
Excess Defense Articles

By

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NAVSUP is responsible for managing a Navy program for offering Potential Reutilization (PR) spare/repair parts to our Foreign Customers. This material is provided through reduced price sales and through grant transfers as allowed by the Foreign Assistance Act (FAA).

For sales, the Navy has implemented a comprehensive program covering material identification, requisitioning, shipment, and billing. To initiate this program, NAVSUP coordinated with DSAA to obtain Congressional Approval. This authorization was obtained for a specific dollar limit for each country interested in obtaining spare/repair parts. Once Congressional Approval was obtained, NAVSUP conducted offers and sales to applicable countries on a semi-annual basis.

The semi-annual offer process begins with each Navy Inventory Control Point (ICP) performing a stratification of assets to determine what material is available for Navy PR sales. In developing this list the ICP eliminates many items and the final list does NOT include items that:

1. Are Fleet Ballistic Missile, Trident Submarine, Nuclear related, or items identified in the SAMM as restricted for BOE type case sales.
2. Are not Ready For Issue (RFI). Only RFI material is offered.
3. Are related to an active CLSSA. Items related to a CLSSA may be in an excess status as a result of a FMSO I over investment. Such items are not offered until a CLSSA renegotiation has been made, and the FMS customers have drawn down their share of any excess stocks.
4. Are currently offered on a Systems Support Buy Out (SSBO). Items remaining excess after completion of the SSBO may be offered.
5. Are needed by another DoD organization or Government Agency. If the ICP finds any material is needed elsewhere within the USG, it is supplied to that agency and deleted from the PR list.

This screened list is organized by weapons system and forwarded to NAVSUP.

The spare/repair parts identified by each ICP are only offered to countries that may have a need for them. NAVSUP has identified the weapons systems owned by each country and tailors the PR list to only offer each country support material applicable to the equipment they own.

Country tailored lists are sent to each respective country in hard copy and on computer disk. Detailed instructions for requisitioning material are included. PR requisitions require very specific MILSTRIP coding to ensure they process smoothly through the Navy's ADP supply system.

Requisitions must show a NAVSUP prescribed Project Code. There are currently two project codes and they are critical for release and billing of material. These project codes indicate material is either consumable (priced at 50% of standard cost) or repairable (priced at 40% of standard price).

Requisitions must also have an Advice Code of "2J." This indicates the material should only be provided if inventory is available. It prevents the requirement from being processed for procurement action.

If a country submits a requisition, it is first received at the Navy's International Logistics Control Office (NAVILCO). At NAVILCO, the Navy's Management Information System for International Logistics (MISIL) screens the requisition and ensures the coding is proper. If so, the requisition is passed to the appropriate ICP.

When the requisition is received at the ICP, several actions occur. First, the inventory manager (IM) determines if material is still available in the "PR" category. The IM may totally fill the requisition if material is available, cancel it if none is available, or partially fill and cancel the remainder if only a limited amount of material is available. The IM also performs an additional check at this time. If the item ordered is repairable and over \$100,000 in unit cost, a material inspection is ordered at the supply source. If the item is "new" rather than "used," the pricing is changed to charge 50 percent of the standard cost instead of 40 percent. This policy change to recoup additional funds for "new" items resulted from a Navy IG audit.

After material is shipped, billing actions are processed through MISIL, at NAVILCO, and a final edit is performed to validate pricing. This check ensures the item is billed to the FMS customer at the proper reduced price.

All logistics and billing information is captured within MISIL for these EDA sales. NAVSUP has a series of reports and queries they use to constantly monitor the program and to prepare sales reports for DSAA. NAVSUP has also been working closely with DSAA to automate this process and electronically transfer EDA sales data to DSAA's new EDA database. NAVSUP has already supplied over \$2M of material under this program and another \$8M is expected to be provided over the next four years.

Grant Transfers of EDA material are processed in a slightly different manner than sales. The grant process begins with NAVSUP working closely with its ICPs and the Navy International Programs Office (IPO) to identify eligible excess material, determine country interest, and obtain Presidential Authorization for these type of transfers.

If approved, the transfer may occur under Sections 516, 517, 518, or 519 of the FAA. Each section has different provisos designating a specific use for the spare/repair parts. Uses include regional security, anti-narcotics, wildlife preservation, and force modernization.

When a program is approved, the Navy generates the requisitions for the material, not the country. Grant Requisitions also have very specific entries needed to ensure the country is not charged for material and the shipment is made to the correct address.

When a Grant Requisition is received at an ICP, it is processed similar to an EDA sales. The IM ensures material is still available in a PR category and the order is either totally filled, partially filled, or canceled.

Grant Requisitions process through NAVILCO, but they do not process through MISIL. MISIL does not process requisitions that have "No Charge," so NAVILCO controls all the Grant Transfers on a separate FOCUS/MIST database.

All logistics data for Navy Grant Transfers is centrally maintained at NAVILCO on their FOCUS/MIST system. Each ICP provides weekly updates from its Document Status File to the NAVILCO Grant database. This Grant database also has the ability to manage material other than spare/repair parts. It has been designated the single source for ALL Navy Grant Transfers. Major Items provided under this Grant Program by other Navy SYSCOMs may be recorded in this NAVILCO Grant Database. Each SYSCOM is responsible for establishing current data in this Grant Database.

The Navy has recently had a very active FAA, Section 516, Southern Region Amendment program for supplying A-7 aircraft parts to Portugal. Over \$25M in material has been provided over the past year.

Total Quality Management

By

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In November 1990, SUP 07 sent a senior manager to Motorola Corporation in Phoenix, AZ, for two weeks of training on Continuous Process Improvement and Statistical Process Control. Motorola had been that year's recipient of the Malcomb Baldrige Award for Quality and as such was staffed with subject matter experts. This was followed by a week with Boeing Corporation representatives in January 1991, after which the SUP 07 trainer, along with others from the Command who were trained simultaneously, became the Command Total Quality Management trainers and facilitators. The package implemented was a 10 step approach employed by Boeing to:

- Assign Ownership
- Define Boundaries
- Identify Suppliers, Customers, Implementors
- Define Critical Success Factors
- Document Current Process
- Produce Process Flow Analysis
- Measure Current Process
- Develop Tools
- Evaluate Measurement
- Recommend Changes

SUP 07 established Quality Management Boards (QMBs) in SAP Logistics Support, SAP Program Management and SAP Financial Management. These in turn chartered Process Action

Teams (PATs) on selected target areas, e.g. Case Closure, RODs etc. The PATs report through their leader to the QMB which is itself empowered by the Command Executive Steering Committee.

Success has come in several different ways. The psychological component of TQM, has been extremely valuable in the conduct of all aspects of our business, particularly characterized by a much more egalitarian atmosphere which solicits, accepts, and puts in place new ideas and procedures where possible. Lines of communication at all levels have never been more open. Tolerance for differing opinions, cooperation, and respect have replaced many of the more traditional roles and relationships to which organizations tend to gravitate. TQM principles and techniques were used at a two day off-site retreat by the entire SUP 07 staff in April 1992. In many ways all of us have been changed permanently by the consciousness raising enlightenment of model shifts.

The statistical component of TQM has been more of a problem with the inherent dilemma of applying measurement techniques to management situations, further compounded by a workforce limited in in-depth training in statistical tool development and application. We have, however, required all PATs to quantify and display data wherever possible. Particularly useful have been some of the more basic tools such as Pareto charts.

SUP 07 has been active in TQM for over two years and we continue to press hard for system enhancements. In general, we have had a great deal of cooperation from both NAVSUP and non-NAVSUP activities which reinforces the fundamental, underlying assumption of TQM—workforces are interested in quality and customer satisfaction and if given the opportunity in a non-threatening environment, they often have within themselves a better way or solution.

NAVSUP 1993 Security Assistance Program Goals

By

Mr. Frank Pagano

We have used annual SAP goals to help manage our program since 1981. Goals have helped us focus on key indicators, high visibility items, projects and problem areas, and to keep management attention directed toward these items. While the quantitative or qualitative expression of how we measure success against some basic key indicators has changed over time, several basic customer service measures have always remained elements in our SAP Goals. Perhaps the most notable of these are Case Closure and Reports of Discrepancy (RODs).

One substantive change in our methodology is the participative nature of the process by which we select and define annual goals. Staff members at all level of Headquarters and field activities are canvassed for their input which is subsequently presented at a meeting between senior management officials of the NAVSUP SAP community. Once established, goals are promulgated for action by COMNAVSUPSYSCOM and reported on every three months.

The quarterly meetings between the principals serve a multitude of information exchange purposes; DMRD, BRAC and NAVSUP goals serve as the centerpiece around which we establish the agenda.

In a time when numerical goals are suspect and often repudiated by organizational theorists, we have found that the "management by objective" philosophy still has its place. One may want to change the nature of the goal establishment and reporting process, but the focus and clarity provided by a well written goal statement is still a valuable tool in a manager's kit.

Foreign Training

By

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NAVSUP conducts an extensive and diverse training program for foreign military officers. At almost anytime during the year, there's either a Mobile Training Team, formal classroom, or on-the-job training event being conducted within our claimancy.

As the US Navy business manager, NAVSUP has a lot to offer. We train in any endeavor in which NAVSUP is involved, including supply/logistics, procurement, contracting, ADP, financial management, transportation, food service, petroleum management, and many other related fields.

We have a network of civilian and military Foreign Training Officers who price the requests, coordinate the training, assist with travel and living arrangements, and often teach segments. We use predominately in-house resources, but occasionally employ contractor personnel to supplement our capabilities. Our civilian Foreign Training Officers are all specially selected for both their knowledge of their command and fields of expertise as well as their ability to relate to our foreign trainees and willingness to go the extra mile. FTOs can be the single most important influence on our trainees. They are often the first person the new student meets when he/she arrives and the impression made can help make the total experience. We take DoD guidance seriously that foreign visitors are to be treated as guests in our country.

We run an in-depth Informational Program in conjunction with the training and try wherever possible to expose our students to uniquely American experiences. We stress the voluntary nature of participation in the IP, but usually get total participation.

One dilemma which has been emerging in recent years is how to construct a formal course which meets the needs of participants whose backgrounds differ widely. This has become most evident in our annual Senior Foreign Officers Supply Management Course which is conducted for eight weeks in the May/June timeframe. We have to balance the level of training to interest the most sophisticated without being irrelevant to others. We revise the curriculum and activities annually based on critiques and feedback from the previous class and critiques confirm that we have been largely successful.

Foreign training is one of the most rewarding aspects of the entire Security Assistance Program inasmuch as you can get a real feeling of direct and immediate contribution. It is this interaction and feeling of accomplishment which enables us to maintain a dedicated cadre of experienced FTOs together as a team over years.