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USD(AT&L)

SUBJECT: DoD Supply Chain Materiel Management Procedures: Metrics and Inventory Stratification Reporting

References: See Enclosure 1

1. PURPOSE

a. Manual. This manual is composed of several volumes, each containing its own purpose and reissues DoD 4140.1-R (Reference (a)). The purpose of the overall manual, in accordance with the authority in DoD Directive (DoDD) 5134.12 (Reference (b)), is to:

(1) Implement policy, assign responsibilities, and provide procedures for DoD materiel managers and others who work within or with the DoD supply system consistent with DoD Instruction (DoDI) 4140.01 (Reference (c)).

(2) Establish standard terminology for use in DoD supply chain materiel management.

b. Volume. This volume implements policies in Reference (c) and describes procedures for monitoring and reporting on DoD supply chain performance, costs of supply chain operations, and inventory stratification.

2. APPLICABILITY. This volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the "DoD Components").

3. RESPONSIBILITIES. See Enclosure 2.

4. PROCEDURES. See Enclosure 3.

5. INFORMATION COLLECTION REQUIREMENTS

a. The stratification reports referred to in paragraphs 6b and 6c of Enclosure 3 of Volume 6 and paragraph 3 of Enclosure 2 and paragraph 2 of Enclosure 3 of this volume have been assigned report control symbol (RCS) DD-AT&L(SA)2539 in accordance with the procedures in ~~Directive type Memorandum 12-004 Volume 1 of DoDM 8910.01~~ (Reference (d)) ~~and DoD 8910.1 M (Reference (e))~~.

b. The supply system inventory report (SSIR) referred to in paragraph 3b of Enclosure 2 and paragraph 4 of Enclosure 3 of this volume has been assigned RCS DD-AT&L(A)1000 in accordance with the procedures in References (d) ~~and (e)~~.

6. RELEASABILITY. ~~Unlimited. Cleared for public release.~~ This volume ~~is approved for public release and~~ is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This volume *is effective February 10, 2014*.

~~a. Is effective February 10, 2014.~~

~~b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DoDI 5025.01 (Reference (f)).~~

~~c. Will expire effective February 10, 2024 and be removed from the DoD Issuances Website if it hasn't been reissued or cancelled in accordance with Reference (f).~~



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ENCLOSURE 1

REFERENCES

- (a) DoD 4140.1-R, "DoD Supply Chain Materiel Management Regulation," May 23, 2003 (cancelled by Volume 1 of this manual)
- (b) DoD Directive 5134.12, "Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))," May 25, 2000, as amended
- (c) DoD Instruction 4140.01, "DoD Supply Chain Materiel Management Policy," December 14, 2011
- ~~(d) Directive Type Memorandum 12-004, "DoD Internal Information Collections," April 24, 2012~~
- ~~(e) DoDM 8910.01 M, "DoD Procedures for Management of Information Requirements DoD Information Collections Manual: Procedures for DoD Internal Information Collections," June 30, 1998~~
- ~~(f) DoD Instruction 5025.01, "DoD Directives Program," September 26, 2012, as amended~~
- ~~(d) DoD Manual 8910.01, "DoD Information Collections Manual: Procedures for DoD Internal Information Collections," June 30, 2014~~
- (g) DoD Instruction 4140.61, "Customer Wait Time and Time Definite Delivery," December 14, 2000
- (h) Defense Logistics Manual 4000.25, Volume 4, "Defense Logistics Management System: Military Standard Billing System (MILSBILLS)," April 11, 2012¹
- (i) DoD Directive 5160.65, "Single Manager for Conventional Ammunition (SMCA)," August 1, 2008
- (j) DoD Instruction 8320.04, "Item Unique Identification (IUID) Standards for Tangible Personal Property," June 16, 2008
- (k) Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, "Department of Defense Guide to Uniquely Identifying Items," September 15, 2012
- (l) DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRs)," Volumes 1-15, dates vary by volume
- (k) *Title 10, United States Code*

¹ Available on the internet at http://www.dla.mil/j-6/dImso/elibrary/manuals/d1m/dIm_pubs.asp

ENCLOSURE 2

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS (ASD(L&MR)). In accordance with Reference (b) and under the authority, direction, and control of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), the ASD(L&MR) monitors and reviews the materiel readiness and sustainment support programs.

2. DoD COMPONENT HEADS. The DoD Component heads implement the procedures prescribed in this volume and ensure that supplemental guidance and procedures are in accordance with Reference (c) and this manual.

3. SECRETARIES OF THE MILITARY DEPARTMENTS AND DIRECTOR, DEFENSE LOGISTICS AGENCY (DLA). In addition to the responsibilities in section 2 of this enclosure, the Secretaries of the Military Departments and the Director, DLA (the Director is under the authority, direction, and control of the USD(AT&L), through the ASD(L&MR)):
 - a. Stratify, at least semiannually, secondary item assets and *at least annually for* conventional *military* munitions (*to include missiles*) as described in Volume 6 of this manual. Submit stratification reports to the Deputy Assistant Secretary of Defense for Supply Chain Integration (DASD(SCI)) through the ASD(L&MR) within 45 days of stratification. One stratification report will be as of September 30, and the other will be as of March 31.

 - b. Submit to the DASD(SCI), through the ASD(L&MR), the *supply system inventory reports SSIRs* electronically in the format specified in instructions from the DASD(SCI) not later than February ~~1~~ 15 of each year.

ENCLOSURE 3

PROCEDURES

1. SUPPLY CHAIN METRICS

a. DoD materiel managers will evaluate and report the performance and cost of their supply chain operations and inventory. As a means of monitoring and reviewing DoD materiel readiness and sustainment support programs, supply chain metrics measure:

(1) Overall effectiveness and efficiency of the support provided to the warfighter (*i.e.g.*, the lowest level commander responsible for and resourced to maintain, generate, and employ combat power) with such metrics as not mission capable supply (NMCS) backorders.

(2) Reliability and effectiveness of logistics processes, principally revolving around customer wait time (CWT) during specific segments of the supply chain: CWT for organizational maintenance, CWT for performance budget reporting, CWT for depot maintenance, and logistics response time (LRT).

(3) Cost effectiveness of resource planning and execution.

b. The Military Departments and DLA will use metrics that are specific, measureable, actionable, realistic, and timely and provide information on the performance of supply chain customer service, cost, and internal efficiency. At the enterprise level, the Military Departments and DLA will use DoD supply chain metrics like: NMCS backorders, on-time delivery to customer, required delivery date or time definite delivery threshold, perfect order fulfillment or on-time orders, order fulfillment times (spanning *customer wait times CWTs* and procurement lead times), logistics costs and cost recovery rates, inventory value and inventory turns, and demand forecast accuracy.

c. The Military Departments and DLA will adopt metrics to evaluate the performance and cost of their supply chain that:

(1) Support supply chain performance agreements and the requirements outlined in paragraph 1a of this enclosure.

(2) Monitor the efficient use of DoD resources.

(3) Assess costs versus benefits of supply chain operations.

(4) Establish comparison benchmarks.

(5) Address these levels of supply chain operations:

(a) Enterprise Level. Use metrics with cross-functional measures to describe the overall effectiveness of the supply chain.

(b) Functional Level. Use at least one enterprise metric and measure a major function's internal performance.

(c) Program or Process Level. Use functional metrics that are diagnostic and internal in nature. For weapon systems with established performance agreements, DoD Components can review sustainment strategies by utilizing program level performance metrics to compare actual performance against expected performance.

(6) Are balanced across customer service, cost and readiness, and sustainability performance objectives. This approach allows the Military Departments and DLA to meet their strategic needs and the needs of customers, and to address performance and process improvement initiatives.

(7) Measure CWT, LRT, order response time (ORT), and the performance of their logistics processes against time definite delivery standards in accordance with DoDI 4140.61 (Reference (~~g~~ e)).

d. The Military Departments and DLA will develop and use a flexible, real-time, on-line capability that can sort data and provide information by supply source, customer, weapon system, or other supply chain support characteristics to:

(1) Monitor daily operations and trends in weapon system readiness support.

(2) Assess and evaluate the results of completed logistics improvements involving materiel reliability, maintainability, and supportability.

(3) Assess and evaluate the progress on ongoing logistics improvement initiatives, such as system modernization.

e. The Military Departments, United States Transportation Command, and DLA will provide the DASD(SCI) with the data required to generate up-to-date measurements for DoD-wide supply chain metrics.

2. STRATIFICATION REPORTING

a. The goal of the stratification process is to uniformly portray the materiel requirements and assets of individual secondary and *conventional military munitions ammunition* items (*to include missiles*) at the wholesale and available retail levels according to the procedures in Volume 6 of this manual.

b. The stratification is designed to provide visibility of DoD retail and wholesale requirements, assets (on-hand and on-order), demand, and overages or shortfalls. Each Military Department and DLA will use the stratification results to:

- (1) Improve decision making on holding inventory.
- (2) Identify potential for on-order and on-hand excess.
- (3) Identify potential reutilization.

c. The Military Departments and DLA may use the stratification results as a starting point for developing budget requirements for reparable procurement and repair.

d. Each Military Department and DLA will:

(1) Accomplish the inventory stratification for each item with either assets or requirements under its management cognizance using the procedures in Volume 6 of this manual.

(a) Implement a stratification process of applying assets by type (from the most to the least serviceable condition) for an individual item against the requirements for the same item in a prescribed priority sequence.

(b) Convert the individual item asset or requirement comparisons to dollars and summarized into dollar value stratification. Subsequently, the results may be rearranged to facilitate analysis.

(c) Use an automated capability for the secondary item stratification that is based on data and factors used in the daily management of the individual items. Item data on assets and requirements may be accumulated and stored in any manner selected by the Military Departments and DLA.

(d) Stratify according to the procedures in Volume 6 of this manual and report, along with summary and item stratification tables, within 45 days to the DASD(SCI):

1. All secondary item assets at least semiannually for the 6-month periods ending September 30 and March 31 except for conventional *military* munitions.

2. Conventional *military* munitions inventory at least annually, according to the procedures in section 2 of this enclosure in this volume and Volume 6 of this manual.

(2) Summarize secondary items by materiel management organization, reparables, consumables, and other categories deemed necessary by the DoD Component.

(3) Develop Military Department and DLA stratification processes to assess the ability of the inventory to meet the stated requirement and ensure that surplus inventories are kept only

if warranted that in accordance with the procedures in paragraph 2b of this enclosure and the procedures in Volume 6. Use supply condition codes that fall into each of those categories as defined on the ~~DLA~~ *Defense* Logistics Management Standards (DLMS) Website (www.dla.mil/j-6/dlms/eLibrary/manuals) as authorized in Volume 4 of the Defense Logistics Manual (DLM) 4000.25 (Reference (~~h~~ *f*)).

e. For stratification reporting of conventional *military* munitions, the Military Departments will:

(1) Submit the external stratification report to ASD(L&MR), Office of the *Assistant Secretary of Defense for Acquisition* (ASD(A)), Joint Chiefs of Staff Directorate for Logistics (J-4), the Office of the Executive Director for Conventional Ammunition (OEDCA), and the other Military Departments annually by the end of each January. The external stratification report will:

(a) List only those *conventional military* munitions *items* stratified ~~in~~ *as* long-supply *in the* categories of requirement related munitions stock (RRMS), economic retention munitions stock (ERMS), contingency retention munitions stock (CRMS), and potential reutilization and disposal stocks (PR/DS) as specified in section 6 of Volume 6 of this manual.

(b) Include data at the Military Department level showing the total munitions inventory, and the RRMS, ERMS, CRMS, and PR/DS for each *conventional military* munitions *item* listed.

(2) Prioritize potential candidates for cross-leveling, cross-level, or redistribute *conventional military* munitions *items* above the RRMS and ERMS from one Military Department to the other Military Department against the receiving Military Department's unfilled requirements for those munitions.

(3) Stratify all conventional *military* munitions above the RRMS and ERMS categories as identified in section 6 of Volume 6 of this manual for cross-leveling between the Military Departments without reimbursement.

(4) Screen all conventional *military* munitions inventory that are excess to one Military Department's requirements by the other Military Departments prior to transferring it to the demilitarization account as DoD excess, except when safety issues require immediate disposal.

(5) Participate in the *annual cross-leveling* Quad Service Review (QSR) and review the other Military Departments' annual external stratification reports of conventional *military* munitions to identify potential cross-leveling opportunities and request logistics data for items of interest.

(6) Participate in the quarterly reviews conducted by the ASD(A) and OEDCA to discuss status of procurement profiles, cross-leveling transactions, and items acquired from the Resource Recovery and Disposition Account (RRDA). Cross-leveling of assets among Military Departments is a continual process.

~~(6)~~(7) Consider all stock in the ERMS, CRMS, and PR/DS, *including conventional military munitions that in a previous year was unclaimed by another Military Department and categorized for disposal*, as potentially available for cross-leveling if other Military Departments have shortages in their RRMS.

~~(7)~~(8) Assess the acceptability of risk associated with reducing the stockpile to determine final availability of the ERMS and CRMS.

~~(8)~~(9) Maintain records that document cross-leveling activity.

~~(9)~~(10) Use details relative to munitions cross-leveling procedures in DoDD 5160.65 (Reference (g)) and in the Single Manager for Conventional Ammunition (SMCA) Joint Conventional Ammunition Policies and Procedures, which can be found on Joint Ordnance Commanders Group website at: www.us.army.mil/suite/page/631349.

f. Only the geographic Combatant Commander may authorize emergency redistribution of RRMS. The geographic Combatant Commander may delegate this authority to a Military Department support commander, joint force commander, or other commander as appropriate with verification from the issuing Military Service.

3. CROSS-LEVELING CONVENTIONAL *MILITARY* MUNITIONS

a. The issuing Military Department will:

(1) Submit requisitions for emergency cross-leveling through their ammunition standard system.

(2) Complete asset reporting in accordance with the Military Department procedures in DoDI 8320.04 and the DoD Guide to Uniquely Identifying Items (References ~~(j)~~ *h*) and ~~(k)~~ *i*), and as directed by the Combatant Commander.

b. Under the authority, direction, and control of the ASD(A), the OEDCA will:

(1) Compare the external stratification reports from each Military Department to the SMCA's integrated list of conventional *military* ammunition planned for procurement obtained through the Ammunition Enterprise Portal, Budget, and Pricing Module using budget estimate submission.

(2) Provide a list of items whose planned procurements potentially could be offset by cross-leveling from another Military Department.

(3) Provide each Military Department and the USD(AT&L) the results of the comparison for review at the annual QSR.

(4) Host the annual QSR with USD(AT&L) oversight to jointly *discuss and* determine ~~the annual~~ *potential cross-leveling opportunities, and transfers from the RRDA.*

(5) Document cross-leveling agreements, *and transfers from the RRDA*, made during the QSR ~~for~~ *between* the Military Departments and USD(AT&L), *as appropriate.*

(6) Conduct quarterly reviews to discuss the status of procurement profiles, cross-leveling transactions, and items acquired from the RRDA. Cross-leveling of assets among Military Departments, and screening of the RRDA account, is a continual process.

~~(6)~~(7) Provide a *quarterly and final year-end* summary of the ~~annual~~ transactions (*cross-leveling and recovery from the RRDA*) to the USD(AT&L) and each participating Military Department.

4. SSIR

a. The Military Departments and DLA will:

(1) Provide input for the SSIR semiannually to the DASD(SCI) by February 15 and August 15.

(2) Include the value of wholesale and retail inventory, materiel held for sale or issue, and materiel in the process of repair for future sale in the report.

(3) Value inventory using the moving average cost method prescribed by the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense in Volume 4 of DoD 7000.14-R (Reference ~~(j)~~).

(a) Value reparable inventories, for all classes of supply except ~~Class V ammunition~~ *conventional military munitions*, that are not ready for issue at their moving average cost after subtracting the expected repair cost. (See Glossary for the classes of supply.)

(b) Value inventory that stratifies as potential reutilization, ~~except Class V ammunition~~ *conventional military munitions*, at the net realizable cash value by applying a salvage rate.

(c) Value inventory that stratifies as inventory not expected to survive repair or anticipated condemnations (both serviceable and unserviceable), except ~~Class V ammunition~~ *conventional military munitions*, at the net realizable cash value by applying a salvage rate.

b. The DASD(SCI) will annually establish the salvage rate based upon information from the DLA Disposition Services.

c. For SSIR reporting format and content:

(1) The DASD(SCI) will provide a computer spreadsheet file of the required report format to each Military Department and DLA.

(2) The Military Departments and DLA will report:

(a) Worldwide supply system inventory of principal items, including those stocked at wholesale and retail levels and in-transit.

(b) All secondary items inventory regardless of funding source, including those items that are:

1. In-store at depots, posts, camps, stations, bases, and ships, excluding materiel in the hands of end users that is not held for sale.

2. In leased or controlled storage facilities.

3. In transit.

4. Located in government facilities.

5. In the hands of contractors for modification, repair, or production and return to the supply system.

(3) The Military Departments and DLA will:

(a) Report principal and secondary items on the same spreadsheet.

(b) Use separate rows on the spreadsheet to report:

1. Reparable or consumable items for secondary items.

2. Wholesale or retail level as defined in the Glossary.

3. Source of funding (working capital fund, procurement appropriation, and operations and maintenance appropriation).

(c) Include reporting categories for principal items. The Military Departments and DLA will not use inventory stratification categories for reporting principal items, but report only total inventory value by materiel categories such as:

1. Weapons.

2. Major aircraft subsystems and related equipment.

3. Major ship subsystems, small craft, and related equipment.

4. Munitions and related equipment.
5. Missile systems and related equipment.
6. Tank, combat, and tactical vehicle subsystems.
7. Support vehicles and railway equipment.
8. Electronics, communications, control and information systems, and related equipment.
9. Propulsion systems, aircraft engines, and related equipment.
10. Uncategorized major equipment.

(d) Include reporting of stratified secondary item inventory. Report secondary item assets by materiel manager or managing entity using the inventory stratification category columns of the spreadsheet template. Use the September 30 stratification to report secondary items.

(e) Include reporting of in-transit secondary item inventory, which are inventories not included in the stratification process, but are in financial inventory accounting records. Identify the types and value of materiel that are excluded from the stratification process but are included in the SSIR. Accountable in-transit stock includes:

1. Materiel that is between storage locations, either wholesale or retail.
2. Materiel shipped from vendors after the U.S. Government accepts it but the materiel manager has not received it.
3. Materiel temporarily in use or on loan with contractors or schools.
4. Inventory that is not otherwise stratified.

d. For conventional *military* munitions reporting in the SSIR, the DoD Components:

(1) Include all ~~Class V ammunition~~ *conventional military munitions* inventory in the annual SSIR report. Do not apply any exclusions to ammunition inventory.

(2) According to SSIR rules for reporting principal items, value all ~~e~~Class V ammunition inventory its moving average cost and do not devalue. If moving average cost is not available, latest acquisition cost may be used until current systems are replaced.

(3) Report all ~~Class V ammunition~~ *conventional military munitions* inventory under two materiel categories:

- (a) Munitions and related equipment.

(b) Missile systems and related equipment.

e. For reporting, the Military Departments and DLA will:

(1) Appoint an official representative to serve as the DoD Component's single point of contact with the DASD(SCI) on matters related to the SSIR reporting requirement.

(2) Submit their inventory reports electronically to the DASD(SCI) in the format specified in instructions from the DASD(SCI) not later than February 15 of each year.

(3) Include data as of September 30 on principal and secondary inventory in the inventory report.

(4) Include a narrative in the inventory report that describes the analysis of significant trends, changes from previous reporting periods, and modifications to systems, procedures, or operations impacting the reported value of the materiel.

(5) Present the results of the analysis to the DASD(SCI) not later than March 30 each year.

f. Materiel excluded from the SSIR include:

(1) Complete ships, submarines, aircraft, helicopters, tanks, and other combat and tactical vehicles, intercontinental and intermediate-range ballistic missiles, space vehicles, and other major end items.

(2) With the exception of ~~Class V ammunition~~ *conventional military munitions* inventory, materiel in the hands of end-users such as materiel with troop units, in maintenance facilities, and on combat ships, except for aircraft carriers and amphibious assault ships.

(3) Property acquired to perform civil functions.

(4) The Treaty Compliance and Defense Threat Reduction Agency inventory.

(5) The National Security Agency and classified program inventory.

(6) Materiel reported to the DLA Disposition Services for reutilization screening and disposal and foreign-owned materiel.

(7) Materiel in the custody of but not owned by the storing Military Department or DLA. (The intent of this reporting exclusion is to avoid double counting of materiel. Therefore, the owning Military Department or DLA should report materiel regardless of which DoD or federal agency organization is actually storing the materiel.)

(8) Items installed or incorporated in a higher assembly.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(A)	Assistant Secretary of Defense for Acquisition
ASD(L&MR)	Assistant Secretary of Defense for Logistics and Materiel Readiness
CRMS	contingency retention munitions stock
CWT	customer wait time
DASD(SCI)	Deputy Assistant Secretary of Defense for Supply Chain Integration
DLA	Defense Logistics Agency
DLM	Defense Logistics Manual
DLMS	Defense Logistics Management Standards
DoDD	DoD Directive
DoDI	DoD Instruction
ERMS	economic retention munitions stock
ICP	inventory control point
LRT	logistics response time
NMCS	not mission capable supply
OEDCA	Office of the Executive Director for Conventional Ammunition
ORT	order response time
PR/DS	potential reutilization and disposal stocks
QSR	Quad Service Review
RCS	report control symbol
RRDA	Resource Recovery and Disposition Account
RRMS	requirement related munitions stock
SMCA	Single Manager for Conventional Ammunition
SSIR	Supply System Inventory Report
TMR	total munitions requirement
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics

PART II. DEFINITIONS

These terms and their definitions are for the purpose of this volume and will serve as standard terminology for DoD supply chain materiel management.

approved acquisition objective. The quantity of an item authorized for peace time and war time requirements to equip and sustain U.S. and allied forces, according to current DoD policies and plans. That quantity must be sufficient to support other U.S. Government agencies, as applicable.

acquisition. Obtaining logistics support, supplies, or services under an acquisition agreement or under a cross-servicing agreement. This includes purchasing (whether for payment in currency, replacement-in-kind, or by exchange for equal value), renting, leasing, or any method of temporarily obtaining logistics support, supplies, or services.

assembly. In logistics, an item forming a portion of equipment that can be provisioned and replaced as an entity and which normally incorporates replaceable parts or groups of parts.

class of supply. A term used to divide supplies and equipment into 10 easily identifiable categories of materiel that are depicted by Roman numerals, as follows:

Class I. Subsistence, including food and food-related supplies, including condiments, utensils, paper products, and bottled water.

Class II. Clothing, individual equipment, tentage, organizational tool kits, hand tools, administrative, and housekeeping supplies and equipment.

Class III. Petroleum fuels, lubricants, hydraulic and insulating oils, preservatives, liquid and compressed gases, bulk chemical products, coolants, de-icing and antifreeze compounds, together with components and additives of such products, and coal.

Class IV. Construction materials including installed equipment and all fortification or barrier materials.

Class V. Ammunition, *to include military munitions*, of all types (including chemical, biological, radiological, and special weapons), bombs, explosives, mines, fuses, detonators, pyrotechnics, missiles, rockets, propellants, and other associated items.

Class VI. Personal demand items (non-military sales items).

Class VII. Major end items. A final combination of end products that is ready for its intended use; e.g. launchers, tanks, mobile machine shop, and vehicles.

Class VIII. Medical materiel, including medical-peculiar repair parts.

Class IX. Repair parts and components including kits, assemblies and subassemblies, repairable and consumable items required for maintenance support of all equipment, excluding medical-peculiar repair parts.

Class X. Materiel to support non-military programs, such as agriculture and economic development, not included in Classes I through IX.

consumable item. An item of supply or an individual item (except explosive ordnance and major end items of equipment) that is normally expended or used up beyond recovery in the use for which it is designed or intended.

~~Conventional military munitions.~~ Ammunition or munitions that are neither nuclear, ~~biological, nor chemical~~ nor special weapons. *The term does include conventional munitions that are part of nuclear weapons.*

CRMS. The inventory quantity of an item greater than the RRMS that will be retained to support requirements not included in the *total munitions requirement (TMR)* calculation. Assets retained for contingencies are intended for situations other than those already considered in the war reserve materiel or the TMR requirements. Contingencies may be defined as assets being set aside in special war reserve stock for allies; unpredictable homeland defense or counter narcotics missions; or unpredictable weapons system tests, demonstrations, or assets being retained until suitable replacement weapon systems arrive from the contract.

cross-leveling. The transfer of ownership of retention and potential reutilization assets between the Military Departments (*including the U.S. Coast Guard*) for application against a ~~total munitions requirement~~ *TMR* shortfall. Cross-leveling does not pertain to assets designated as RRMS. Only retention level (ERMS and CRMS) and PR/DS are available for peacetime cross-leveling. Joint Chief of Staff procedures already exist ~~which pertain~~ *pertaining* to the allocation, distribution and redistribution of RRMS in wartime. *Cross-leveling of conventional military munitions among Military Departments, and screening of the RRDA account, is a continual process.*

CWT. A measurement of the total elapsed time in days between the issuance of a customer order and satisfaction of that order. The following definitions apply to specific ~~customer wait time~~ *CWT* metrics:

CWT for organizational maintenance. A measurement of the total elapsed time between submission of a customer order from organizational maintenance and receipt of that order by organizational maintenance.

CWT for performance budget reporting. The same as CWT for organizational maintenance except that a DoD Component may elect to limit measurements to orders for items in their budget and management authority.

CWT for depot maintenance. A measurement of the total elapsed time between submission of a customer order from depot maintenance and receipt of that order by depot maintenance.

LRT. A measurement of the total elapsed time (in days) from customer requisition to receipt of materiel ordered from a DoD organic or commercial source of supply. The measurement of LRT is from the date in the requisition that a retail supply activity places on a DoD or designated commercial source of supply until the date the requisitioned materiel is received and posted in the requisitioner's materiel management system.

ORT. The percent of all organizational maintenance orders (i.e., open and completed orders) falling within pre-designated wait time buckets.

demand. An indication of a requirement, a requisition, or similar request for an item of supply or an individual item. Demands are categorized as either recurring or non-recurring.

DLM. A set of manuals that prescribe logistics management responsibilities, procedures, rules, and electronic data communications standards for use in the DoD to conduct logistics operations in functional areas such as supply, maintenance, and finance. These manuals collectively comprise the DLMs.

ERMS. The inventory quantity of an item that remains after RRMS is calculated provided the Service can reasonably predict future usage, testing and training requirements beyond the range of RRMS. Assets categorized as ERMS are applicable to an active weapon system's purpose, its product of life-cycle support plan, and the decision to retain the asset is economically sound, based on a number of factors including but not limited to future acquisition costs, or manufacturing capabilities. The ERMS category also serves to resupply depleted RRMS assets and prevent premature or inadvertent purging of the Service's inventories of munitions planned for availability beyond the five-year Defense Plan.

electronic data interchange. The computer-to-computer exchange of business data in a standard format between entities. These variable-length transactions are used to facilitate the interchange of electronic data relating to business transactions such as order placement and processing, shipping and receiving information, invoicing, and payment and cash application.

end item. A final combination of end products, component parts, or materials that is ready for its intended use, e.g., ship, tank, mobile machine shop, or aircraft.

end-user. That individual or organizational element authorized to use supply items. The end-user is normally the terminal point in the logistics system at which action is initiated to obtain materiel required to accomplish an assigned mission or task.

excess. Materiel that has completed reutilization screening within the DoD and is not required for the needs and the discharge of responsibilities of any DoD activity.

~~ICP. An organizational unit or activity within the DoD supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Military Department or for the DoD as a whole. In addition to materiel management functions, an ICP may perform other logistics functions in support of a particular Military Department or~~

~~for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).~~

individual item. A single instance of a stock-numbered item, a single assembly, or a single subassembly.

inventory. Materiel, titled to the U.S. Government, held for sale or issue, held for repair, or held pending transfer to disposal. This definition covers the same population of items as the definition for inventory in the Financial Management Regulation Chapter 4 (Inventory and Related Property) of Volume 4 of Reference (1j). Inventory does not include tangible personal property to be consumed in normal operations, operating materials and supplies.

item of supply. A category of items identified by a national stock number with the same form, fit, and function. The individual items (units) included in this category could be manufactured by multiple sources.

long supply. Those items that are calculated above the approved acquisition objective.

material. Property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, special tooling, special test equipment, or real property.

materiel. All items necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes, excluding real property, installations, and utilities. Materiel is either serviceable (i.e., in an issuable condition) or unserviceable (i.e., in need of repair to make it serviceable).

materiel management. The phase of military logistics that includes managing, cataloging, demand and supply planning, requirements determinations, procurement, distribution, overhaul, and disposal of materiel.

materiel manager. Any DoD activity or agency that has been assigned materiel management responsibilities for the DoD and participating federal agencies. The term includes responsibilities performed by either wholesale materiel managers or retail materiel managers: managing, cataloging, demand and supply planning, requirements determination and definition, procurement, distribution, overhaul and repair of reparable materiel, and disposal of materiel.

modification. A government-approved change in the configuration of a part or item that offers a benefit to the government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or affecting a life-cycle cost savings.

metrics. Quantifiable, measurable outputs or outcomes that address all classes of supply and describe all supply chain processes of functions from acquisition through final disposition of end items and materiel.

moving average cost. A method of costing inventory that continuously updates the unit cost of inventory on hand based on both:

The average cost of all purchases made to date.

Recorded cost of inventory sold at the latest moving average cost.

military munition. ~~A complete device charged with explosives, propellants, pyrotechnics, initiating composition, or nuclear, biological, or chemical material for use in military operations, including demolitions. Includes military weapons, ammunition, and equipment. All ammunition products and components produced for or used by the armed forces for national defense and security, including ammunition products or components under the control of the DoD, the Coast Guard, the Department of Energy, and the National Guard, as described in section 101 of Title 10, United States Code (Reference (k)).~~

NMCS backorders. The numbers of wholesale backorders that are associated with an NMCS condition grouped for recognition of those backorders less than 30 days old and those older than 30 days.

personal property. Any end item, materiel, equipment, spares, or repair parts. Property of any kind or any interest therein, except real property, records of the U.S. Government, and naval vessels of the following categories: surface combatants, support ships, and submarines.

potential reutilization. DoD Component materiel identified by a materiel manager for possible disposal, but with potential for reutilization; or materiel that has the potential for being sent by a materiel manager to the DLA Disposition Services for possible reutilization by another DoD Component or by a federal, State, or local governmental agency, or for disposal through sale to the public.

PR/DS. The inventory quantity of an item that is greater than the sum of the RRMS, the ERMS, and the CRMS. The PR/DS is considered excess to the requirements of an individual Military Department, but has not yet been found to be excess to the requirement of all the Military Departments.

principal item. An end item or a replacement assembly of such importance to operational readiness that management techniques require centralized individual item management throughout the supply system to include items stocked at depot level, base level, and using unit level. Principal items do not include complete aircraft, ships, tanks, helicopters, other combat and tactical vehicles, ICBMs, intermediate range ballistic missiles, or space vehicles.

readiness. A measure or measures of the ability of a system to undertake and sustain a specified set of missions at planned peacetime and wartime utilization rates. Examples of system readiness measures are combat sortie rate, fully mission capable rate, and operational availability. Measures take account of:

The effects of system design, reliability, maintainability.

The characteristics of the support system.

The quantity and location of support resources.

receiving. All actions taken by a receiving activity from the physical turnover of materiel by a carrier until the on-hand balance of the accountable stock record file or in-process receipt file is updated to reflect the received materiel as an asset in storage, or the materiel is issued directly from receiving to the customer.

reparable item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

RRDA. An account within a management information system upon which all munitions items, transferred for demilitarization, are placed for proper accountability until they are demilitarized.

retail. Level of inventory below the wholesale level, either at the consumer level for the purpose of directly providing materiel to ultimate users or at the intermediate or region level for the purpose of supplying consumer levels or ultimate users in a geographical area.

RRMS. The inventory of munitions stock, including preferred and substitutes, applied to the TMR, individual item procurement lead time, and other elements that are applicable to internal Military Department-level inventory management during stratification. The RRMS provides the Military Department with inventory support throughout the period of the Program Objective Memorandum and lead time to procure.

secondary item. An item of supply that is not defined as a principal item and includes reparable components, subsystems, and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items, including clothing and other personal gear.

SMCA. The responsibility the Secretary of Defense assigns the Secretary of the Army for procuring, producing, supplying, and maintaining, or renovating conventional ammunition within the DoD in accordance with Reference (i g).

stratification process. A uniform portrayal of requirements and assets application that is a computer-generated, time-phased simulation of actions causing changes in the supply position; e.g., procurement, repair, receipt, issue, termination, and disposal of materiel.

supply chain. The linked activities associated with providing materiel from a raw material stage to an end user as a finished product.

supply chain metrics. Measurements of supply chain customer service, cost, and internal efficiency.

supply source. Any federal government organization exercising control of materiel and to which requisitions are directed.

surplus property. Excess personal property not required by any federal agency as determined by the Administrator of the General Services Administration.

time definite delivery. The concept that, within a specified degree of probability (e.g., 95 percent), the logistics system is capable of delivering required materiel to the customer within a given period of time.

wholesale. The highest level of organized DoD supply that procures, repairs, and maintains stocks to resupply the retail levels of supply. Synonymous with wholesale supply, wholesale level of supply, wholesale echelon, and national inventory.

wholesale stock. Stock, regardless of funding sources, over which the materiel manager has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities. Synonymous with national inventory.