



A **Lion Apparel** White Paper



Benefits of the U.S. Army Virtual Prime Vendor (VPV) Program

August 2008

Introduction

Lion Apparel Inc. is a global leader in the provision of protective clothing and equipment, uniforms, and supply chain management. For more than a century, Lion Apparel has fulfilled the needs of military, commercial and government organizations, and emergency services. The company now employs more than 800 specialists around the world to handle every aspect of its comprehensive clothing management and distribution processes.



Playing a pioneering role in clothing management, Lion has partnered with military and security forces around the world to increase clothing performance while reducing clothing procurement, management, and lifecycle costs.

Lion's Government Group (LG2), as the architects and operators of military and government supply chain solutions, ensures the mission-critical readiness of America's warfighters, first responders and public service professionals.

LVI, (LVI) a wholly owned division of LG2, has been serving military agencies since its inception in 1996.

Challenge

In 1998, the Department of Defense (DoD) began seeking out prime vendors in five regions to manage inventory, warehousing and distribution for military clothing and textile items. Initially the contract was solely for receiving, shipping and storing the clothing and textiles. The program has evolved to managing the value chain from receipt of the shipments from the manufacturers to issuance of the items to the customer.

Recruit clothing and textiles were being warehoused and shipped from two depots in San Joaquin, Calif., and New Cumberland, Penn. Turnaround times on shipments could take as long as 40 days. The Defense Supply Center Philadelphia (DSCP) was looking for single wholesale supply points in each of these five regions, managed by outside vendors, to provide clothing distribution support and program management for all of the DoD service branch locations in the United States. The southeastern region of the country consisted of about 2,500 ordering locations in 11 states.

Per the VPV contract, the vendor would be required to meet specific delivery requirements, which were dependent upon order priority. The delivery requirements were more stringent than previous government requirements.

In August 1999, the DoD awarded the VPV-SE contract to LVI. That contract was for a three-year minimum with seven one-year renewal options. With a reputation for being a leader in commercial best practices in serving the U.S. Military, LVI was prepared for implementation.

Solution

After acquiring 125,000 square feet of warehouse space in Suffolk, Va., LVI staff was hired and trained to manage the customized operations. The warehouse was set up to operate like a commercial fulfillment warehouse.



A paperless warehouse management system was put in place to manage all activity comprising the 375 clothing items comprised of approximately 5700 National Stock Numbers (SKUs) that would be warehoused in Suffolk upon the December 1999 implementation.

As a result of the outsourcing partnership, the DoD was able to have complete confidence in the virtual prime vendor program because LVI provided:

- the ability to receive direct shipment from contractors with short notice
- financial accountability for the inventory
- full insurance for inventory with DSCP as beneficiary
- 100% order visibility with 99.9% on-time delivery
- a paperless system of mis-shipped or incorrect ordered items (Free Flow Exchange)

At its inception, about 1,000 orders were received/shipped per day, Monday through Friday. The impact on customer service and speed of delivery was immediate.

Results

Throughout its VPV contract, LVI has consistently delivered at a 99.99% inventory accuracy rate and 100 percent on-time delivery, ensuring troop readiness. The RICs had regularly scheduled deliveries one to two times per week (based on the RIC's preference) and delivery times were more than a month faster than they were before VPV program was in place.

Based on LVI's track record of being the largest and best-performing virtual prime vendor in terms of performance, cost and speed, DSCP in October 2006 selected LVI as the sole U.S. Army Wholesale Supply Point for all clothing and textiles.

With warehouse space in Suffolk expanded to 220,000 sq. ft. and through an additional 90,000 sq. ft. of warehouse space in Hazel Green, Ky., LVI was prepared to support the additional responsibility. LVI personnel were placed at all RICs in the U.S. and LVI's workforce dedicated to the VPV program doubled. An updated, best-of-breed warehouse management system was also installed providing more detailed global asset visibility to DSCP's inventory position.

Throughout its VPV contract, LVI has consistently delivered at a 99.99% inventory accuracy rate and 100 percent on-time delivery, ensuring troop readiness.

Through the VPV contract, LVI is now successfully managing for the U.S. Army:

- \$150 Million inventory-on-hand
- \$300+ Million annual shipping volume
- Over 300,000 MROs annually
- 5700 NSNs (375 PGCs)
- Average of 50 dedicated trucks per month
- 99.99% Inventory Accuracy Rate

In late 2007, LVI was awarded a one-year contract extension, making it the sixth consecutive year the DSCP has opted to exercise the one-year contract extension.

Customer Feedback

“Lion Government Group exemplifies what can be accomplished through a collaborative partnership between the U.S. Army, the Defense Logistics Agency and commercial enterprise. Not only does Lion have enthusiasm and passion for building a world-class operation, they clearly have the capabilities to execute against that vision in a compressed timeframe.”

*- Brigadier General James H. Schwitters
Retired Commanding General
U.S. Army Basic Combat Training Center of Excellence
Fort Jackson, SC*