge distribution capabilities in support of the joint force?

First, each of its distribution components (mode operators) should have the same set of capabilities for the mode they represent. Using Air Mobility Command as a template, that would require the Services to assign to their USTRANSCOM components the units and equipment related to delivering distribution support through the operational level. Specifically, it would require giving this organization's Service components the distribution assets necessary to assure responsiveness to operational needs. As an example, the Army would move all of its surface transportation/distribution assets above the brigade combat team level to its USTRANSCOM component to form a global surface (road, rail, and inland waterways) distribution organization. Each of USTRANSCOM's functional distribution components would then be able to integrate the distribution process from end to end, working with each other to design distribution networks that reflect the best use of multimodal operations in support of joint force requirements, sharing information across the distribution network to ensure visibility and control, and linking with the elements of the joint force to ensure rapid and flexible throughput to the customer/tactical level.

To fully achieve world-class success, DLA's Defense Distribution Command (DDC) could become a functional component of USTRANSCOM or the U.S. Army's Military Surface Deployment and Distribu-

tion Command, with its mission remaining to operate the distribution centers based in the continental United States. However, this new DDC would also be responsible for maintaining a capability to deploy forward to establish and operate distribution center activities at the operational level in support of the joint force, and to extend the defense distribution network in support of operational requirements.

Last, to ensure that we are able to project and sustain the joint force in support of national interests, the responsibility for the global distribution en route infrastructure should be given to USTRANSCOM. The current policy of making the regional combatant commands responsible for en route infrastructure and then fighting through Service component funding mechanisms to support global distribution needs does not reflect best business practices. In its role as the distribution process owner, and with its responsibility to support the projection of the joint force, USTRANSCOM is in the best position to discern where the Defense Department should invest its next dollar in infrastructure to support that mission.

These organizational changes would give USTRANSCOM the capabilities to truly become world-class as the global distributor for the joint force and the Nation. We should expect that our distribution network would be better integrated, more visible, more responsive, and, over time, more economical as USTRANSCOM drives down the costs to meet joint force needs.

### Supply

The actions above, if taken, would clearly impact DLA, but that impact could be positive if the actions are taken in conjunction with the recommendations for the supply process discussed below. Removing the distribution mission from DLA's portfolio will enable its role as a global supplier to the joint force, and as part of this new organizational design, I envision DLA as having the same portfolio for supply that USTRANSCOM has for distribution. But we cannot just take the DDC out of DLA; we must do more to achieve world-class levels of supplier performance. Some critical imperatives toward this end are listed below:

- First and foremost, the global supplier must have visibility over the supply requirements of the joint force, regardless of how

Sailor directs lowering of supplies on aircraft elevator aboard USS *Essex* during vertical replenishment from USNS *Alan Shepard* in Philippine Sea



U.S. Navy (Adam M. Bennett)

or where those requirements are fulfilled. For example, all local purchases should be visible to the global supplier so we can deliver the most accurate forecasts and reduce any duplication in the sourcing process. This does not imply that DLA would “control” local purchases, but rather that the agency must be able to see those purchases. Additionally, the global supplier must be an integral part of the joint planning process to ensure that forecasted support is harmonized with operational requirements.

- The global supplier must have visibility over customer receipt so the supply chain can truly measure order fulfillment. Ultimately, we want to hold DLA accountable for fulfillment at the customer level, which means that DLA, as the supplier, will tell the customer when the requirement will arrive. The implication here is that we should expect complete harmony between the supplier (DLA) and the distributor (USTRANSCOM).

- The global supplier must be an integral part of all maintenance and repair planning activities at the national level; this includes depot operations and systems development operations.

### Command, Control, Coordination, and Collaboration

It is not possible to achieve the principles of supply chain success without changing our

structures. By making the changes articulated above, we would have a much better chance of success. If we were to “create” a global organization to coordinate distribution and supply as outlined previously, what might it look like? Today’s USTRANSCOM is not that organization—it could be, but not as it is currently structured. USTRANSCOM is fundamentally a transportation headquarters—that is its heritage, that is its DNA. What we need is a global supply chain organization that reflects a merger of supply and distribution.

USTRANSCOM is the proper headquarters around which to build a new global support organization that would be held responsible to respond to the needs of the joint force—in other words, an organizational element with joint components that blend both the distribution and supply processes in support of joint force requirements. In order for this new organization to achieve the supply chain principles described, it has to change. The new organization has to look and feel like a global supply chain organization; it must be focused on customer outcomes and optimizing the performance of its functional components.

Structurally, this organization would consist of its headquarters and five functional component commands. Its functional commands would include the following: three modal components (air, land, and sea) with

the assets to reach into the operational area; a distribution operations component with the capability to provide flexible and adaptive distribution center support down to the operational level; and a global supply component focused on meeting the joint customers’ supply requirements.

At the headquarters level, this organization would be structured around its global supply and distribution mission. Existing world-class, global commercial structures could be used as a baseline for the design, with the headquarters focusing on supply chain planning, flexible response, global risk analysis, and customer outcomes.

The global nature of U.S. interests and our national imperative to project and sustain forces anywhere on the planet mandate that we review organizational structures that were designed for a different place and time. I support the need for a global organization that can move the joint force to where it needs to be, as well as integrate and optimize the defense supply chain in ways that will enable adaptive support and respond to the needs of the joint force with speed and precision. That organization does not exist today. It should be created soon. **JFQ**