**DP3 SLICK SHEET**

**MYTH VS. FACT**

**U.S. TRANSCOM SAYS....**

*Why was the 2018 DOD peak moving season (May 15 to August 31) such a “bad” year?*

- Based on customer satisfaction surveys, it was actually *fairly consistent* with data from previous years. Since 2010, 10% of Service Members report unsatisfactory moving experiences each year—during peak season, it jumps to 20%.

**INDUSTRY RESPONSE**

**AGREE**- In fact, survey scores from 2018 were the highest yet in the decade of the program.

**U.S. TRANSCOM SAYS....**

*What are the key issues with peak season moving?*

- Simply put, under the current DOD-industry construct, the segment of industry that participates in DP3 lacks sufficient capacity to service all of the required moves during peak season and DOD lacks the level of accountability needed to improve service.

**INDUSTRY RESPONSE**

**DISAGREE**- Existing DOD program rules and structures handcuff industry capacity in ways such as shipment distribution, scheduling, transit times and refusal options. The Draft Performance Work Statement does not provide a clear or total picture of what program guidelines a sole source contractor will adhere to and provides no evidence of a realistic mechanism to actually increase capacity.

Accountability lies at the heart of the current DP3 program. DP3 shipment distribution is based on a customer survey that empowers the military servicemember to rate their mover. While the execution is not perfect due to a 30% response rate, military servicemembers are able to evaluate their mover and hold them accountable for poor performance. AMSA is open to ways to improve survey response rates.

Movers with low scores on these surveys fall to the bottom of the list and receive less business than ones with high scores. Movers with unsatisfactory scores are removed from the program every year by TRANSCOM. The evidence that it is working is that the average customer satisfaction score on domestic shipments has increased from 77.03 in 2010 to 87.58 in 2018. Failing to set clear guidelines for the future of the program threatens to dismantle this upward trend.
**U.S. TRANSCOM SAYS....**

*Why is there a recurring problem?*

- Regional shipping offices award business to over 950 TSPs on a shipment-by-shipment basis. DOD cannot group shipments originating on the same street, zip code, or military installation. This transactional approach results in inefficient crew and truck utilization and translates into scheduling and service delays for DOD personnel.
- This transactional approach hinders industry’s ability to conduct long-term planning and—with no meaningful forecast of what they can expect to move—offers no basis to invest in relationships with agents or assets to respond to DOD’s very predictable demand.

**INDUSTRY RESPONSE**

**DISAGREE** - The inability to group shipments is a result of the timing of when the shipments are booked. Shipments with similar origins and destinations don’t all show up on the same day. Privatizing the job of booking those moves doesn’t solve this problem; you just now have a contractor doing it instead of DOD.

DOD correctly points out that movers struggle to project how many military shipments they will receive at a given point. The Draft Performance Work Statement does not instruct the contractor to guarantee work to individual companies on a steady basis. Individual movers still will not be able to accurately forecast how many moves will be assigned to them, and thus have no new reason to invest in capacity.

**U.S. TRANSCOM SAYS....**

*What is the Department planning to do?*

- To resolve these problems DOD will fundamentally restructure its relationship with the household goods industry to 1) increase quality capacity, 2) better align responsibility and accountability, and 3) improve customer service and transparency.
- On behalf of DOD, USTRANSCOM is also pursuing a contract to consolidate transportation and storage processes under a single commercial move manager. This construct does not “privatize” or “outsource” household goods shipment and storage; rather, the single move manager will integrate the activities currently performed by commercial providers. To be clear, DOD will never relinquish responsibility to private industry. However, history has shown building long-term relationships with industry partners that incentivize investments has the potential to improve commercial capacity.

**INDUSTRY RESPONSE**

**DISAGREE** - The proposal does “privatize” or “outsource” the overall management of the program. The current PWS does not provide a clear picture of what responsibility the DoD will retain as contract overseer. It also provides no details about how this change will increase “quality capacity” or “improve customer service and transparency.”

Long-term relationships with industry partners do incentivize investments, but the only long-term relationship here is with the move manager. There is no relationship between DOD and the movers, so there is no incentive for the movers to invest in capacity.
U.S. TRANSCOM SAYS....

Is this privatization or outsourcing of DP3?

- No. Currently 100% of the work done to move Service Members is executed by commercial providers. Under a single commercial move manager construct, 100% of the work will continue to be done by commercial providers. However, DOD will designate one organization, USTRANSCOM, as the agency responsible for providing the appropriate level of contract oversight and service to support Service Members by holding a single commercial partner accountable. Today, each military Service operates their own program.

INDUSTRY RESPONSE

AGREE- Under this construct, 100% of the relocation and storage work will continue to be performed by commercial providers. However, DoD’s management of the program will be privatized to an outside move manager (see above). Today, each Service manages separate regional offices that counsel military servicemembers, book shipments, and other tasks, but all within the same DP3 program.

U.S. TRANSCOM SAYS....

How will this proposal to contract with a single commercial move manager improve accountability and capacity?

- Stability: Entering into a multi-year relationship provides industry with both the confidence and rationale to invest in capacity and strategic relationships with trusted suppliers to meet peak demand.
- Capacity Management: Centralizing demand planning with a single entity improves utilization of available capacity in a way DOD cannot do. Conservative industry projections estimate a 10% improvement in capacity using available optimization processes.
- Accountability: DOD will have a single company to engage. In turn, that company will have the latitude to partner with the companies it believes adds value to the program on the terms and conditions those companies believe make sense (versus being bound by the DOD’s overly-complicated rule set). Further, it will eliminate the diffused and bifurcated value chain that currently exists with more than 40 offices managing decentralized responsibilities and adding multiple layers of management.
- The HHG move requirement will leverage USTRANSCOM’s experience maintaining and expanding the industrial base via a central contract method. This model has shown success for many individual requirements under a number of programs, to include DOD’s Global Personally Owned Vehicle Contract and the Federal-wide management of small package delivery services. USTRANSCOM will incorporate similar management techniques to maintain a healthy industrial base of value-added movers and service providers.

INDUSTRY RESPONSE

DISAGREE

As stated above, the multi-year relationship is only with the prime contractor. The movers have no long-term relationship with DoD and thus no reason to invest in capacity. Demand planning is not feasible when military servicemembers could be assigned to move at any time by their Personnel Offices.
The draft Performance Work Statement does not provide a clear or total picture of what accountability guidelines a sole source contractor will adhere to. Giving 400,000 moves per year to a single company to manage may give DOD accountability over that single company, but TSP’s will no longer have any direct relationship with DOD, and thus will no longer have any accountability to DOD. It is unclear what these “conservative industry projections” are based off of as DOD has not shared what study was done to come to this conclusion.

U.S. TRANSCOM SAYS....

*How will this change affect small business?*

- The majority of today’s DP3 capacity comes from small business (agents, packers, truckers, etc.)
  This capacity will remain critical under the new construct. DOD will follow the law regarding small business goals and Service Contract Act provisions to ensure money flows to packers, movers, and drivers actually performing the work.

**INDUSTRY RESPONSE**

**AGREE**- We agree that the capacity from the small businesses providing service in every community around the country will be critical to ensuring the success of any DOD household goods program. Those companies, however, are not convinced that the small business subcontracting rules and the SCA will provide any assurances that sufficient money will flow to the people performing the work.

With scare details provided and TRANSCOM admitting that it is up to the Contractor to determine shipment distribution and admit movers into the program, the current Performance Work Statement gives no guarantee or guidance that small businesses who provide quality service will remain in the program.

U.S. TRANSCOM SAYS....

*How much will this cost?*

- More work is required to understand costs, which will be developed during the formal acquisition process. DOD will withdraw this recommendation if the formal acquisition process identifies no viable candidates, or if the Military Services deem the final product unaffordable. DOD does not have the market intelligence or IT capability to organically perform the services we seek from a commercial move manager.

**INDUSTRY RESPONSE**

**AGREE**- Agree that the cost of this proposal will be an important consideration. DOD has been leveraging the Defense Digital Service to build a MilMove IT system that could perform the services they are looking for. We encourage the continued development of the MilMove IT system and are ready to partner or offer guidance if necessary.