

NSS-Supply: Transforming the Navy's Supply Chains



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The Navy requires a single, strategic-scale, sustainable design for supply-chain management, with the right mix of commercial and organic activities to project and sustain the force required for war fighting.

With that in mind, Naval Supply Systems Command (NAVSUP) kicked off the newest vice chief of naval operations-led naval sustainment system in October 2020. Naval Sustainment System-Supply (NSS-Supply) aims to unify numerous independent supply-chain functions under the leadership of NAVSUP Commander Rear Adm. Pete Stamatopolous, with the goal of improving end-to-end supply chain readiness and affordability.

As NSS-Supply nears its first anniversary in operation momentum continues to build as NAVSUP and mission partners have progressed through several waves of deliberate transformation.

“The Navy’s supply chains lacked end-to-end coordination and alignment for decades, which has created numerous issues: insufficient and inefficient organic repair capacity, high rates of part cannibalization, an excess of unrepaired parts, a cash shortfall and, ultimately, degraded readiness,” Stamatopoulos said.

“Over the past several years, uncoordinated decisions made upstream were constricting our supply chains and causing significant downstream inefficiencies. NSS-Supply is working to better orchestrate, integrate and synchronize the many functions of our supply chains to correct these issues and

deliver higher readiness at lower costs throughout the lifecycle of the weapons systems.”

Grounded in commercial best practices pioneered by industrial companies such as Caterpillar, Delta Tech Ops and John Deere, NSS-Supply elevates supply chain management into the Navy “C-Suite.” Designated as the Navy’s single end-to-end supply chain integrator, Stamatopolous is responsible for elevating the visibility of supply-chain performance by holding supporting functions accountable.

Stamatopoulos leads an organization of supply chain professionals responsible for providing responsive logistical support worldwide, through a global network with a presence in more than 17 countries and 21 states, districts and territories.

NSS-Supply is also moving supply-chain decisions upstream to better shape and design life-cycle logistics strategies for which the costs are lower. To hold the Navy accountable, NSS-Supply has created a cash-based metric to evaluate the efficiency and effectiveness of its supply chain in the long term. This north-star metric, the Supply Chain Effectiveness Figure of Merit (SeFOM), is the Navy’s first enterprise-level metric that balances readiness and costs. For every dollar put into sustaining a platform, the SeFOM measures the value of readiness generated.

In addition, NSS-Supply is driving unity of effort across six pillars that dissect and transform different functions of the supply chain.

- The Achieve End-to-End Integration pillar.
- The Demand Management pillar aims to reduce demand fleet-wide and increase predictability through improving reliability and maintenance.
- The End-to-End Velocity pillar focuses on accelerating the movement of material and parts in the Navy supply chain by

lowering repair turnaround times and repair, overhaul or reconditioning queue times.

- The Optimize Working Capital Fund pillar reorients financial management to a commercial cash flow-centric approach designed to improve transparency of cash allocation, collections, expenditures and pricing for long-term stability.
- The Optimize Organic Repair pillar rebalances organic depot repair volume to fully utilize capability and capacity.
- The Shape Industrial Base pillar, the most aspirational pillar, aims to expand competition and deepen partnerships with strategic suppliers to make acquisition and sustainment more efficient, cost-effective and affordable.

NSS-Supply is a hugely ambitious project for the Navy, due both to its broad scope and the speed at which it moves. While NSS-Supply is a multiyear undertaking, it's divided into three-month "waves" during which three to five initiatives run simultaneously across the six pillars.

The timelines for the waves' initiatives are based on an agile framework (another commercial best practice). Each initiative has multiple two- to four-week sprints, with clear outcomes at the end of each sprint that define and shape the work of the subsequent sprints.

Although this is a new approach for the Navy, it's already yielding positive change and realizable gains since launching last fall. With each wave and sprint, NAVSUP and Navy are gaining new supply-chain competencies and confidence in the effectiveness of this way of doing business.

"These first several months of NSS-Supply have given me great confidence and optimism that we are finally within reach of a decades-long goal of achieving a fully integrated and sustainable Navy-wide supply chain," Stamatopoulos said. "I look forward to its continued success."