Spares management and logistics support more generally can create important scale economies. The unit cost of managing DLR spares inventories falls as the scale of inventory management rises. And the value the Air Force can derive from any one DLR rises as that spare part becomes available to a larger, more diverse pool of users. Similarly, the effective utilization of specialized DLR maintenance assets tends to rise as the Air Force uses them to support a higher level of activity in a variety of locations. And the value that the Air Force can derive from any one DLR maintenance asset rises as it can apply that asset to support a larger, more diverse pool of users. These factors favor central control and ownership of DLR spares and maintenance assets if the Air Force is integrated well enough to apply these assets throughout the Air Force. These attributes of DLR-related assets have been widely recognized for many years.

The processes that the Air Force uses to set requirements for and to fund DLR-related assets have become increasingly decentralized over the course of the last decade. The decision to have the operating commands rather than AFMC effectively determine the requirements for procuring and repairing DLRs was the first big step in this direction. Increasing decentralization of the PPBS process magnified that initial step. The result is that DLR assets that benefit from a centralized perspective have received less and less central attention.

The Air Force is taking steps to address this problem. The SRRB process, already under way, will attempt to develop a new, consensus-based requirement for spare parts that supporters hope will increase funding for requirements that the Air Force has systematically
neglected for several years. Multipart pricing for DLRs could move responsibility for funding about half of the annual cost of the spares requirement back to one central place in AFMC. The DLRs in question are those that benefit most from a centralized perspective.

The Air Force could take additional steps that would highlight how spending on logistics resources relevant to DLRs contributes to military capability and complements efforts like those above to build and promote a centralized, Air Force–wide perspective on such logistics resources. This report proposes a seven-part change in policy:

• Frame logistics resource issues relevant to DLRs so that the effects of logistics spending on readiness and total ownership cost are clear and widely accepted in the Air Force.

• Align Air Force logistics plans more systematically to strategic defense plans, giving careful attention to how logistics resources relevant to DLRs affect strategically relevant readiness factors.

• Use the APPG to craft a crisp, resource-constrained statement on Air Force policy that the HAF could use to monitor MAJCOM submissions to the POM process and advocate a realistic Air Force–wide logistics perspective to the Corporate Structure.

• Use the APPG as a baseline to run the PPBS process as a closed-loop control system, checking planned logistics actions against executed logistics actions and checking the actual performance of the PPBS process itself against expectations.

• Give AF/IL practical responsibility and authority to lead and coordinate all of the efforts identified above.

• Build practical understanding of the Air Force PPBS process among logisticians to ensure that AF/IL has the human capability to exercise its new responsibilities and authorities effectively.

• Improve the Air Force’s analytic ability to link spending on logistics resources relevant to DLRs to effects on Air Force readiness and total ownership costs to ensure that AF/IL can document convincingly the Air Force–wide effects of changing spending levels for logistics resources relevant to DLRs.

These changes are compatible with other ideas under consideration today, such as the logistics proponent proposed in the Air Force
Spares Campaign. If implemented in an integrated way, these changes would complement the provisional policy changes mentioned above, as well as other changes under consideration, such as the use of a balanced scorecard and potentially the implementation of a capabilities construct to organize Air Force resource allocation more systematically.

It will not be easy for the Air Force to make these changes. In many ways, they directly challenge important Air Force values. The standard Air Force approach to resource management does not use a closed loop to identify and understand differences between a plan and implementation of the plan. The Air Force continues to give its functions and MAJCOMs much greater emphasis in resource management than such integrated, crosscutting processes as a supply chain. The Air Force has traditionally given greater high-level attention to resource issues associated with modernization than to those associated with support. So the changes proposed here would involve a marked cultural change for the Air Force. The Air Force has no systematic way to address such cultural changes or quantum changes of similar magnitude. It will have to implement the changes proposed here within the constraints imposed by DoD’s PPBS process, which shows no indication of changing in the near-term.

The kinds of changes proposed here will take time for the Air Force leadership to digest and then support. In all likelihood, the Air Force leadership will need to see evidence that changes of this kind are worthwhile. Those promoting such change should be prepared to implement such changes in an incremental fashion that allows them to demonstrate improvement over time. Each improvement can build the case for further change. Such an incremental approach will be difficult in an organization with little continuity at the top and many related changes to coordinate. But in all likelihood, the Air Force will have no choice.

Our general approach to resource management emphasizes the importance of using a monitoring cycle that is empirically well informed to proceed systematically against realistic, clearly stated goals. So it is natural to understand that it would recommend a similarly realistic, systematic approach to change itself.