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# **The Defense Logistics Agency First Class Logistics for U.S. and Foreign Forces “DLA Around the Clock, Around the World”**

By

**Mr. Kenneth P. Zabielski**

## **INTRODUCTION**

Much has happened since the Defense Logistics Agency (DLA) was last featured in *The DISAM Journal* in the spring of 1984: The Cold War has ended; a major conflict in the Persian Gulf was fought between a dictatorship and a coalition of nations; and a new era of world turbulence has resulted in new missions and operations for the United States and its friends and allies. The results have been massive downsizing, right-sizing, re-basing, and dramatic changes in the way we do business in the Department of Defense (DoD) and DLA.

This article describes the mission of DLA, its organization, resources, and customers. Part I, an executive summary, is a message to our foreign customers. Part II, entitled “DLA at a Glance,” is an overview of DLA’s organization and the functions we perform. Part III, entitled “DLA’s Role in Security Assistance and International Logistics,” is a detailed look at how we support our customers, both international and domestic. Part III also presents our view of DLA’s role in support of U.S. foreign policy through the mechanisms of security assistance, foreign military sales, and all other activities involving international logistics.

## **PART I**

### **Executive Summary**

#### **MESSAGE TO DLA’S FOREIGN CUSTOMERS**

DLA is proud to support our Foreign Military Sales (FMS) and international logistics customers. For more than three decades, we have helped our customers meet crucial military and national defense needs. Complete support of that mission is more vital today than ever before.

When DLA was established, it was the single manager of 87,000 military supply parts and consumable items. We now manage more than 4 million items; the number grows larger every day. More important is the growing scope of supplies and services that DLA can provide to meet your logistical needs.

DLA has evolved from simply managing items to providing a full spectrum of logistics support. The support DLA offers its customers today is a reflection of the complexity of military logistics, crucial both on the battlefield as well as in preparations during peacetime.

DLA’s support begins at the front of the supply chain. Cataloging information from the Defense Logistics Services Center gives FMS customers the ability to select products and spare parts. DLA’s automated systems enable customers to easily order from DLA supply centers.

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Your requisitions are shipped directly to you from DLA's distribution network, or increasingly, directly from commercial vendors, thereby saving you time and money.

The Defense Contract Management Command (DCMC) ensures that items procured by our customers meet all contractual requirements. DCMC also administers contracts established by FMS customers. Customers around the world have come to rely on DCMC to be their "eyes and ears" on contractors' sites where work on the product or service is being performed. DCMC works closely with program managers, buying commands, and contractors to ensure the best possible product is delivered at a minimum cost.

At the other end of the logistics chain, international customers have come to rely on DLA's Defense Reutilization and Marketing Service for assistance in reutilizing and marketing excess equipment, or transferring it for humanitarian purposes.

The full spectrum of DLA's logistical support is available to all our customers. With some exceptions, the way DLA supports foreign forces is identical to the way we support U.S. soldiers, sailors, airmen and marines. Those exceptions are based on public law and on the practical impact of carrying out a worldwide mission. In Part III you will see in more detail how support for our foreign customers differs from support for our U.S. customers.

An article such as this is only a snapshot in time. DLA's business methods will continuously change and evolve as we find new ways to better support all customers. DLA's Materiel Management activities are relying more on delivery directly from vendors to customers in order to cut down on storage costs. Other common-sense, commercial buying practices, such as Prime Vendor and Corporate Contracting, will provide DLA's customers with the best service and supplies possible. DCMC is also using new approaches for a high return-on-investment for customers. The Single Process Initiative, for example, uses one process across all DoD contracts at a manufacturing facility in place of multiple processes previously required by the U.S. military services.

The number of FMS customers relying on DLA for support has been steadily growing, accounting for 12 percent of our Materiel Management business. Twenty-six percent of the resources of the DCMC International District are dedicated to performing contract administration services on behalf of our international customers.

DLA's support of our international customers is an essential element of our business. In today's highly competitive marketplace, DLA is aware that customers have many choices when purchasing supplies and services. We appreciate and thank you for making DLA your supplier of choice! We intend to continue our commitment to provide quality supplies and services that will serve your national defense needs, "Around the Clock, Around the World."

## **PART II**

### **DLA at a Glance**

#### **The Mission of DLA**

DLA is an agency of DoD that provides support to the U.S. military services and Federal agencies, as well as the forces of allied and friendly nations. DLA's logistical support begins through joint planning with the military services for spare parts for new weapons systems, extends through production and deployment to the field, and concludes with the disposal of materiel which is obsolete, worn out, or no longer needed.

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## **Combat Support Agency**

As a Combat Support Agency, DLA buys, stores, and distributes food, fuel, clothing, medical supplies, construction material, electronic supplies, industrial supplies, and many other consumable items for the military services and other customers. Additionally, DLA administers DoD contracts, manages the reutilization and sale of military excess, and operates the Defense National Stockpile. DLA sustains and enhances readiness by serving customer needs, when and where they need it.

### **The DLA Executive Team**

Seven key positions constitute DLA's Executive Team. These positions are the Director of the Agency, the Principal Deputy Director, and the Deputy Directors of the three main business areas of the Agency—Materiel Management, Contract Management, and Corporate Administration. The Comptroller and General Counsel of the Agency complete the Team.

**Lieutenant General George T. Babbitt, U.S. Air Force, Director.**

**Major General Ray E. McCoy, U.S. Army, Principal Deputy Director.**

**Rear Admiral Justin D. McCarthy, Supply Corps, U.S. Navy, Deputy Director for Materiel Management.**

**Major General Robert W. Drewes, U.S. Air Force, Deputy Director for Acquisition.**

**Rear Admiral David P. Keller, Supply Corps, U.S. Navy, Comptroller.**

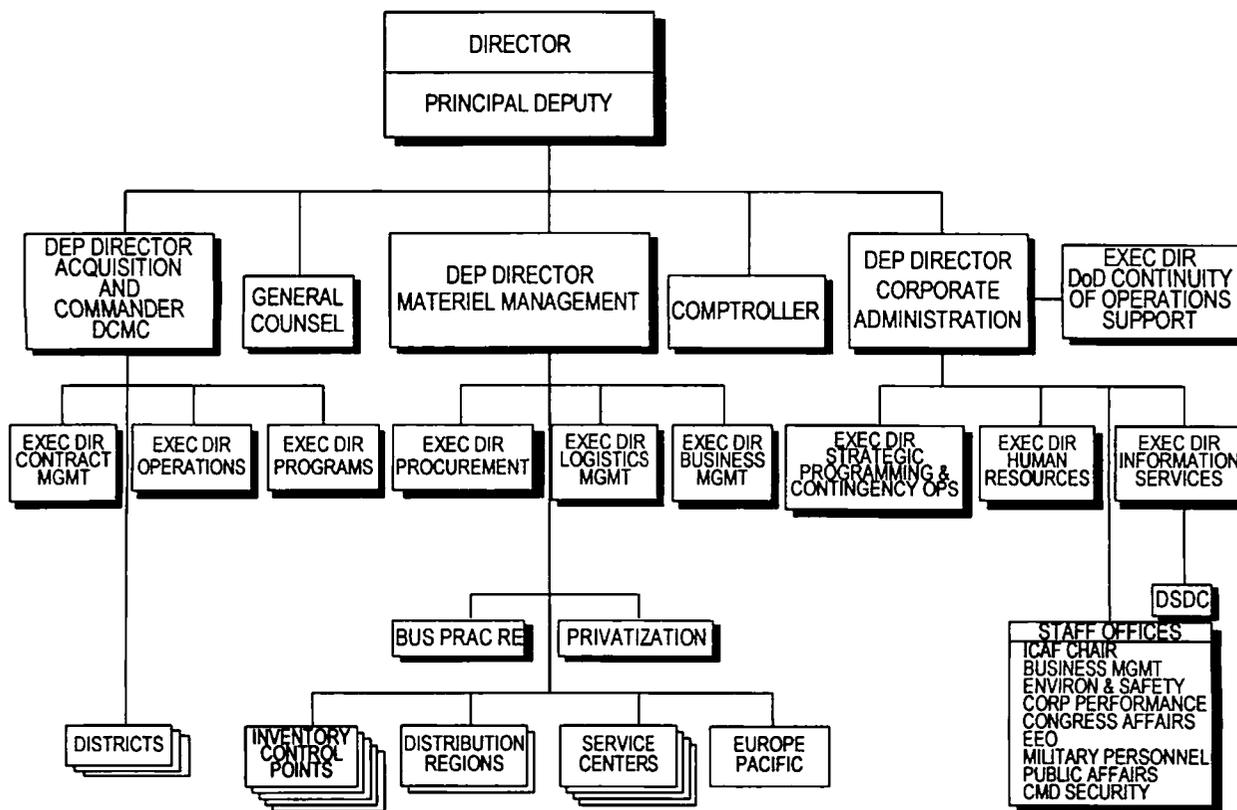
**Mr. Alton C. Ressler, Deputy Director for Corporate Administration.**

**Mr. Bruce Baird, DLA General Counsel.**

### **Locations and Workforce**

**HQ DLA.** The Agency is located at 8725 John J. Kingman Road, Fort Belvoir, Virginia, 22060-6221, and employs about 50,000 (down from 65,000 in fiscal year 1994) civilian and military personnel in activities around the world.

**Organization.** The following chart shows the organization of the Agency. Depicted on the chart is the DLA Executive Team, other headquarters elements, and field activities. Following the organization chart is a detailed explanation of the DLA field activities and the support that they provide.



**DLA Field Activities: Carrying Out The Mission.** Major facilities include supply centers, distribution depots, property disposal offices, service centers, contract administration offices and in-plant residencies. DLA meets the war-fighting needs of the Nation through two broad mission areas: Materiel Management and Contract Management.

**Materiel Management.** DLA manages more than four million consumable items with annual sales of \$11.6 billion and provides distribution services for \$105.7 billion of materiel managed by DLA and the U.S. military services' inventory control points. Customers include the U.S. military services, other Federal agencies, foreign governments, contractors, and in a few specific cases, the general public. A recent expansion of DLA's customer base now includes state and local law enforcement agencies, and international organizations that operate humanitarian programs. Materiel Management is composed of four major functions: supply management, distribution, reutilization and marketing, and logistics information management. These are described below.

**Supply Management.** DLA operates five supply centers: Defense Supply Center, Columbus, (DSCC); Defense Supply Center, Richmond, (DSCR); Defense Industrial Supply Center (DISC); Defense Personnel Support Center (DPSC); and Defense Fuel Supply Center, (DFSC). A sixth supply center, Defense Electronics Supply Center (DESC), was recently disestablished with its mission consolidated with DSCC. In the future, DISC will be disestablished and its mission will be merged with DPSC to be renamed Defense Supply Center, Philadelphia (DSCP). These and other changes were the result of decisions by the Base Closure and Realignment Commission in 1993 and 1995. The Commission's decisions allowed DLA to divide item management among the remaining inventory control points. With these changes, DSCC and DSCR will become weapon systems oriented; DSCP will be geared toward troop and general support; and DFSC will remain responsible for fuels, natural gas, and coal.

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These supply centers, also known as inventory control points, manage and purchase items such as food, fuel, clothing, medical supplies, construction material, electronics supplies, industrial, and other consumable items to support combat operations, combat preparedness, and humanitarian aid. The 4 million items managed represent 86 percent of the DoD total number of items. DLA supports more than 1,400 weapon systems and processes more than 22 million requisitions annually.

Another aspect of DLA's supply management mission is the operation of the National Defense Stockpile, a DLA service center, which is headquartered at Ft. Belvoir, Virginia. During 1995, the stockpile was valued at \$6 billion. Management of the stockpile requires continuous assessment of the capabilities of the U.S. industrial base; modification of the supply chain; consideration of the impact of mergers, acquisition, and foreign investment; materiel requirements of the military services; and assessment of the effects on worldwide commodity markets.

**Distribution.** DLA's distribution system is commanded by two regional depot headquarters: Defense Distribution Region East (DDRE) at New Cumberland, Pennsylvania; and Defense Distribution Region West (DDRW) at Stockton, California. In March 1992, DLA assumed DoD-wide responsibility for the entire wholesale distribution system. From its original 6 distribution depots, DLA took responsibility for 30 depots, located at 32 sites, and 62 storage locations. Since then, decisions by the Base Closure and Realignment Commission have reduced the number of depots to 22 in the continental United States.

Materiel owned by the military services and DLA is warehoused and distributed by DLA's distribution regions and depots. DLA depots receive and issue materiel as directed by the inventory control points, care for and preserve materiel in storage, and perform reimbursable services, such as assembling deployable medical hospitals. In 1995, the depots operated with a \$1.4 billion budget and managed 568 million cubic feet of storage space. The depots processed 31 million transactions involving the receipt, issue, and shipment of materiel.

Besides providing delivery of materiel from its warehouses, DLA also contracts with a variety of commercial sources to transport items from vendors' plants or DLA's own warehouses direct to customers worldwide. "Premium Service" contractors can fly low volume, readiness-critical items from central locations in the United States to anywhere in the continental United States within 24 hours, and to anywhere in the world within 48 hours.

**Reutilization and Marketing.** DLA's Defense Reutilization and Marketing Service (DRMS), a DLA service center, is headquartered in Battle Creek, Michigan. DRMS operates more than 180 sites around the world. DRMS manages personal property no longer needed for national defense. The goals are to maximize the taxpayers' investment and protect valuable natural resources and the environment. In 1995, DRMS processed excess DoD property with an acquisition value of \$24 billion. This property was redistributed to avoid new procurement or sold to help offset DRMS operating expenses. The excess property is reused somewhere within DoD, transferred to other U.S. Government agencies, donated for humanitarian purposes, or sold on the open market or to FMS customers. DRMS recovers precious metals, and demilitarizes equipment sold to contractors, scrap dealers, and the public to ensure it is not misused. DRMS also provides military installations with contracting services for the disposal of hazardous waste.

**Logistics Information Management.** Three DLA field activities perform a diverse range of information management support.

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DLA's Defense Logistics Services Center (DLSC), a DLA service center, manages the Federal Catalog System, which includes 6 million active items used by DoD, Federal civil agencies, foreign governments, and international organizations. DLSC also stores 8 million inactive item records and 27 million engineering drawings.

The DLA Systems Design Center (DSDC) is a DLA field activity under the control of the Deputy Director for Corporate Administration. DSDC maintains and selectively enhances information system applications in support of DLA'S major missions.

Under the control of DSDC is the Defense Automatic Addressing Systems Center (DAASC). DAASC operates a continuous 24-hour value-added logistics network processing facility that supports the military services, defense and civil agencies worldwide, as well as our international customers. DAASC processes between 3 and 5 million transactions daily.

**Contract Management.** In 1990 the Task Force on Contract Administration consolidated all of the military services' contract management functions under one command, reporting to DLA. This decision, referred to as Defense Management Review Decision 916, provided one point of contact and international coverage in meeting customer Contract Administration Services (CAS) requirements, and established the Defense Contract Management Command (DCMC). DCMC comprises three Defense Contract Management Districts (DCMD): DCMD West, in El Segundo, California; DCMD East, in Boston, Massachusetts; and DCMD International, at Fort Belvoir, Virginia. Districts East and West oversee 81 subordinate offices throughout the United States. The International District has 5 regional commands with 57 offices operating in 23 foreign countries, and manages both U.S. and FMS interests in the execution of overseas CAS.

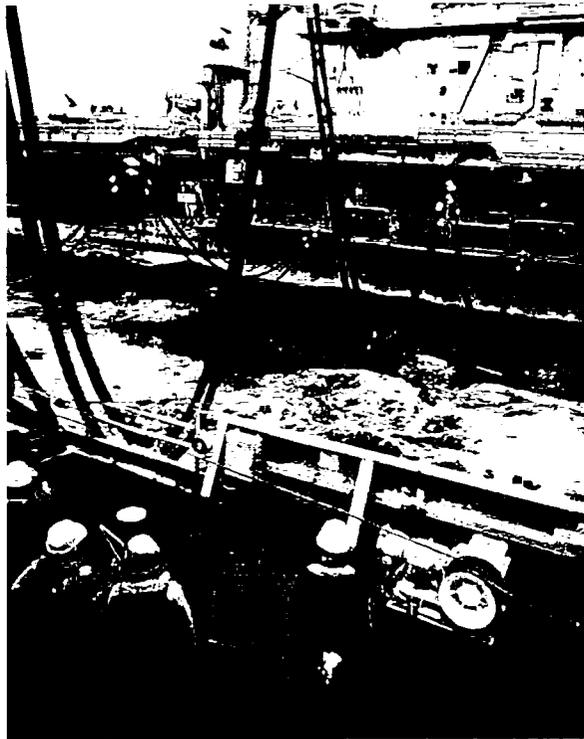
DCMC provides CAS to both the U.S. Government and foreign governments. In the United States, DCMC is the principal provider of CAS for the U.S. military services and DLA buying activities. In addition, DCMC performs CAS for the National Aeronautics and Space Administration (NASA) and a growing number of other U.S. Government agencies. As of June 30, 1996, DCMC was managing more than 377,000 contracts with an unliquidated value of more than \$113.6 billion.

DCMC performs contract management functions prior to formal contract award (preaward), after formal contract award (postaward), and during performance of the contract through administrative and review operations associated with in-plant contractor specific activities (contractor performance). DCMC's world-wide network of contract administration offices provide valuable services to contracting officers and program managers. Services include fact-finding and negotiation support; safety and environmental assurances; evaluations of contractor processes and controls; evaluations of contractor corrective actions; control of property, such as facilities and Government-furnished materials; and independent evaluation of contractor progress to include evaluations of progress payments. DCMC provides contract management services for the procurement of products as diverse as aircraft, space launch vehicles and spacecraft, medical and subsistence items, electrical and electronic commodities, military vehicles, munitions, petroleum, chemicals, and lumber.

In providing contract administration services for its customers, DCMC performs price/cost analyses, overhead and contractor system reviews, financial services, property and plant clearances, transportation and packaging, and termination settlements. Additionally, DCMC provides quality assurance on customers' contracts by verifying conformance of the product to contract specifications. DCMC also provides program and technical support by analyzing cost, schedule, and technical performance of contractor programs and systems.



**U.S. Army troops are protected from the cold weather by uniforms and equipment managed by DPSC. (Photo courtesy of Joint Combat Camera Center.)**



**The USS George Washington (CVN 73) is refueled at sea by the USS Merrimack (AO-179) with fuel procured by DFSC. (Photo courtesy of Joint Combat Camera Center.)**



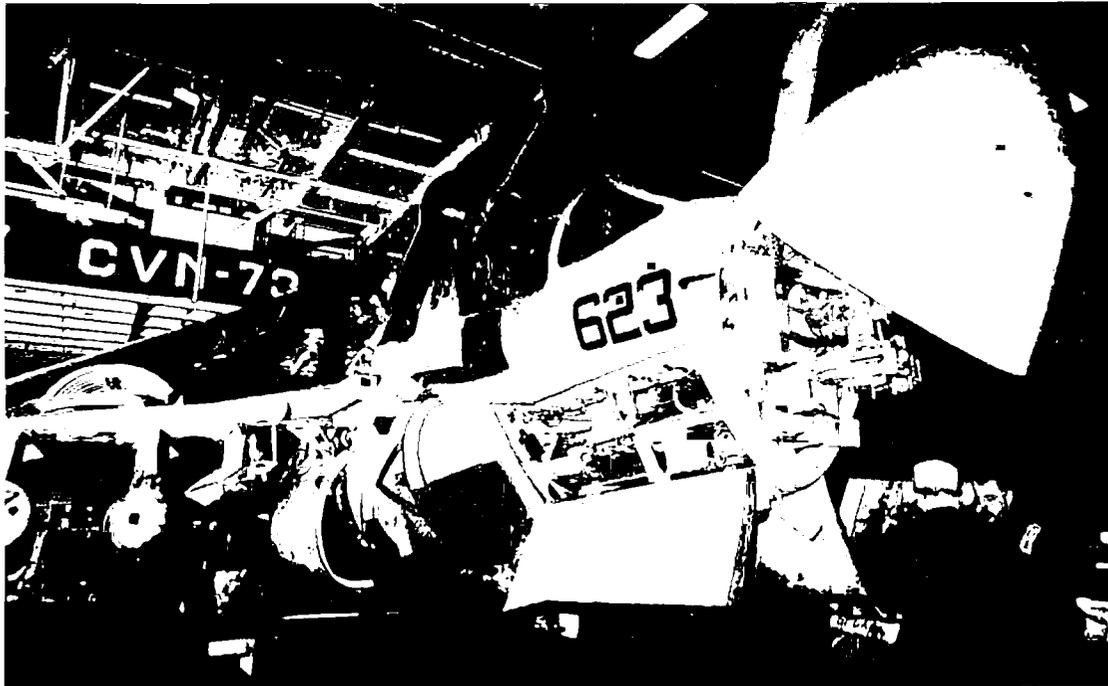
Fuel supplied by the DFSC is stored in 200,000 gallon fuel bladders in Saudi Arabia. (Photo courtesy of DFSC Public Affairs Office.)



Concertina wire managed by DSCC is emplaced in defensive positions by U.S. Army troops. (Photo courtesy of Joint Combat Center.)



**U.S. Army medical personnel provide health care using medical supplies and equipment procured by DPSC. (Photo courtesy of Joint Combat Center.)**



**Shipboard maintenance of aircraft radar equipment using spare parts managed by DSCC. (Photo courtesy of Joint Combat Camera Center.)**

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## PART III

### DLA's Role in Security Assistance and International Logistics

DLA has two international mission areas: security assistance and international logistics.

Staff responsibility for DLA's role in security assistance and international logistics resides in the Materiel Management International Programs Office. The International Programs Office, in coordination with various offices in HQ DLA, most notably the Defense Contract Management Command (DCMC), is the focal point for compliance with the Arms Export Control Act (AECA), the Foreign Assistance Act (FAA), and various regulations affecting DLA's international mission. The International Programs Office is the Agency's communications link for policy initiatives with the Office of the Secretary of Defense, the services' international logistics control offices (ILCOS), and the U.S. security assistance community. International Programs ensures that all DLA policies and field activities' procedures are integrated into a comprehensive Agency program which supports our foreign customers.

#### Security Assistance

Prior to the Defense Management Review Decisions (DMRDs), DLA served as a secondary echelon for the U.S. military services in their support for our friends, allies, and international organizations around the globe. The DMRDs expanded DLA's missions into DoD-wide responsibilities by directing the consolidation of consumable item management, wholesale distribution, and worldwide contract administration in DLA. Added to this was a flood of excess materiel resulting from base closures and force reductions, which has provided significant growth in the transfer of excess personal property.

DLA is more than a supporting player in the business of security assistance. DLA is an equal partner with the military services in supporting the logistical needs of eligible foreign military forces. DLA continues to expand international missions based on the needs of DoD and the military services. The U.S. military services and our foreign customers depend on DLA for 90 percent of the consumable item supply support, 95 percent of the distribution and transportation requirements, contract administration needs, and a range of other logistical services such as logistics information, excess property, sales from disposal, and logistical training. The following are representative of the more important policies affecting the Materiel Management, Contract Management, Customer Support and Training Services we provide our foreign customers. The latter two areas, Customer Support and Security Assistance Training, are functions that are common to Materiel Management and Contract Management.

**Materiel Management.** This business area has several functions that are of interest in security assistance: logistics information, procurement, inventory management, distribution, transportation, and reutilization. Also of interest is DLA's pricing philosophy, shelf-life policies, and DLA's role in the control of ozone depleting substances.

**Logistics Information: Cataloging Products and Services.** The Defense Logistics Service Center (DLSC) manages the U.S. Federal Catalog System (FCS). The FCS is a program under which equipment and supplies are uniformly named, described, classified, and given stock numbers. DLSC provides a wide variety of information products and services to its U.S., NATO, and other FMS customers. DLSC writes and manages FMS cases for cataloging services, publications, and training that are not provided through U.S. military service managed cases. DLSC currently has 58 active cases supporting 33 countries, with a total case value of approximately \$1,200,000.

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Some examples of CD-ROM publications available to FMS customers are: FED LOG (monthly), FED LOG Characteristics Search (monthly), FED LOG Drawings (annually), H-SERIES (monthly), MED CAT (monthly), DEMIL (bimonthly), MCRD (quarterly), MD/I&S (quarterly), and AMMO (semiannually). FED LOG is the database on CD-ROM that contains the item records of all U.S. NSNs and some NATO NSNs. FMS customers should note that FED LOG is authorized for distribution only to U.S. customers, the countries of NATO, and NATO-sponsored countries. FEDLOG contains proprietary data and the characteristics data of countries other than the United States that are restricted.

Requests for prices and availability, or more information on DLSC products and services should be sent to Ms. Mary Lloyd or Mr. Steve Arnett at DSN 932-4310 or 4328, or 1-616-961-4310 or 4328. Their fax number is 1-616-961-4760, and their respective E-mail addresses are <mlloyd@dlsc.dla.mil> and <sarnett@dlsc.dla.mil> .

DLSC also offers a wide range of training, such as formal courses of instruction, on-the-job training (OJT), and computer-based training. Classroom training is conducted both at DLSC and in-country. Subjects include all aspects of the FCS and how to use DLSC products. Classes are oriented both to the technician and to the manager. Course catalogs and additional information are available by writing the Commander, DLSC, ATTN: DLSC-VST, 74 N. Washington Street, Battle Creek, Michigan, 49017-3084. For classroom training call Ms. Valerie Selbee at DSN 932-4829, or 1-616-961-4829. For computer-based training you may call Ms. Sue Anderson at DSN 932-4673 or 1-616-961-4673. You may also contact them by fax using 1-616-961-5305, or by E-mail using <vselbee@dlsc.dla.mil> .

**The International Logistics Communications System.** The Defense Automatic Addressing System Center (DAASC) developed the International Logistics Communications System (ILCS) to improve logistics communications services for FMS countries, their freight forwarders, and FMS contractors. The ILCS provides a dial-up telecommunications network that operates via personal computers and modems located at the customer's site. The ILCS allows FMS customers to input requisitions directly into the DLA Logistics Community via the ILCOs.

The ILCS manages communications through a system of electronic mailboxes for each FMS customer. The DAASC Automated Message Exchange System (DAMES) allows the customers to create and transmit requisitions, receive and process status documents, and transmit and receive narrative messages.

Prior to the development of ILCS, many FMS customers were forced to rely on the mail to submit requisitions. Normal turnaround time exceeded 30 days between the input of requisitions and the receipt of the first supply and shipment status transactions. In some cases, it was possible for an FMS country to input requisitions through a U.S. embassy or military base. With this method, customers would carry a tape or diskette with requisition data to the U.S. facility, then return another day to pick up the status of the transactions.

ILCS is a vast improvement. ILCS subscribers can manage their own communications with the aid of a U.S. communications facility. Within an hour of transmitting their transactions to DAASC, the customers' transactions will reach the appropriate ILCO for processing during that night's cycle. The next day, the customers' requisition status should be waiting in their personal electronic mailbox. If the customers' freight forwarders are on the ILCS/DAMES network, DAASC can provide requisition and status images to them, as directed by the FMS customers. FMS customers and their freight forwarders or contractors can also use ILCS to exchange supply status information.

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To ensure confidentiality of subscriber data, ILCS checks security and user identification codes before data is exchanged. All ILCS message traffic is unclassified, so communications security devices are not required.

FMS customers defray the costs of ILCS service through annual subscriber fees paid through FMS cases managed by the U.S. military services. Additional costs of connecting to ILCS are the price of personal computers and modems, and telephone charges for dial-up connections. DAASC can procure essential hardware and software, provide DAMES installation and training at the customer's site, and initiate the dial-up DAMES connection; all, of course, paid for through the user's FMS case.

**Procurement.** DLA procures materiel for FMS customers in essentially the same manner as we do for U.S. customers. Our effort to reengineer procurement processes will benefit all DLA customers.

**Procurement Support for FMS Customers.** DLA has integrated FMS procurement into normal procurement channels. Our major buying activities are organized into commodity oriented teams of supply, technical and procurement personnel who specialize in one or more commodities. This allows them to develop in-depth knowledge of the customers that use the commodity, and industries that produce, distribute and sell it.

U.S. and FMS requirements are subject to the same priority criteria for making purchases. The Defense Federal Acquisition Regulation Supplement requires that we follow almost the same procedures and restrictions in making acquisitions for U.S. and FMS customers.

There are exceptions. An example is the use of full and open competition. FMS procurements use competitive procedures just as they are for U.S. requirements except when a foreign government requests a particular source in their letter of offer and acceptance. For information on this and other aspects of FMS procurement, call Mr. Hal Hermann, Office of Procurement Policy and Oversight, DSN 427-1354, or 1-703-767-1354.

### **A Catalyst for Acquisition Reform: DLA Embraces Business Practice Reengineering**

We're breaking the mold. Busting the paradigms. Gone are the days of extensive inventory storage, growing budgets, and a captive audience for DLA. The Defense Management Review Decisions and Acquisition Reform initiatives strove to economize resources due to shrinking budgets. At the same time, DLA was challenged with an increased mission of supporting the military services at reduced cost and improved quality. As a better incentive, the military services have increased flexibility to sources other than DLA for their consumable item support—they are free to shop around.

These changes have led DLA to introduce a series of initiatives to enhance support and reduce cost to our customers. To DLA's FMS customer, many of these initiatives will be transparent to the logistics support you now receive. However, in the long-term these initiatives will improve overall logistics response time and reduce costs.

Operating in a downsizing environment, DLA is enhancing weapon system support; shifting support to the commercial sector; establishing long-term stable relationships; improving access to information; and appropriately pricing value-added services through business practice reengineering.

DLA's strategic plan emphasizes the transition from awarding millions of purchase orders to the establishment of long-term indefinite quantity contracts, corporate contracts, and Prime Vendor contracts, each covering a multitude of items. Prime Vendor is a closed loop EDI

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trading partnership between DLA and commercial distributors. These distributors provide DLA with market ready or commercial products using pricing and distribution arrangements or corporate/long-term contracts. The U.S. Government negotiates Prime Vendor arrangements and contracts, or obtains support through vendor subcontracts. Prime Vendor trading partners provide products to regionally grouped customers.

DLA's vision for the future is centered on emerging technologies that provide electronic shopping via the Internet. Customers will be able to use personal computers to browse catalogs, compare prices, and order items through preestablished contracts.

Reengineering efforts geared toward attainment of our strategic objectives cover a wide range of the total logistics process, some of which are:

- Generalized Emulation of Microcircuits (GEM) technology provides emulated microcircuits that are equivalent in form, fit, and function to the obsolete originals. GEM technology avoids costly board redesign and life-of-type buys for many of the items affecting our older weapon systems.
- DLA is establishing a Prime Vendor arrangement for facility maintenance supply support for Parris Island Recruit Depot, Marine Corps Air Station Beaufort, and U.S. Naval Hospital Beaufort. This test effort has the potential for expansion to other facilities and geographic regions.
- DLA is supporting the remanufacture of the Longbow Apache aircraft by establishing parts kits of approximately 3,000 items needed to reconfigure each aircraft.
- DLA is establishing Prime Vendor arrangements for aircraft maintenance programs at Warner Robins and Oklahoma City Air Logistics Centers. FMS customers will be directly impacted by this new approach through reduced costs and faster logistics response time.
- A third party logistician will provide in-transit visibility of transportation services for vendor shipments to DoD customers. For FMS customers, this means that you will be able to track movement of materiel throughout all stages of the pipeline until final delivery.

As part of these reengineering efforts, DLA is retraining its employees to use different contracting techniques tailored to individual acquisitions and the commercial marketplace.

DLA promotes participation by small, disadvantaged, and women-owned businesses through several means. For example, the Mentoring Business Agreements (MBA) Program establishes business relationships between prime contractors acting as mentors and socio-economically challenged businesses acting as protégés.

Aggressive reengineering efforts over the next few years will ensure that DLA continues to better support customers. Additional information regarding DLA business practice reengineering may be obtained from Ms. Amy Sajda, DLA Business Practice Reengineering Office, DSN 427-3761 or 1-703-767-3761.

### **Inventory Management**

**Cooperative Logistics Supply Support Arrangements (CLSSA).** The military services write and manage all FMS supply support cases. DLA's involvement with these cases begins with receipt of an FMS requisition through the services' ILCOs for a DLA managed item. FMS requisitions can be submitted under a Cooperative Logistics Supply Support Arrangements (CLSSA) FMS case, or a non-CLSSA FMS case. Through the use of CLSSA

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cases, foreign customers make up-front investments in the DoD supply system. The countries' investment allows DLA supply centers to program requirements for buying purposes.

**Presidential Drawdown Authority.** In the Foreign Assistance Act of 1961, the Congress gave the President authority to transfer military equipment to foreign countries without reimbursement. Under this legislation, the President must determine that this action is in the best interest of the United States. DLA is notified of these determinations by the Operations Directorate of the Defense Security Assistance Agency, which publishes drawdown execution orders. The International Programs Office, HQ DLA, forwards the execution orders to DLA supply centers and depots along with additional guidance relating to programming changes in our systems or other internal requirements.

The ILCOs of the military services that implement these drawdowns issue requisitions to DLA for consumable items to support the equipment involved in the drawdown. These requisitions for spare and repair parts are fully funded and are processed on a "fill or kill" basis. Furthermore, drawdown and grant aid requisitions are not authorized for new procurement. For certain items on DLA's corporate or long-term Direct Vendor Delivery contracts, (items with Acquisition Advice Code "H"), requisitions are automatically forwarded for issue from the vendor's shelf. This process is currently under review to ensure DLA provides timely, efficient support for drawdowns within the parameters of DoD guidance.

Normally, a DLA depot will act as the consolidation and containerization point (CCP) for shipment of drawdown materiel. The implementing service that requests this support will fund DLA for operation of the CCP via a Military Interdepartmental Purchase Request.

**Requisition Processing.** DoD 4000.25-1-M, Military Standard Requisitioning and Issue Procedures (MILSTRIP), apply to all phases of supply support for FMS and grant aid programs. However, there are differences in transmission and processing of FMS and grant aid requisitions. FMS requisitions may be prepared and transmitted by FMS countries and/or security assistance offices in-country. FMS requisitions are submitted to the applicable ILCO for review and control before being passed to the appropriate DLA supply center or service inventory control point. In contrast, U.S. military services submit requisitions directly to the DoD supply system.

CLSSA programmed requisitions ("V" in record position 35 and "1" in record position 72 of the requisition) have the same restrictions and benefits as DoD requisitions. One benefit is that CLSSA programmed requisitions are authorized for issue below the reorder point level. Foreign customers that submit CLSSA programmed requisitions receive supply support at a level equal to U.S. forces having the same Force Activity Designator. On the other hand, FMS non-CLSSA or unprogrammed CLSSA requisitions will be issued to the reorder point level plus one. These requisitions are placed on back order or procured through a Direct Vendor Delivery contract if the issue will put the asset level below the reorder point.

On a case-by-case basis, DLA supply centers are authorized and encouraged to release on-hand assets down to one-half the reorder point level for non-CLSSA or unprogrammed CLSSA requisitions. The item managers in the supply centers will make this decision during the back order review process, and can do so if U.S. forces suffer no adverse impact. It is DLA policy to fill back orders as soon as possible after receipt of the requisition. Back orders may be filled through standard replenishment or support by Direct Vendor Delivery, rather than spot-buys, which are usually for small quantities and are more costly. Since FMS requisitions are fully funded, the DoD policy on reorder point level back order was developed to provide the most timely support to FMS customers while precluding degradation of readiness for U.S. forces.

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**Maximum Release Quantity (MRQ).** The MRQ is used in requisition processing to identify requisitions containing an excessive requirement. The MRQ is the largest number of assets that the Standard Automated Materiel Management System (SAMMS) will issue without manual review. The MRQ can be bypassed to satisfy customer requirements.

The MRQ Bypass is a process used by the DLA supply centers to compare the requisitioned quantity to the Quarterly Forecasted Demand or Reorder Point Level. FMS requisitions contain quantities two to four times greater than DoD requisitions. FMS customers consolidate requisitions because of the cost of reordering, long lead times for in-country delivery, and shipping costs. Because of this, the MRQ Bypass for non-CLSSA and unprogrammed CLSSA requisitions is set at a quantity of six or a dollar value of \$1,000.00. Since CLSSA customers have invested in the DoD inventory and are allowed the same access to stock as DoD customers, their MRQ Bypass is set at a quantity of six or a dollar value of \$250.00.

SAMMS flags high quantity requisitions (advice code "2L") for item manager review. The item manager can choose to process the high quantity requisitions without question, or validate the quantity with the customer. DLA's policy is to validate the quantity only when there is a strong suspicion the quantity is in error. DLA will not reject requisitions containing a "2L" advice code without prior customer contact. The item manager will make every effort to issue as much of the total quantity as possible and to back order or procure the remainder.

**Supply Discrepancy Reports for FMS Customers.** The three ILCOs of the U.S. military services represent the foreign customers who order materiel that is managed and/or warehoused by DLA. Occasionally, an FMS customer will identify a discrepancy in a shipment from DLA. The customer prepares a Standard Form 364, Supply Discrepancy Report (SDR), (formerly called Report of Discrepancy) and forwards it to the applicable ILCO. The ILCO validates the SDR and sends it to the appropriate DLA supply center, DLA distribution depot, or military service inventory control point for research or adjustment.

DLA supply centers process SDRs for overages, duplicate shipments, direct delivery vendor shipments, and wrong items received if the federal stock classification is the same as the item ordered. The remainder of the SDRs, which consist of misdirected shipments, expired shelf-life items, unacceptable conditions/damaged, as well as non-receipts, are processed by the depots. DLA policy is to complete the SDR research and send a response back to the ILCO within 30 days of receipt.

**Returns from FMS Customers.** It has been the policy of DLA not to accept returns from customers outside the U.S. Federal Government. On rare occasions, if an FMS customer has an item to return and DLA has a need for the item, DLA supply centers may buy the item back from the FMS customer. However, the buy-back must be conducted in the same manner as any other purchase of materiel, in accordance with procurement rules involving the obligation of DOD appropriations. Monies paid to the FMS customer as a result of such procurement are paid by the DoD procuring activity. The monies are deposited into the FMS Trust Fund in accordance with the foreign country's instructions.

As this article was being written, U.S. policy on customer returns is being changed. In July 1996, the 104th Congress passed the Defense and Security Assistance Improvements Act, Public Law 104-164, which amends the Foreign Assistance Act of 1961 and the Arms Export Control Act. The provisions of Section 152 of the Act allow the President to acquire returns of defense articles previously provided to FMS customers. Furthermore, the Act provides that FMS returns are not subject to normal Competition in Contracting Act or Federal Acquisition Regulation restrictions.

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The procedures for this new policy have yet to be formulated. Look to the ILCOs, future issue of *The DISAM Journal*, and other security assistance points of contact for the procedures and effective date of this new policy. In the meantime, you may contact the International Programs Office, HQ DLA, DSN 427-7565, or 1-703-767-7565.

### **The Consumable Item Transfer (CIT) and its Effect on FMS Customers.**

In November 1989, the Deputy Secretary of Defense directed a review of management practices in DoD. The result was a number of decisions called Defense Management Review Decisions (DMRDs). DMRD 926, "Consolidation of Inventory Control Points," was a decision to transfer the management of almost all consumable items from the military services to DLA. DMRD 926 maintained that DLA could manage the military services' consumable items with less resources and more efficiency. Almost 1 million consumable items are being transferred to DLA by October 1997 as a result of this DMRD.

Not all consumable items were to be transferred to DLA. A limited number of consumable items will be retained in the military services for management based on the Item Management Code (IMC) of the consumable item. Examples of items retained by the military services include design unstable "IMC-J," modification/alteration/conversion sets or kits for one-time use "IMC-N," and FMS only "IMC-W."

As DLA assumes management responsibility for these one million consumable items, the level of support to the U.S. and FMS customers will remain unchanged. Additionally, the military services retain responsibility for weapons system management and engineering authority for transferred items. The military services and DLA developed a joint transfer plan that will make the transition transparent to our foreign and domestic military customers, and to the businesses that sell to the military. The plan calls for a phased transfer of management.

Phase 1 involved the transfer of routine, less complex consumable supplies and spare parts. Phase 1 began in August 1991 and affected more than 760,000 items before it concluded in November 1995. Items affected by Phase 2 are consumable items that have critical applications or require intensive management. Phase 2 began in January 1996. As of September 1996, 47,267 of these items have been transferred. An additional 104,415 are expected to transfer before Phase 2 concludes in October 1997. Of the Phase 2 items transferred to DLA, 3,166 are items used by U.S. and foreign forces. It is important to remember that items supporting only FMS users will not be transferred to DLA, but will remain under management of the military services. When the transfer ends in 1997, DLA will manage 89 percent of the DoD consumable item inventory. For more information, contact Mr. Douglas French, the Consumable Item Transfer Program Manager, at HQ DLA. His phone number is DSN 427-1552, or (703) 767-1552.

### **Distribution**

DLA performs several distribution functions for the DoD wholesale stock system: store, pick, pack, and ship. Performance of these functions in support of security assistance is very similar, with few exceptions, to those performed in support of U.S. forces.

DLA depots store stock for any of the DLA supply centers and service inventory control points. Likewise, DLA depots issue stock on receipt of Materiel Release Orders (MROs) in support of U.S. or foreign forces. MROs contain an Issue Priority Designator (IPD) and Required Delivery Date (RDD), which are sorted by computer. High priority MROs are picked first and have an IPD of 01 through 08 and an RDD of 20 days or less. All other RDDs of 21 days or greater are called "routines." These MROs are "banked," which means they may be grouped by customer, IPD and RDD, and picked and packed together.

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Stock that is picked is sent to the depot's packing area where the materiel is consolidated and packed in a container. The required level of preservation and packing are shown on the pick ticket and guide the packers in preparing the shipment. There are three levels of protection: A, B, and C. These levels are based on the amount of protection afforded an item of supply against known or anticipated shipping, storage, and environmental hazards. Packaging standards for FMS shipments are somewhat more stringent than for shipments within the United States. FMS shipments are packaged to Levels A/B to withstand overseas transportation.

Once the container is packed, it is marked and labeled. The computer prints an Automated Packing List and Military Shipment Label to identify the shipment through the transportation network, as discussed in the next section. Marking and labeling requirements for FMS shipments are found in DoD 4500.32-R, Military Standard Transportation and Movement Procedures (MILSTAMP). It says that FMS shipment containers must be labeled with the FMS case identifier and transportation control number. The Automated Packing List and Military Shipment Label must be attached outside the container and also placed inside the container.

### **Transportation of FMS Shipments**

DLA ships materiel to FMS customers using methods that are slightly different from methods used for U.S. customers. The following summarizes these differences.

Classified and/or hazardous shipments having Delivery Term Code "8" require a Notice of Availability and export traffic release. Materiel is held at a contractor's facility or depot awaiting booking by the Military Transportation Management Command (MTMC), which coordinates the movement with the country's representative or freight forwarder. Materiel can be held at a contractor's facility for weeks or months awaiting a vessel. These types of shipment do not create the same time problems for U.S. facilities. Extra time is required to process export releases for small amounts of FMS hazardous and explosive materiel.

DoD 4000.25-1-M, MILSTRIP, states that all unclassified shipments moved by parcel post or small parcel delivery service will be released automatically without a Notice of Availability and should be further insured, certified, or registered. MILSTRIP further requires that evidence of shipment must be provided for all shipments regardless of shipment size, weight, or value. The Air Force Security Assistance Command has requested that DLA ship their FMS small parcel shipments as freight, vice mail.

FMS customers have been known to change their freight forwarders between the time contracts are awarded and time the materiel is delivered. DLA shippers are required to look up and verify the country's freight forwarder prior to shipment.

Only commercial tariff rates may be used for shipment of FMS materiel. The U.S. Federal Courts have ruled that the normal method of using Government Tenders is not applicable to FMS traffic.

DLA uses commercial collect bills of lading to ship FMS requisitions for non-stock fund items managed by the U.S. military services.

### **Reutilization of Excess Property: Stretching the Dollars of FMS Customers**

The Defense Reutilization and Marketing Service (DRMS), disposes of excess personal property generated by DoD. To carry out its mission, DRMS first looks for ways to reutilize or redistribute the property within DoD, then tries to sell or transfer it to eligible countries,

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transfer it to other U.S. Federal agencies, or donate it to state and local governments or qualified nonprofit agencies.

DRMS sells excess DoD personal property and disposable Military Assistance Program (MAP) property to eligible foreign governments and international organizations. These sales are conducted under normal FMS procedures. DRMS has FMS program managers at HQ DRMS, Battle Creek, Michigan, and at the Defense Reutilization and Marketing Region, Europe (DRMR-E), Wiesbaden, Germany. They prepare and manage FMS cases, and manage the operations of excess property sales worldwide.

DRMS' FMS program is a valuable source of supply that enables foreign governments to obtain a much greater return for their defense dollar. In 1995, DRMS sold 801 line items that had an initial acquisition value of \$41.6 million. These items are a diverse collection of aircraft, vehicles, weapons, spare parts and clothing that are sold "as is, where is." Sales prices are fair market value and depend upon the condition of the property. Sales prices can be as much as 50 percent or as little as 10 percent of acquisition value. Customers pay the agreed selling price plus administrative charges, transportation, and accessorial charges for packing, crating, and handling.

Information on the availability of excess property comes from the Interrogation Requirements Information System (IRIS). IRIS is a computerized inventory on all stock-numbered items in DRMS. IRIS gives location, quantity, condition and original acquisition cost of the property. DRMS also offers special screening messages on particular types of items likely to have potential sales value to one or more countries. Countries that have expressed an interest in these items are sent messages that describe the items' unique characteristics. Customers who have access to the Internet can screen and locate property by accessing the DRMS Web Server at URL: <<http://www.drms.dla.mil>> or <<http://131.87.1.51>>. Customers can query the searchable database by federal supply classification (FSC), federal supply group (FSG), national item identification number (NIIN), and name of item. Once FMS sales eligibility has been established, customers may request price and availability on excess property from HQ DRMS, or DRMR-E. Requests may be submitted via letter, message, or telephone, magnetic tape or the DoD Automatic Digital Network (DDN). Information on the DRMS FMS program is available from Mr. David Fox at DSN 932-5927 or 1-616-961-5927, or Ms. Jill Schillinger at DSN 932-5910 or 1-616-961-5910. Their fax number is DSN 932-5841 or 1-616-961-5841.

### **DLA Pricing Philosophy**

Since fiscal year 1991, the Materiel Management side of DLA has been funded through the Defense Business Operating Fund (DBOF). DBOF is a revolving fund that derives its name from the cyclical nature of the cash flow. When DLA sells materiel and services to its customers, including FMS sales, a standard unit price is charged. Revenues from customer payments are deposited into DBOF to replenish the working capital. The working capital is used to buy more inventory and finance the operations and maintenance of DLA activities.

Annually, DLA supply centers establish a standard unit price for each national stock number they manage. There are two major factors in the standard unit price: cost of procurement and cost recovery rate. Procurement cost is the cost of purchasing the item. The cost recovery rate identifies the cost of doing business, such as costs of acquisition, storage, distribution, transportation and a price stabilization charge to offset inflation. DBOF is very similar to private business practices, with one exception: DLA prices are set only to recover costs, not generate a profit. Standard unit prices remain the same for the entire year, but may be adjusted in rare exceptions. To keep DBOF solvent, hold prices constant, and help the

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customers' budgeting process, DLA supply centers set standard prices on a break-even basis over the long term.

One of DLA's goals is to meet customer readiness and acquisition requirements at a reduced cost. We plan to do this by maintaining the rate of customer price changes below the inflation rate and keeping average price increases to less than 1 percent, from now until fiscal year 2001.

Under DBOF, DLA standard unit prices are identical for domestic as well as international customers. Prior to DBOF, FMS sales of DLA stock included the cost of the item plus separate surcharges added to the case for packing, crating, handling, logistics support charges, and transportation to the FMS customers' freight forwarder. Under DBOF, these charges are no longer added to the case, but are now included in the standard unit price. For more information on DLA's pricing philosophy, contact the International Programs Office at DSN 427-7565, or 1-703-767-7565.

### **The DoD/DLA Shelf-life Program**

Shelf-Life is the total period of time that begins with the date an item is manufactured, cured, assembled, or packed, and ends with the date the item may remain in storage and still be suitable for issue or use. A shelf-life item of supply has deteriorative or unstable characteristics to the degree that a storage time period must be assigned to ensure that it will perform satisfactorily while in service.

There are two types of shelf-life items. Type I shelf-life items have definite, non-extendible periods of shelf-life. Type II items have shelf-life periods that may be extended after inspections, tests, or restoration. Shelf-life types, codes, and time periods are found in Appendix A of DoD 4140.27-M, Shelf-Life Item Management Manual.

DLA depots generally issue shelf-life items on a first-in-first-out (FIFO) basis. FMS issues are handled somewhat differently. Shelf-life items issued to satisfy FMS requirements will be in Condition Code "A," unless the requisitioner specifies that Condition Codes "B" or "C" materiel are acceptable. Issues of Condition Code "A" materiel are directed against the newest stocks; i.e., last-in-first-out (LIFO) issue. The LIFO issue policy applies to both the inventory control point and the storage activity.

DoD Storage Standards are published in joint regulation DLAR 4155.37/AR 702-18/NAVSUPINST 4410.56/AFR 69-10/MCO 4450.13, Materiel Quality Control Storage Standards. Storage standards tell users how to inspect, package, mark, test, and restore items in storage; determine the materiel's serviceability or the degree of degradation that has occurred to that materiel; and prescribe maintenance and packaging required for restoration. On-line access to the storage standards is available with the M204 automated information system. Instructions for access are available from the DLA Operations Support Office (DOSO), Richmond, Virginia, at DSN 695-3380/5212/5224 or 1-804-279-3380/5212/5224.

Before you throw an item away for expiration of shelf-life, check the M204 to see if it has been extended. M204 also contains a tool called the DoD Quality Status Listing (QSL). The QSL provides extension information on Type II shelf-life items. It contains the results of tests by DoD and GSA physical science laboratories. Before using the QSL, ensure that the item has been stored according to the storage standards or the manufacturer's recommendation.

Defense Supply Center, Richmond, (DSCR), provides the QSL each month hard copy or microfiche as a courtesy to U.S. Government agencies. Copies of the QSL have also been provided to a variety of security assistance offices in the military services that have liaison with

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foreign customers. Activities can be placed on the distribution list by writing to Defense Supply Center, Richmond, ATTN: DSCR-RZS, 8000 Jefferson Davis Highway, Richmond, Virginia, 23297-5000, or by calling Ms. Lisa Prows at DSN 695-4140 or 1-804-279-4140. Instructions for on-line access to the DoD QSL are available from DOSO at DSN 695-3880/5212/5224 or 1-804-279-3380/5212/5224.

A shelf-life training program is available for all U.S. military services, defense, and civil agencies, and FMS eligible foreign governments. The training includes information on inventory control points, storage activities, and retail supply operations. U.S. Government activities can request shelf-life training from DOSO. Foreign governments that desire shelf-life training can contact HQ DLA International Programs Office at DSN 427-7565 or 1-703-767-7565.

### **The DoD/DLA Ozone Depleting Substances (ODS) Reserve**

DoD has established an Ozone Depleting Substances (ODS) Reserve. The program is managed from the Defense Supply Center, Richmond, Virginia, (DSCR), and is operated from the DLA Distribution Depot, Richmond, Virginia, (DDRV), which is collocated with DSCR.

The ODS Reserve is a process to support the U.S. military services "mission critical" requirements for refrigerants, halons, and solvents. Military uses for these substances include shipboard and submarine refrigeration, carrier deck and onboard aircraft fire extinguishing, flight line fire protection, and armored vehicle explosion suppression. Our foreign customers have generally the same type of military requirements.

The ODS Reserve was established as a response to the International Montreal Protocol Restrictions, which restricted the use and distribution for ODS. Due to these restrictions, all U.S. military services and defense agencies must recover all ODS, except for solvents, and send them to DDRV for the Reserve. At DDRV the substances are received, tested, transferred, reclaimed to new or approved materiel specifications. The ODS is repackaged, stored and reissued.

It is the intent of DoD, in concert with the Montreal Protocol, to recover and reclaim ODS as an alternative to newly manufactured substances. DSCR will purchase new or reclaimed substances only when the amount of recovered materiel is insufficient to supply our customers' requirements, and there is no suitable alternative.

DLA provides the U.S. military services as well as foreign customers with supply support for ODS. The support to foreign customers parallels the support for the U.S. military. There are, however, slight differences. DLA does not maintain inventories of ODS in anticipation of FMS requirements. We prefer to support our foreign customers through individual orders with direct delivery of newly purchased materiel. On a case-by-case basis, DLA will maintain an inventory of foreign-owned ODS if specifically requested by an FMS eligible country. These arrangements are made through FMS cases.

FMS customers who desire to purchase ODS from the United States can do so by executing an FMS case through the cognizant ILCOs of the U.S. military services. The FMS case must be accompanied by a statement of approval by the sponsoring U.S. military service. The service's approval must state that there are no alternatives or substitute products that will satisfy the particular application required of the ODS.

Mr. Ronald Sibley of DSCR, at DSN 695-4525 or 1-804-279-4525, is the point of contact for detailed information or questions.

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## Contract Administration

**Support for U.S. Customers.** DCMC provides contract administration services (CAS) both to U.S. and foreign governments. As of June 30, 1996, DCMC was managing more than 377,000 contracts with an unliquidated value of more than \$113.6 billion. By number of contracts the U.S. Navy is DCMC's largest customer, followed by DLA, the U.S. Air Force and the U.S. Army. The U.S. Air Force is DCMC's biggest customer in terms of unliquidated dollar value of contracts, with the U.S. Navy, U.S. Army, and DLA following in that order. The National Aeronautics and Space Administration (NASA) and other U.S. Federal civilian agencies, although important customers, represent only 4 percent of our business volume. DCMC's contract administration services to our DoD customers are funded through direct appropriations; other U.S. civil agencies reimburse DCMC on a direct hourly basis.

**Overseas Support for U.S. and FMS Customers.** In terms of providing service to foreign governments, DCMC's FMS customers represent by far the most significant portion of DCMC's support of foreign countries and international organizations. It is projected that by the close of fiscal year 1996, DCMC will have performed in excess of \$127 million in CAS in support of FMS customers. DCMC's expected fiscal year 1997 FMS contract administration services support will total approximately \$131 million. DCMC performs contract administration services for FMS contracts managed by the buying activities and program offices of the U.S. military services and defense agencies. Therefore, FMS customers include all countries that are acquiring materiel and services through the FMS program. The source of these reimbursements to DCMC is a portion of the 1.5 percent CAS surcharge on FMS procurement contracts administered by the Defense Security Assistance Agency.

**Support for Direct Commercial Sales by Foreign Customers.** DCMC also provides contract administration services on a reimbursable basis to foreign governments and international organizations that have awarded direct commercial contracts to U.S. contractors. This aspect of DCMC's business is called Foreign Contract Administration Services (FCAS). DCMC's International Logistics Office (ILO), located in metropolitan New York City, is the DoD Central Control Point for managing requests from foreign governments and international organizations. Many of our FMS customers are also FCAS customers. FCAS customers are charged a direct hourly rate. The estimated total value of services provided to FCAS customers in fiscal year 1996 was \$2.1 million. The point of contact in the ILO is Mr. Robert Hunter, 1-718-390-1063.

## Functions Common to Materiel Management and Contract Management

### Improving Customer Response Support

The Materiel Management Customer Support Office in HQ DLA has one primary objective: We work to improve support for all DLA customers, including those in the specialized area of security assistance and foreign military sales. Over the past 2 years, the Customer Support Office has conducted customer surveys to determine exactly how to improve customer support. FMS customers participated in the initial focus groups that helped us construct these surveys. Through these surveys we have learned that customers are especially concerned with availability of materiel, ordering procedures, order information (status), catalog information, timeliness of shipments, condition of materiel, and quality of personal contacts. Here are some examples of customer improvements already in place.

**Premium Service:** This program provides expedited ordering and time-definite delivery service for mission-needed items at an extra charge. Critical assets are stored, managed, and distributed by FedEx Logistics Services from a Government-owned, contractor-operated

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warehouse at DLA Distribution Depot, Memphis, Tennessee. Delivery is available to most overseas locations within 48 hours after placing an order.

**Logistics Response Time Reduction:** We are changing the way we buy items, using strategies like long-term contracting and electronic commerce to reduce lead times. We have also pledged to reduce the depot processing time by half, cutting the processing time for routine Materiel Release Orders from 8 to 4 days.

Many other changes under way in policies being developed at HQ DLA and in operations at the DLA supply centers, depots, and other field activities.

Part of our job in Customer Support is to ensure customers are kept informed of these changes. To do that, we use three main outreach tools: *The Customer Assistance Handbook*; our quarterly customer newsletter, known as *LOGLINES*; and the *DLA Customer Workshops and Expo*, which takes DLA to the customer. To obtain either of these publications and information on the *Workshops and Expo*, contact Customer Support at DSN 427-7523, or 1-703-767-7523.

The Customer Support Office is working on a number of ways to improve customer service and keep customers better informed. For example, we are prototyping centralized customer telephone call centers at our supply centers, so customers can more easily call DLA personnel for help. We are also installing a broad range of customer service information on the DLA Materiel Management home page. You can access the page on the Internet at the following URL: <<http://www.supply.dla.mil>>.

#### **Access to the DLA Standard Automated Materiel Management System for Foreign Liaison Officers**

The management of a country's FMS program requires up-to-date and continuous information on the status of requisitions—information readily available in the DLA Standard Automated Materiel Management System (SAMMS). Unfortunately, DoD and DLA policy restricts access to SAMMS data, because any person with access to SAMMS can view information of all other countries.

Foreign liaison officers, stationed at inventory control points, who need information on requisitions of DLA managed items should obtain that information through the appropriate ILCO system (i.e., U.S. Army - CISIL, U.S. Navy - MISIL, and U.S. Air Force - SAMIS). Those systems receive status of requisitions from SAMMS and have the proper safeguards. If that information is not adequate, FLOs can ask the ILCOs to either access SAMMS on their behalf or request the information directly from customer service units at DLA supply centers. FLOs may also access the Defense Emergency Supply Expert System (DESEX) for individual requisition and NSN information.

#### **Defense Emergency Supply Expert System (DESEX)**

DESEX is DoD's 24-hour, automated telephone system for supply management functions. DESEX provides DLA customers a number of benefits. It reduces waiting time and decreases the chance for error.

Foreign customers of DLA can use DESEX to do a number of things. Option 1 lets you check the status of your requisition. With Option 2, you can check stock availability. Options 3 and 4, respectively, allow U.S. customers, but not foreign, to submit and modify requisitions. Lastly, with Option 0, you can talk to a customer service representative.

DESEX is easy to use if you have a touch tone telephone. To use DESEX, simply call the number of the DLA supply center of which you are interested. The numbers for the DLA supply centers are found in the left-hand portion of the box below. Next, follow the automated menu and select the appropriate options. You will be asked to input information on your telephone keypad. Refer to the "Letter and Number Entries" in the right-hand portion of the box below.

DESEX Telephone Numbers	Letter and Number Entries
Defense Supply Center, Columbus (DSCC, S9C) DSN 850-2271 Commercial 1-614-692-2271	A = *21    N = *62    1 = 1
Defense Electronics Supply Center (DESC, S9E) Disestablished. Refer all calls to Defense Supply Center, Columbus	B = *22    O = *63    2 = 2
Defense Supply Center, Richmond (DSCR, S9G) DSN 695-4865 Commercial 1-804-279-4865	C = *23    P = *71    3 = 3
Defense Industrial Supply Center (DISC, S9I) DSN 850-2271 Commercial 1-614-692-2271	D = *31    Q = *11    4 = 4
Defense Personnel Supply Center (DPSC) Clothing & Textiles DSN 444-3042 Commercial 1-215-737-3042 Medical DSN 444-2111 Commercial 1-215-737-2111 Subsistence DSN 444-2810 Commercial 1-215-737-2810	E = *32    R = *72    5 = 5
(Continued from previous entry)	F = *33    S = *73    6 = 6
(Continued from previous entry)	G = *41    T = *81    7 = 7
(Continued from previous entry)	H = *42    U = *82    8 = 8
(Continued from previous entry)	I = *43    V = *83    9 = 9
(Continued from previous entry)	J = *51    W = *91    0 = 0
(Continued from previous entry)	K = *52    X = *92
(Continued from previous entry)	L = *53    Y = *93
(Continued from previous entry)	M = *61    Z = *12
	HELP = **4    YES = 9
	EXIT = ***9    NO = 6
	CANCEL = **2
	SPACE = *00

### DLA's Security Assistance Training Program (SATP)

The goal of DLA's SATP is to market and provide responsive support to the logistical training requirements of eligible countries. We provide this support in a manner consistent

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with the laws and regulations governing security assistance. All training provided by DLA to a foreign government is sold using FMS case procedures.

DLA can offer logistical training to eligible countries only after DoD requirements have been met. Training can be offered in cataloging, supply management, inventory control, provisioning, contract administration services, quality assurance, depot operations, distribution, shelf-life, transportation, demilitarization, and reutilization and marketing. DLA can offer training as part of a training-only FMS case, or in coordination with the U.S. military services to support the sales of major defense items or services.

We offer formal off-the-shelf courses, on-the-job, or observational training as part of a formal course of instruction, or specialized courses of instruction that meet a unique training requirement of a foreign country. Training can be provided in resident classes in the continental United States, or overseas in the form of mobile training teams.

The International Programs Office in the Materiel Management Business Office, HQ DLA, manages DLA's SATP. When a training request is received from an eligible country, the International Programs Office determines the complete scope of the training requirement, recommends the appropriate training facility in DLA or other DoD component, works with the training facility to develop prices and availability, and assists in the preparation of the FMS case. For more information on DLA's SATP, contact the International Programs Office at DSN 427-7565 or 1-703-767-7565.

## **INTERNATIONAL LOGISTICS**

DLA's role in international logistics comprises any program or function that does not involve the sale of defense materiel or services to a foreign customer. These activities cover a wide range of issues that include visits to DLA by foreign representatives, international agreements for logistical support, treaty affairs, and humanitarian assistance. A major aspect of our international activities involves logistical support the United States receives from other countries.

### **Foreign Visitors Program**

The Foreign Visitors Program provides DLA senior management with a unique opportunity for face-to-face contact with our foreign customers. Nonetheless, foreign visitors may visit HQ DLA and any of our field activities only with written approval from the proper authority. Below is a brief discussion of our process for approving and hosting foreign visitors.

Foreign visitors must be sponsored by their government. The process starts when a proposed visitor submits a Request for Visit Authorization through their countries' embassy to the Defense Intelligence Agency (DIA). There the request is screened for security clearance and acceptability. DIA forwards the request to the HQ DLA Command Security Office for monitoring, and onto the International Programs Office for final approval. To serve you better, we encourage potential foreign visitors to clearly state their needs with the visit request.

Foreign visitors who call DLA offices direct will be asked to submit their requests through embassy/DIA channels. DIA must receive a visit request at least 30 days before the proposed visit. Late visit requests may be returned without action.

The International Programs Office works with activities being visited to ensure that our foreign visitors are hosted by the appropriate DLA officials. Every effort is made to meet the needs of the foreign visitor. For more information, please contact Ms. Betty Watson, DSN 427-7505, or 1-703-767-7505.

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## Cataloging and the NATO Codification System

The international logistics mission of DLSC is built around the NATO Codification System (NCS). The NCS is a uniform and common system for identifying, classifying, and issuing stock numbers for items of supply used by NATO and allied countries. The NCS is built upon the same precepts of the U.S. Federal Cataloging System and facilitates the exchange of cataloging and logistics data between countries. The NCS is based on two principal NATO Standard Agreements (STANAGs): STANAG 3150, Uniform System of Supply Classification; and STANAG 3151, Uniform System of Item Identification.

The NCS applies two basic rules. First, each item of supply will have a single unique number (one item-one number). Second, the National Codification Bureau (NCB) of the producing country codifies, or catalogs, the items of supply produced by that country, regardless of which country is the end user. This pertains even if the producer country is not a user of the item. The codifying country is recognizable by a two-digit code (NCB Code) which forms part of the NATO National Stock Number (NSN). NATO NSNs are structured like U.S. NSNs, which are considered to be NATO NSNs within the context of the NCS.

DLSC, in its role as the U.S. NCB, has four primary missions. First, DLSC processes cataloging requests from NATO and other foreign governments for assignment of U.S. NSNs. Secondly, DLSC processes requests from U.S. services and agencies to NATO countries for items of supply manufactured in those countries. Thirdly, DLSC writes and administers FMS cases, as discussed in Part I. Finally, DLSC provides support to the NATO Codification System by:

- Proposing and implementing NCS policy and procedures.
- Maintaining the classification system, the item identification guides, the item name directories and the general decoding tool employed by all the participating countries in their national codification systems.
- Performing staff work in support of the NATO Codification Committees and providing U.S. representation to the governing bodies and policy committees for the NATO Allied Committee (AC/135).

The AC/135 has several initiatives that are of interest to the logistics community. AC/135 has sponsored the development of the NATO Master Cross Reference List (N-MCRL) on CD-ROM. The N-MCRL, for the first time, provides visibility of 14 million NSNs used by NATO countries cross referenced to about 30 million manufacturers' codes and part numbers.

Thirty nations use the NCS as the model for their national codification systems. There is a growing interest among various nations in adopting the NCS as their tool for identifying items of supply and exchanging logistical data. AC/135 has held a workshop for the Partners for Peace countries, several of which have already been approved or have expressed interest in NCS sponsorship.

There is also an effort to establish a Pacific Area Cataloging System (PACS) for the countries of the Pacific Rim. This initiative has been approved by the Pacific Area Senior Officer Logistics Symposium (PASOLS) and involves 15 Pacific Rim nations. Longtime users of the NCS are leading this effort with the U.S. and Canada playing an advisory role. DLSC has supported PACS by developing two prototype products for the PACS countries: a PACS Master Cross Reference List on CD-ROM, which cross-references PACS countries' NSNs to manufacturers' codes and part numbers; and a Disaster Relief CD-ROM, which identifies items of supply needed for responding to national disasters.

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The United States will serve as the host nation for the 8th NATO Symposium on Codification to be held in San Diego, CA, May 13-15, 1997. This event will bring together logistic data management specialists from more than 45 nations to share information and explore new directions for NATO Codification. For more information on this event, please contact Ms. Brenda Eddy at DSN 932-4333, or 1-616-961-4333, or facsimile 1-616-961-4760, or E-mail <beddy@dlsc.dla.mil> .

## International Agreements

### International Agreements for Fuel Support

U.S. war fighters require fuel support and services for military aircraft, ships, bases, and personnel based overseas. This type of support is provided through international agreements between the United States and host countries. International fuel agreements are critical instruments that form one leg of a complex triad of fuel support for DoD customers outside the continental United States. The three parts of this intricate package of support are U.S. installations on foreign soil, commercial contracts, and support from allies and friendly nations. The international fuel agreements arranged by Defense Fuel Supply Center (DFSC), Fort Belvoir, Virginia, indeed provide fuel service to our war fighters *"Around the Clock, Around the World."*

Fuel support from foreign nations is often a complex web of arrangements that include aircraft and ship refueling, pier operations, pipeline operations, storage services, and a multitude of ancillary support. No two agreements are the same; each brings its own unique challenges to the table.

The process of fueling the forces means business in excess of \$5.3 billion in annual sales and inventory. DFSC financial requirements for the operation, maintenance and environmental aspects of international fuel agreements exceed \$50 million per year. Additionally, sales to foreign aircraft, ships, and vehicles exceed \$200 million annually.

The development, negotiation, approval and execution of international fuel agreements vary greatly from one situation to another; however, the process always starts with identifying basic requirements. DFSC analyzes the war fighter's requirements to determine whether they can be satisfied with the existing U.S. fuel infrastructure, commercial contract, or support from foreign governments through an international agreement.

Prior to 1991, DFSC specialized in agreements with foreign countries for the operation, maintenance and environmental protection of pipelines, storage facilities, and fuel handling services. DFSC concluded international agreements for fuel support of special exercises in countries where the oil production and distribution industry is nationally controlled. A significant number of fuel agreements were also concluded between individual military services and foreign governments to provide for government-to-government fuel exchanges.

In 1991, DoD directed DFSC to implement Phase II of the Integrated Materiel Management of Petroleum. Under Phase II, DFSC became the single fuel manager for all DoD components. As a result, the role of the International Agreements Branch at DFSC has increased. DFSC is currently embarking on a plan to assume responsibility for all the existing U.S. military service fuel agreements.

Over the next several years, DFSC will renegotiate and consolidate a number of U.S. Navy, U.S. Air Force, and DFSC international agreements. DFSC looks forward to the challenge and privilege to better serve the war fighter by providing first class logistics support for the U.S. and foreign forces.

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## **Host Nation Contract Administration and Quality Assurance Services**

Defense Contract Management District International (DCMDI) is responsible for executing and implementing Memoranda of Understanding (MOU) that delineate host nation contract administration services (CAS). Under some MOUs, the U.S. Government and foreign governments provide one another with CAS on a reciprocal basis, as authorized by legislation, while other MOUs allow governments to provide CAS on a fee-for-service basis. DCMDI works closely with the Office of the Secretary of Defense in coordinating and negotiating with the various host nations, and in the actual implementation of host nation agreements. DCMDI also participates with the Office of the Secretary of Defense in surveys and evaluations of other nations' quality assurance methods for possible exchange of CAS.

### **Treaty Affairs**

The new strategic environment means new controls over certain forms of weapons and warfare that were once the mainstays of the Cold War. These weapons include nuclear weapons, weapons of mass destruction, conventional weapons, and the use of land mines and chemical weapons.

DLA has had limited involvement in the development, production, maintenance, storage, or deployment of those weapons. However, DLA has provided U.S. military services with support in meeting their treaty responsibilities. This support has come from DRMS through destruction operations, and from DCMC through the administration of contracts that impact various treaties and agreements. For these purposes, DLA has been an active player in the management of bilateral and multilateral treaties and conventions over the control of these weapons.

For the last several years, the DLA International Programs Office has represented the Agency on various treaty management working groups. The groups have included the Chemical Weapons Interagency Working Group; Strategic Arms Reduction Treaty (START) Implementation Working Group; the Anti-Personnel Landmine Implementation Working Group; and Conventional Forces in Europe. For more information, contact the International Programs Office, DSN 427-7565, or 1-703-767-7565.

### **Humanitarian Assistance Programs (HAP)**

Helping to provide the basic necessities of life to those in need worldwide is a never-ending challenge to everyone associated with the Humanitarian Assistance Program (HAP). HAP is a component of the U.S. Government's Overseas Humanitarian, Disaster, and Civic Aid Program. DLA has assumed a variety of roles in HAP ranging from field feeding, to the repair and refurbishment of equipment, and the collection and transportation of excess and donated materiel.

#### **Subsistence: Humanitarian Field Feeding**

The Defense Personnel Support Center (DPSC), Philadelphia, Pennsylvania, purchases Humanitarian Daily Rations (HDRs) based on requirements and funding provided by the Deputy Assistant Secretary of Defense for Humanitarian and Refugee Affairs.

The HDR was developed to provide food for one person for 1 day. The use of a ready-to-eat type ration permits emergency feeding when bulk food feeding is difficult or impossible. HDRs have been used to feed refugees due to human or natural disaster, or political demobilization. The HDR is sensitive to the ethnic and cultural needs of the recipients. Since

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September 1993, DPSC has purchased 10 million HDRs for the support of humanitarian programs in 7 countries, with current orders for HDRs to support 11 other countries.

The success of the HDR has led to demands for other types of rations. A recent development has been the Humanitarian Pouched Meal. DPSC developed the Humanitarian Pouched Meal for the U.S. Atlantic Command in response to migrant feeding requirements. The Humanitarian Pouch Meal is a single meal as compared to the HDR being a complete day's requirement. The Humanitarian Pouch Meal was also tailored to meet dietary requirements for Cuban and Haitian migrants. DPSC has supplied 2.7 million Humanitarian Pouch Meals.

### **Excess Materiel: Disposal Operations in Support of HAP**

As we discussed earlier in the section on security assistance, DRMS disposes of excess personal property generated by DoD. Some of this property can be used to meet the HAP requirements of impoverished foreign countries.

The commanders-in-chief of regional U.S. commands develop "wish lists" of excess property for eligible countries. The "wish list" is channeled through the Departments of State and Defense, and sent for action to the Directorate of Disposal Operations at DRMS. A search of the disposal yards is made to locate the property. It is then transported for storage in a HAP designated warehouse, and eventually to a recipient country. Upon arrival in country, a representative of the Department of State assumes responsibility for the property and the transfer officially takes place.

In fiscal year 1996, DRMS transferred 21,493 line items of excess personal property via the HAP. The original acquisition value of these items was almost \$114 million. Property transferred to these countries is used in school systems, hospitals, orphanages, and other needy civil institutions. For more information on the DRMS' HAP, call Ms. Pamela Plane, at DSN 932-5905, or 1-616-961-5905.

### **The Role of Depot Operations in the HAP Mission**

Under the direction of the Special Operations Logistics Division, the DLA Distribution Depot Susquehanna, Pennsylvania, (DDSP), in New Cumberland, refurbishes and delivers a cornucopia of items to more than 20 distant countries, kingdoms, and cities around the world. Many of these have been new and emerging nations.

Much of what DDSP contributes to HAP is based on the skills and knowledge of depot personnel in refurbishing and retrofitting equipment and vehicles of all types and descriptions. Understanding and reacting to today's real world situations and the complexities of international relations goes a long way in overcoming the challenging capabilities of foreign ports, terrain, and transportation systems.

Based upon requests from U.S. embassies in foreign countries, Special Operations personnel locate the necessary items worldwide. The equipment is usually brought to New Cumberland, PA, where it is thoroughly inspected, reconditioned and prepared for overseas shipment. Repairs or replacements are made with new or rebuilt parts. Interiors and exteriors are repaired, refurbished and painted United Nations white. All equipment, including hospital medical apparatus and food preparation units, likewise is returned in as-new condition, functionally and visually.

Though not generally thought of as humanitarian assistance, vehicles such as dump trucks, dozers, buses, and equipment such as generators, welding machinery, and air compressors are

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used in rebuilding the infrastructure of cities and countries either devastated by war or trying to emerge from extremely primitive conditions.

While DDSP has a proven track record in the HAP mission which is growing daily, there are examples of expertise elsewhere in DLA. Requirements for communications equipment are sent to the Distribution Depot, Tobyhanna, Pennsylvania, and Distribution Depot, Richmond, Virginia, has the marine capabilities to meet requirements for watercraft. Another example of good business practice is a vehicle refurbishment program which DDSP recently helped to establish at Distribution Depot, Europe, in Germersheim, Germany.

In partnering with sister depots, these actions, which are paid with funds from the Overseas Humanitarian, Disaster, and Civic Aid Program, can be accomplished for DoD more efficiently. It is important for DLA to support this highly visible DoD program to help reduce the threat to U.S. forces by supporting the infrastructure of emerging nations to ensure stability in the world.

### **Transportation of Donated Humanitarian Relief Cargo**

DLA is heavily involved in the Program for DoD Funded Transportation for Private Volunteer Organizations (PVOs), Non-Governmental Organizations (NGOs) and International Organizations (IOs) Cargo. Legislative authority for this program was enacted in fiscal year 1986 under Title 10, United States Code, Section 2551. It authorizes DoD to transport humanitarian shipments and conduct other humanitarian assistance worldwide. Since then, the program has evolved into a coordinated effort between the Departments of State and Defense for the worldwide transportation of humanitarian relief cargo donated by PVOs, NGOs and IOs.

While DLA books the shipment for transportation, the donors of humanitarian relief cargo are responsible for all else. Donors submit application packages (containing details on the volumes, weights, consignees, beneficiaries, and warehouse locations) to the Department of State; obtain country approval for duty free status; prepare the cargo for shipment; and load and unload the cargo.

In fiscal year 1995, DLA made 51 shipments of more than 10 million pounds of humanitarian cargo to 30 countries. As in the Excess Property Program, funding for the Donated Transportation Program is provided from the Overseas Humanitarian, Disaster and Civic Aid Appropriation. For more information on this program, contact Mr. Sam Backman, DSN 427-3630, or 1-703-767-3630.

### **CONCLUSION**

DLA is involved in a wide range of programs and activities in support of foreign customers. With the recent and continuing reorganizations among the U.S. military services and defense agencies, DLA's international support missions have been constantly growing in scope and complexity. Each day we gain more and more experience in recognizing our foreign customers and identifying their needs.

This article is not meant to be the complete authority on all of DLA's international missions. It is merely a snapshot in time of some of DLA's more important missions and policies. The pace of change does not appear to be slowing. In fact, it seems to be speeding up. To keep you informed of the progress DLA is making in providing only the best in logistical support, you can expect to see additional DLA articles in future issues of *The DISAM Journal*.

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If there is an issue or topic for which you need an answer that we did not cover or did not address adequately, please contact the International Programs Office, Office of the Deputy Director for Materiel Management, at DSN 427-7565, or 1-703-767-7565. We will look forward to hearing from and serving you.

Thank you for taking the time to rediscover, “**First Class Logistics for U.S. and Foreign Forces. *DLA Around the Clock, Around the World.***”

#### **ABOUT THE AUTHOR**

Mr. Kenneth P. Zabielski wrote, compiled, and edited this article with the help of co-workers in more than 25 offices throughout DLA’s headquarters and its field activities. Mr. Zabielski is a member of the International Programs Office, in the Materiel Management Business Office, HQ DLA. He has more than 12 years experience with the Agency, mostly in the fields of auditing and accounting. In 1991, he became involved in security assistance when DLA began to place a higher priority on its international missions. He broadened his experience in this new career field during a year-long internship in various international offices in Office of the Secretary of Defense, and Headquarters, Department of the Army, and in the Operations Directorate of the Defense Security Assistance Agency. Mr. Zabielski graduated from DePaul University in Chicago with a BSC in commerce, and earned an MPA from Golden Gate University. He is an Army Reserve officer with more than 22 years service in finance, combat engineer, armor and logistical units. He is also an adjunct faculty member of the U.S. Army Command and General Staff College. You may contact Mr. Zabielski at DSN 427-7506, or 1-703-767-7506, or E-mail <kenneth\_zabielski@hq.dla.mil> .