

DLSC

Oct 99

MEMORANDUM FOR (see Distribution Listing)

SUBJECT: Meeting Minutes of the DLA Integrated Process Team (IPT) on DLA's Role in Implementation of the U.S. Army Single Stock Fund (SSF) Initiative

The SSF is a Department of the Army business process reengineering initiative to improve the Army's logistics and financial processes in the Army Working Capital Fund, Supply Management Army (AWCF-SMA) business area. It will merge current retail and wholesale stock fund operations into an Army nationally-managed, revolving fund under the auspices of the U.S. Army Materiel Command. The SSF Initiative will streamline current operations, which are suffering from inefficiencies, including multiple points of sale and credit, multiple ledgers/billing accounts, and duplicative automated systems managing the same inventory. The Army budgeting process will become more efficient, resulting from SSF implementation.

In August 1999, the Army SSF Initiative Program Manager (PM) sent a letter to the Director, requesting DLA "begin the planning process to take ownership of DLA-managed stocks" in Class II (Individual Equipment), Class III (Petroleum, Oils, & Lubricants), and Class VIII (Medical Supplies). Subsequently, the SSF PM Office requested DLA take ownership of Class I (Subsistence) and Class IV (Construction Materiel).

Several aspects of this aggressive initiative will directly impact DLA and components of DLSC. Briefly, Army supply transactions currently flow from multiple user sites through an Army retail stock fund activity to DLA Inventory Control Points. When the SSF is demonstrated in April 2000 and fully implemented beginning in October 2000, the flow of Army requisitions to DLA will be direct. Non-Army managed item (NAMI) requisitions will go to the DLA source of supply from all customers not supported by an installation Director of Logistics (DOL). With the elimination of the retail stock fund "middleman," the Army expects to gain greater clarity in O&M customer requirements.

### **Concerns for DLA:**

1. SSF responsibilities in light of the Performance Contract and inventory reduction goals
2. Requisition frequency increase in VIII; for C&T more issue transactions
3. Must determine how to handle capitalization or de-capitalization
  - Requires site visits and timeline
  - Capitalization/de-capitalization managed strictly by regulation
4. Need to determine how to handle credits
5. How to program for surge
6. How to deal with credit card buying of medical materiel and Class IV items
7. Data lacking to determine additional DLA obligation authority required

### **Business Rules:**

1. Retain and institute current DLA credit policy, i.e., acquisition value if there is a valid requirement for property
2. Credit card purchases are made with consumer funds
3. Every requisition requires consumer fund code
4. DLA retains control over lateral redistribution; lateral redistribution will be used for moving materiel from primary stockage point (DSS depot) to forward stock-positioning point (non-DSS)
5. Explore balance between readiness and best business practices (TBD)
6. Negotiate metrics with Army for time-definite delivery (TBD)
7. DLA determines optimum stock-positioning policy
8. Near-term: Inventory accountability remains with installation accountable officer
9. DLA has no intent to capitalize O&M or OMA funded stocks; utilize existing credit return policy
10. Stockage levels of DLA-owned inventory will be determined by DLA

### **Taskers:**

1. Evaluate DLA's current stockage policy; proof of concept via participation in the Army's April 2000 demonstration at Ft Sill, Ft Lewis, and Redstone Arsenal
  - Data collection
  - Analysis of ability to support
  - Consider change to stockage policy
  - Evaluate stock-positioning policy

OPR: DLSC-B (Issue of consumable/repairables as follow-on to briefing)

6. Require more information from Class IV and Class I Army system proponents

OPR: DLSC-B

7. DLA and Army negotiate accountability policy and procedures and reimbursement policy and procedures

OPR: FO, DLSC-L, DSCP, and DSCC

**Place-holders:**

1. Full-time employee (FTE) concerns (long-term)

- Contractors except for Class VIII, Medical
- Work-loading decision impacts
- Maintenance and forward stock-positioning

2. Integrated Requirements Decision (IRD) concerns

3. Near-term pricing impacts vice Net Landed Costs (NLC) model implementation in 2002

4. DoD distribution mission long-term implications

5. Linkage to other “retail-level” initiatives DLA is working

**Initial Overall Assessment:**

- Class II, Clothing & Textiles (C&T), and Class III, Bulk fuels, on-track

*(Note: DSCP, Class II, C&T, is developing a non-MILS interface between Army Clothing Initial Issue Point System (ACIIPS, Army retail system) and Quality Logistics Management (QLM), DSCP-unique.)*

- Not enough information available on Class I, Subsistence, and Class IV, Construction Materiel
- Class VIII, Medical Materiel, problematic, resulting from the Army system proponent’s intransigence regarding SSF implementation

**Next Steps:**

1. Team briefing to command on 1 Nov 99 at 0930 in HQC, Room 4301.

2. Schedule working group meetings as required

3. Establish working groups for Stock-positioning, Medical, Subsistence, and Class IV

4. Status reports due 22 Oct 99

5. Next IPT/Steering Committee meeting prior to command brief TBD

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