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TO: Agents & Haulers of National Forwarding Co., Inc. & Affiliates

FROM: Michael Wilson, President

SUBJECT: USTRANSCOM Outsourcing

As a result of the social media frenzy outlining some individual problems with regard to service last summer, there were congressional inquiries to US Transportation Command (USTC) demanding an explanation and steps being taken to improve the quality of service being provided. We know that many of the problems outlined through social media were isolated incidents, not reflective of overall service which is very good and actually is higher than customer satisfaction rates in other service industry businesses. Nevertheless, USTC is acting on it and their proposal is to basically outsource the Defense Personal Property Program (DP3) to a single move manager.

On January 31, General Stephen R. Lyons, Commander, US Transportation Command, sent a [letter](#) to Senator Dan Sullivan, the Chairman of the Subcommittee on Readiness and Management Support of the Senate Committee on Armed Services. Gen. Lyons acknowledges that the vast majority of military service members, 90%, do receive a satisfactory move with surveys showing 9% Satisfactory, 18% Good and 63% Excellent. He does not specify what percentage of customers had mover rated as Poor and Unsatisfactory. He refers to both as "unsatisfactory". Noting the "fractured nature of our (DP3's) operations...", the General concludes that "the US Transportation Command staff has begun the formal acquisition process to award end-to-end household goods transportation and storage processes to a single commercial move manager in time for the 2021 peak season." A phased approach is expected.

The General referred to the Cross Functional Team co-chaired by the Under Secretary of Defense for Personnel and Readiness and the Under Secretary of Defense for Acquisition and Sustainment and their recommendations for improvements in the 2019 Peak Season. The Cross Functional Team has some good recommendations which should be tested, but they did not recommend that DP3 be outsourced.

We understand that USTC is under a lot of pressure to implement "radical change" and this is probably the most radical change that they can implement. But, we have serious reservations and questions which should be answered before pursuing this course of action.

- Why is there a rush to outsource the program before the changes recommended by the Cross Functional Team can even be implemented, or their results assessed? There are many other solutions which should be examined.
- Has a cost-benefit analysis been conducted to estimate the cost of the new program against potential damage to the industry's infrastructure and the anticipated increase in customer satisfaction? We suggest that the history of the

Reengineering Pilot Program implemented in the mid-90s be reviewed. It also was rushed without the benefit of a cost-benefit analysis and it was canceled shortly after implementation because of the huge increase in costs. We have firsthand experience with that program because we were one of the limited number of contractors who received an award.

- Relating to the above, what studies were conducted to determine the degree to which customer satisfaction can be improved under an outsourced program? Based upon the data outlining customer satisfaction in the current program, we see a marginal improvement possible, at best.
- Virtually all of the unsatisfactory service out of which the social media outcry developed occurred during the peak season. Everyone acknowledges that the industry simply does not have enough capacity to service all the shipments which USTC needs moved in such a short time. Outsourcing the program does not increase capacity. It does not solve the driver shortage and it does not increase the number of trucks and warehouses and labor available to service military shipments during the peak season. Why, exactly, does USTC think that an outsourcing model to a sole move manager will alleviate these systemic obstacles?
- Has there been an analysis of the unsatisfactory service during the last peak season? This data should be examined to look at the TSP involved, their rank in the TDJ, the number of shipments awarded to them, the amount of time between shipment award and pickup date, the date the shipment was packed and picked up, whether or not the service dates were changed after award, the channel the shipment was moving in, etc.

We have recently been informed that USTC reached out to individual local agents and asked whether or not they agreed that the program should be outsourced and that all of them were in favor of outsourcing. Have you received such contact? Do you believe that it is a good idea for USTC to outsource the DOD personal property program to one Move Manager? We would very much appreciate your reply to these questions.

IAM and AMSA are addressing this matter and have developed a number of considerations which should be considered and brought the attention of your congressional representatives if that becomes necessary. Once it is refined, we will provide a copy and additional guidance.

In closing, we want you to know how much we appreciate your loyalty and support over the years. No matter what happens, we believe we will have a place in any new program which is adopted and we will always continue our practice of fairness and flexibility with our agent family.

MDW/sc