

Air Force Global Logistics Support Center (AFGLSC)

Commodity Council 101 Presentation Basics of a Commodity Council

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Purpose



- To provide a basic description of the structure, functions and processes of commodity councils to foster a better understanding throughout industry.



What is a Commodity Council?



Definition:

A cross-functional group, charged with formulating an AF-wide commodity/supplier strategies – executed locally (ALC level)

Objectives:

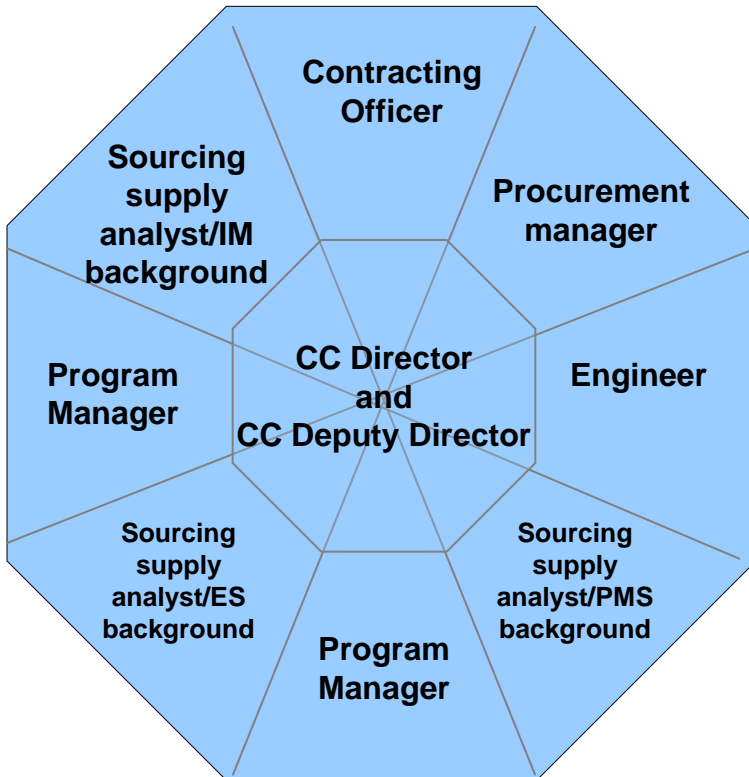
- Eliminate duplication of effort
- Minimize supply chain costs
- Supplier Development
- Leverage USAF spend



Commodity Council Team



Commodity Councils are cross-functional teams that will develop and execute AF-wide commodity sourcing strategies



Illustrative Commodity Council

Responsible For:

- Developing AFMC-wide commodity sourcing strategy
- Executing commodity sourcing strategy
- Establishing supplier performance requirements
- Managing supplier relationships
- Researching commodity market

Not Responsible For:

- Developing the demand planning forecast
- Managing weapon systems or items
- Conducting tactical planning, scheduling and asset management
- Performing tactical contract management activities

Commodity councils are enterprise wide and cross-functional



Commodity Council Charter



- The AFMC Enterprise Commodity Councils were established as part of the Air Force PSCM Commodity Council Governance.
- Creating commodity councils within AFMC is consistent with current AF/ILI and SAF/AQC strategic direction. The anticipated benefits of implementing a commodity-centric approach include an increased focus on the end-to-end supply chain, centralization of material and sourcing strategies, and better leveraging of AF spend.



Commodity Council Principles



- ✔ **Knowledge of commodity** yields greater sourcing value
- ✔ **Cross-functional approach and skills** to leverage existing technical and sourcing expertise
- ✔ Commodity Councils focus on **groups of similar items**
- ✔ **Persistent structure** of enterprise commodity expertise
- ✔ Commodity Councils **work at an enterprise level**



What Commodity Councils Are Trying To Accomplish



- **Improve supply support to our customers for both spare parts and repair parts**
 - 20% decrease in cost
 - 20% increase in materiel availability
 - 50% reduction in cycle time
- **Establish sourcing strategies for the commodity to improve supply support to the warfighter and Air Force depots**
- **Formation of partnering relationships and performance-based agreements**

Commodity Councils become the conduit for implementing new business practices



Commodity Centric Sourcing



Organizing enterprise *sourcing-oriented* resources, processes, data and activities around groups of similar commodities

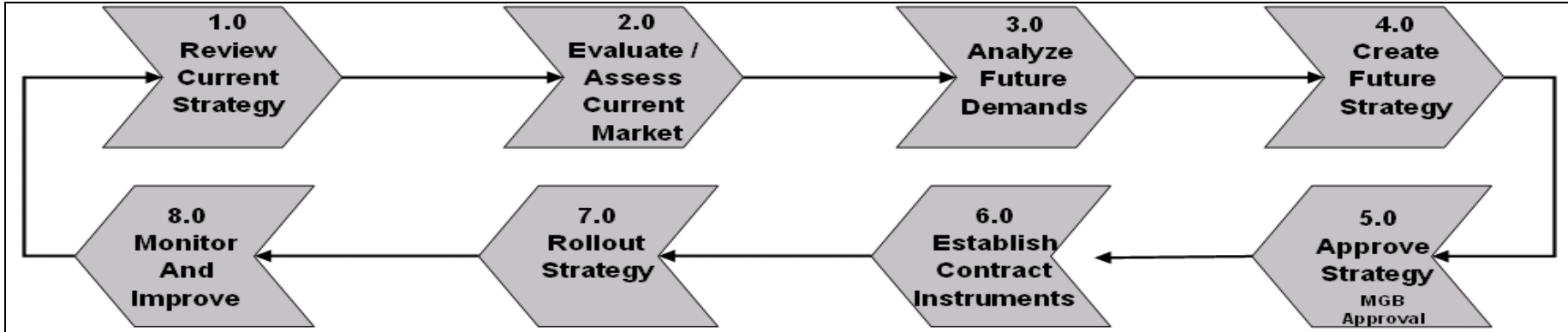
A background image showing a close-up of many metal washers or spacers, arranged in a pattern that recedes into the distance.

Commercial experience has proven that sourcing value is improved significantly through increased knowledge of the commodities being sourced



Commodity Council Process & Outputs

The Commodity Council 8 – Step Process



The Process Drives Outcomes that are included two documents:

1.) **CMP**.....




2.) **CAMP**....



and are hyperlinked to supporting documentation

Commodity Management Plan (CMP)

- Describes the overall Commodity Profile
- Steps 1-3 of the eight step process
- Understand the commodity dynamics
- Define overall anticipated commodity goals
- Align AF / PSCM goals
- Define recommended spirals with supporting rationale



Commodity Acquisition Management Plan (CAMP)

- Details Step 1-4 Development (by Spiral)
- Baseline Current Performance (by Spiral)
- Define Strategies (by Spiral) (Value & Risk)
- Define KPI's Measured
- (Baseline Performance & Maintain Goal Alignment to PSCM)
- Develop Plan to Implement (Spiral Strategy)



Standardized Enterprise Process for repeatable results



Commodity Council Assignments



- **Tinker AFB, OK**
 - Aircraft Accessories
 - Instruments
 - Propulsion
- **Hill AFB, UT**
 - Landing Gear
 - Secondary Power
- **Robins AFB, GA**
 - Aircraft Structures (ASCC)
 - Communications / Electronics (CECC)
 - Support Equipment (SECC)



Summary



- What is a commodity council?
 - Roles and Responsibilities
 - Charter
 - Operating Principles
- What are commodity councils trying to accomplish?
 - Commodity Centric Sourcing
 - Process and Outputs
- Commodity Council Assignments



Commodity Council 101



QUESTIONS?