SAND2015-9299C

Supply Chain Management

Jodi Maheras

Director, Supply Chain

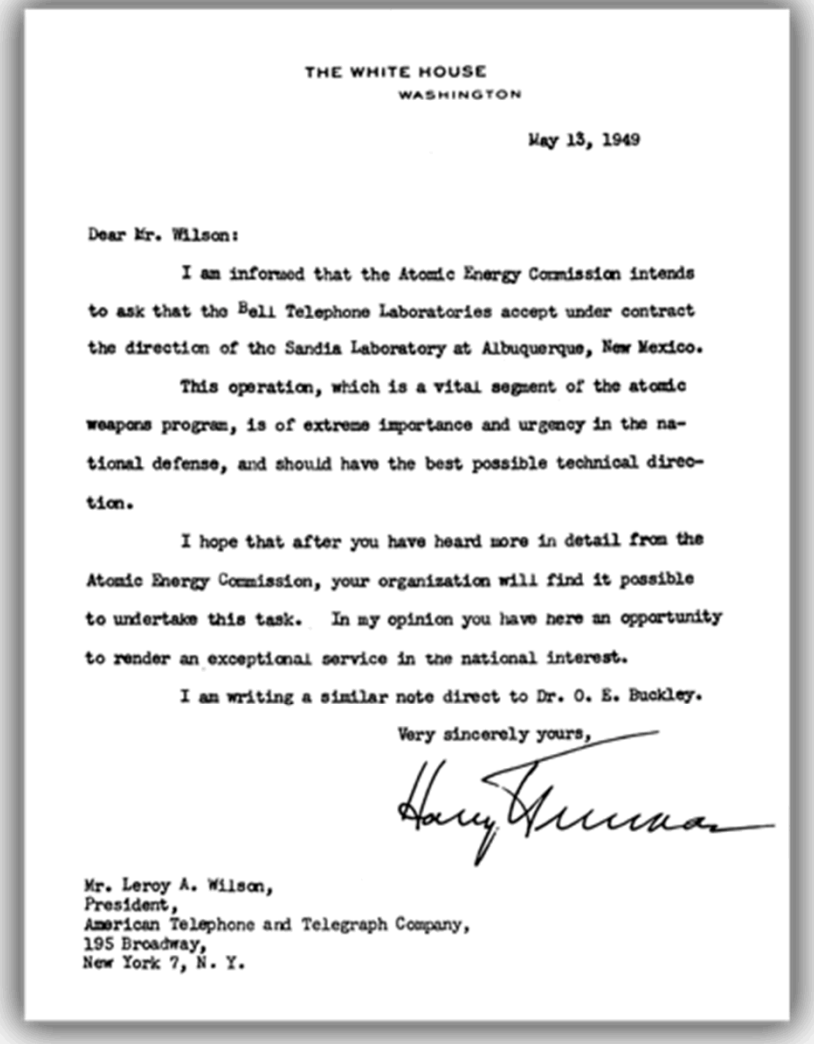
Sandia National Laboratories

LOCKHEED MARTIN

Sandia National Laboratories

Sandia National Laboratories is a multi-program laboratory managed and operated by Sandia Corporation, a wholly owned subsidiary of Lockheed Martin Corporation, for the U.S. Department of Energy's National Nuclear Security Administration under contract DE-AC04-94AL85000.

Sandia's History



THE WHITE HOUSE
WASHINGTON

May 13, 1949

Dear Mr. Wilson:

I am informed that the Atomic Energy Commission intends to ask that the Bell Telephone Laboratories accept under contract the direction of the Sandia Laboratory at Albuquerque, New Mexico.

This operation, which is a vital segment of the atomic weapons program, is of extreme importance and urgency in the national defense, and should have the best possible technical direction.

I hope that after you have heard more in detail from the Atomic Energy Commission, your organization will find it possible to undertake this task. In my opinion you have here an opportunity to render an exceptional service in the national interest.

I am writing a similar note direct to Dr. O. E. Buckley.

Very sincerely yours,

Harry Truman

Mr. Leroy A. Wilson,
President,
American Telephone and Telegraph Company,
195 Broadway,
New York 7, N. Y.

Sandia National Laboratories

Sandia National Laboratories

Sandia's Governance History

Government owned, contractor operated

Sandia Corporation

- AT&T: 1949 – 1993
- Martin Marietta: 1993–1995
- Lockheed Martin: 1995–present
- Existing contract expired: Sept. 30, 2012
- Multiple extensions through: April 30, 2016
- Extended to April 30, 2017

Federally funded research and development center

Sandia National Laboratories

Sandia's Governance Structure

Lockheed Martin Corporation

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Sandia Corporation

(wholly owned subsidiary managed by Board of Directors)

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M&O Contract DOE/NNSA and Sandia Corporation

↓

Sandia National Laboratories

(FFRDC)

Sandia National Laboratories

Sandia's Sites

Albuquerque, New Mexico

Livermore, California

Kauai, Hawaii

Waste Isolation Pilot Plant, Carlsbad, New Mexico

Pantex Plant, Amarillo, Texas

Tonopah, Nevada

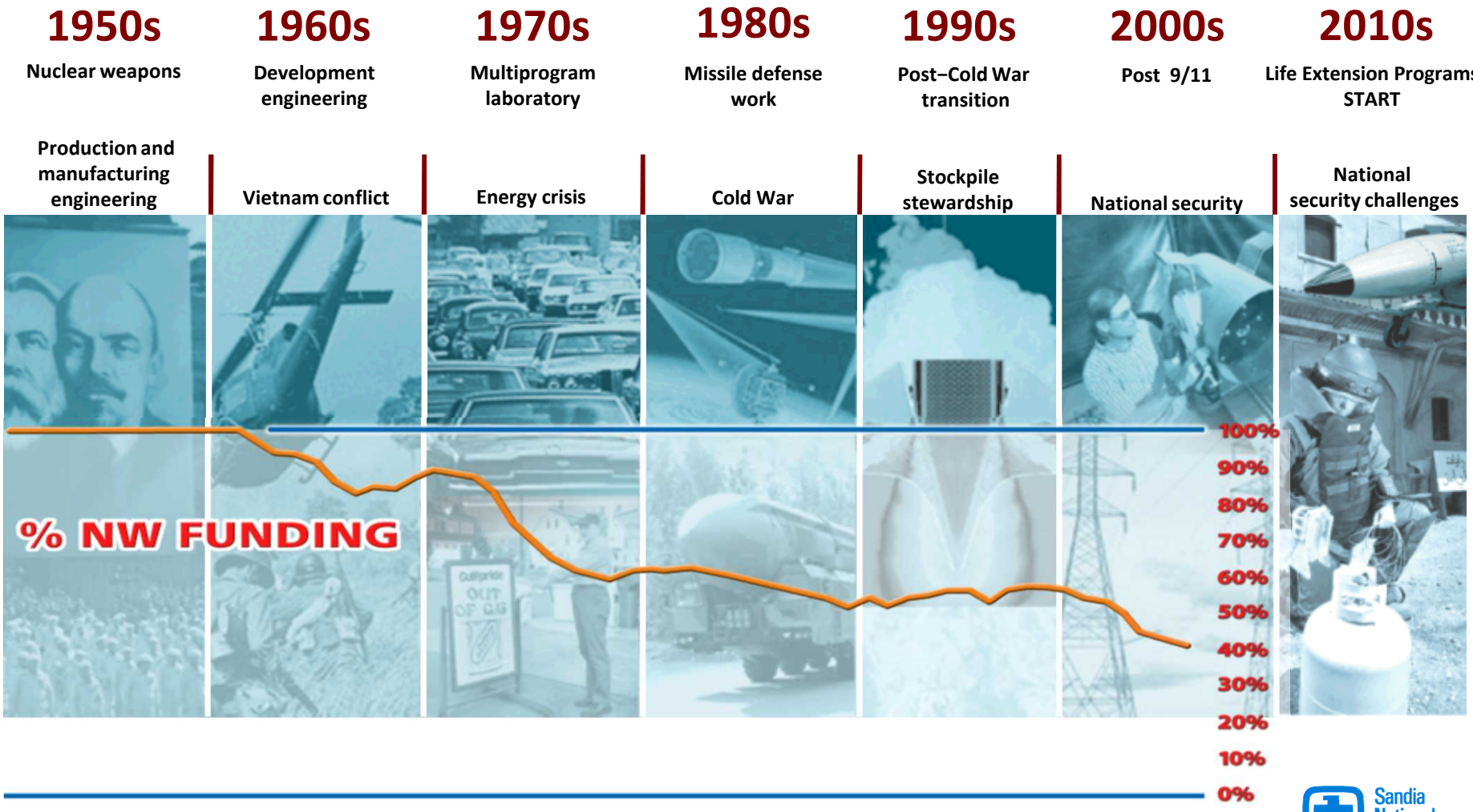
Sandia National Laboratories

Our Business: National Security

- **Core purpose**
  - To help our nation secure a peaceful and free world through technology
- **Highest goal**
  - To become the laboratory that the United States turns to first for technology solutions to the most challenging problems that threaten peace and freedom for our nation and the globe

Sandia National Laboratories

The Evolution of Our Mission



Sandia National Laboratories

Technologies for National Security

- **We develop technologies to:**
  - **Sustain, modernize and protect our nuclear arsenal**
  - **Prevent the spread of weapons of mass destruction**
  - **Provide new capabilities to our armed forces**
  - **Protect our national infrastructures**
  - **Ensure the stability of our nation's energy and water supplies.**
  - **Defend our nation against terrorist threats**

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Supply Chain Lifecycle

Sandia National Laboratories

1) Plan

How → What

JIT *Just-in-Time*

- $110M & 100K Purchase Orders (PO)
- 1/5th the Process Cost vs. Standard PO

P-Card *Procurement Card*

- $70M & 80K Transactions
- 1,500 Card Holders

Buyer-Placed *Procurement*

- $800M & 40K Transactions
- 80 Buyers

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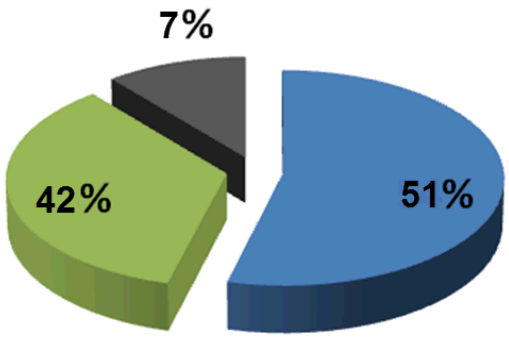
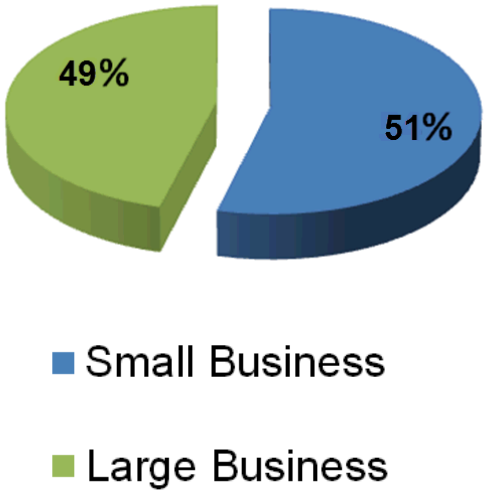
2) Acquire

How

What





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3) Receive & Move

- 7,000 Outbound Shipments

- 1.0M Incoming and 120K Outbound Items
- 1.4M Internal Items

- 430K Inbound Packages

- 430K Packages Delivered to 400 Buildings
- 72K Items Moved
- 3K Hazardous Moves
- 175 Tours

Sandia National Laboratories

4) Manage

Asset Management

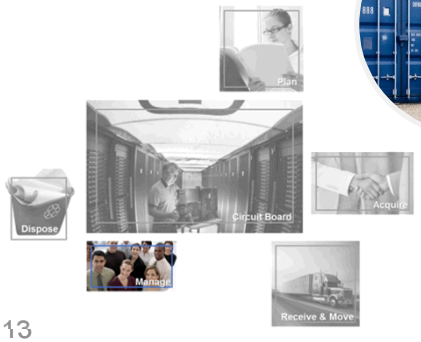
- 80K Trackable Assets, $1.5B Value

Fleet Management & Maintenance

- 800 Vehicles & 600 Carts
- 1,400 Pieces of Equipment

Corporate Storage

- 140K ft^2 of Storage Space



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5) Dispose

Asset Disposition

- Includes high risk destruction, recycle, donation, transfers, negotiated sales, auction, and abandonment in place

Reutilization & Disposal

- 50K Items Processed
- 700 Items Reapplied & $3M Cost Avoidance

Destruction

- Sensitive Documents and Material
- 10K Bags

Sandia National Laboratories

HOW WE MANAGE OUR SUPPLY CHAIN

HOW WE MANAGE OUR SUPPLY CHAIN

CREATE THE CUSTOMER EXPERIENCE that is excellent, predictable, and repeatable.

BECOME THE CENTER OF CHOICE by attracting and growing professionals w/expert characteristics and competencies.

BE THE INNOVATOR of efficient and sustainable solutions for service delivery, life cycle management, and safety performance.

BUILD CONFIDENCE with stakeholders, customers, and members of the workforce by using our management assurance system to manage risk and improve quality.

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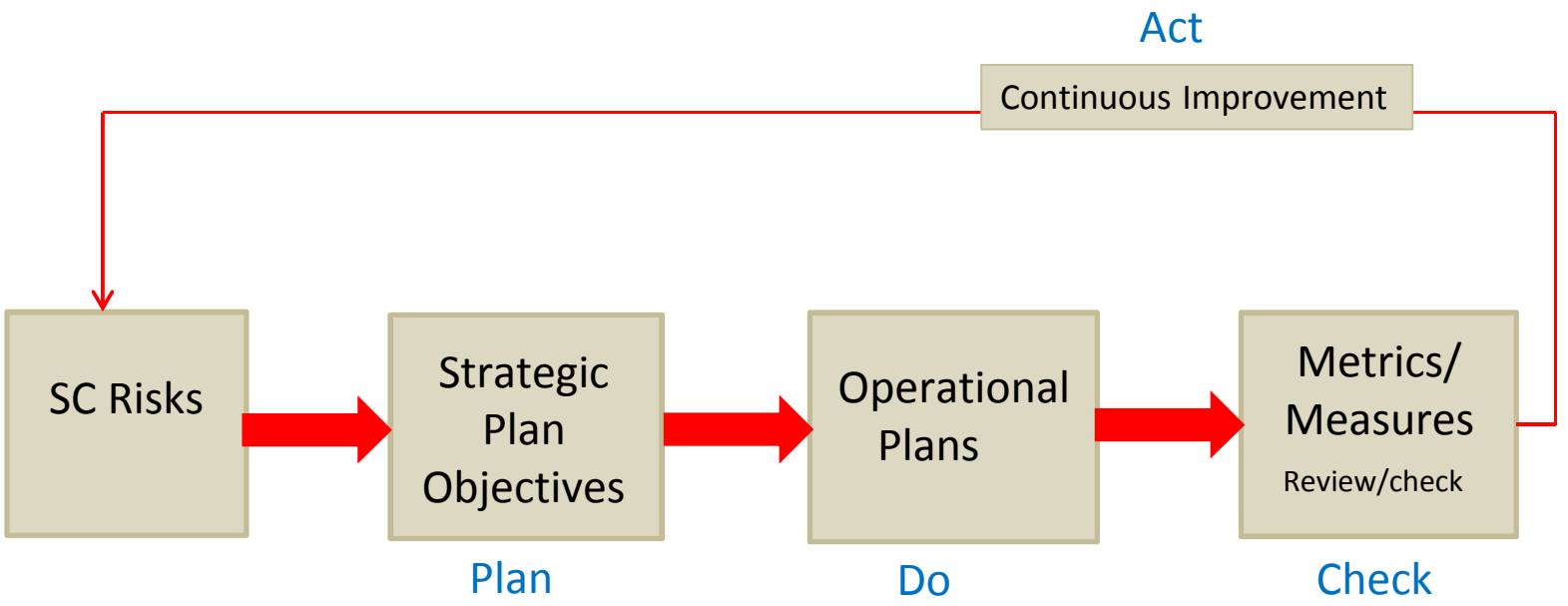
HOW WE MANAGE OUR SUPPLY CHAIN



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Supply Chain Management 10200

GOVERNING

- PRIME CONTRACT
- LAWS & REGULATIONS
- CORPORATE POLICY SYSTEM

PLAN

- RISK EVALUATION
- STRATEGIC PLANNING
  - ➢ INTUITIVE SC SOLUTIONS
  - CUSTOMER SERVICE
  - CENTER OF CHOICE
  - BE THE INNOVATOR
  - BUILD CONFIDENCE
- OPERATIONAL PLANNING
- WORK PLANNING & CONTROL

DO

PROCUREMENT
- POLICY
- PURCHASING
- JIT

ASSURANCE
- ISO
- METRICS
- S/CI
- SUPPLIER QUALITY
- IT
- P-CARD
- CONT. IMPROVEMENT
- SBUD

LOGISTICS
- SHIPPING
- RECEIVING
- PROPERTY
- FLEET

E S & H HEALTH/SAFETY CENTER PLAN

CHECK

- ASSESSMENTS
- CUSTOMER FEEDBACK
- METRICS/ RESULTS
- MANAGEMENT REVIEW
- NON-CONFORMING PRODUCT
- BENCHMARKING

ACT

- CONTINUAL IMPROVEMENT
- PREVENTIVE ACTION
- CORRECTIVE ACTIONS

ENABLING

- INFORMATION TECHNOLOGY
- KNOWLEDGE MANAGEMENT
- EMPLOYEE DEVELOPMENT & TRAINING

Supply Chain Risks

Supplier Quality

Operational Excellence

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SUPPLIER QUALITY RISKS

Can the supplier perform to our requirements?

Are there suppliers in the marketplace who are willing to perform to our requirements?

Are our suppliers performing with integrity?

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OPERATIONAL EXCELLENCE

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OPERATIONAL EXCELLENCE

Challenges

- Diverse operations and workforce
- Complex processes/requirements
- Multiple priorities and governing bodies

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OPERATIONAL EXCELLENCE

Mitigation Strategies

- Focus on safety skill development
- Reward Safe Behaviors
- Brilliant at the basics
- Efficiencies/simplification
- Prioritize and focus

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