Defense Logistics Agency

INSTRUCTION

DLAI 4155.03
Effective February 24, 2015

DLA Logistics Operations, Inventory Distribution (J342)

SUBJECT: Defense Logistics Agency (DLA) Stock Positioning

Reference: DoDM 4140.01, "DoD Supply Chain Materiel Management Procedures: Operational Requirements," February 10, 2014

1. PURPOSE. This Issuance establishes policy, assigns responsibilities, and provides instruction for positioning stock, managing inventory, supporting customer delivery, and supply chain operations.

2. APPLICABILITY. This DLA issuance:

a. Applies to DLA Headquarters; DLA Aviation, DLA Land and Maritime, DLA Troop Support (hereafter referred to collectively as DLA Supply Centers) and their Support Activities; DLA Distribution and DLA Distribution Centers.

b. Does not apply to DLA Disposition Services and DLA Energy.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DLA policy to comply with the Reference and manage Continental United States (CONUS) and Outside the Continental United States (OCONUS) Stock Positioning by the procedures cited in this instruction.

5. RESPONSIBILITIES. See Enclosure 1.

6. PROCEDURES. See Enclosure 2.

7. INFORMATION REQUIREMENTS. None

8. INTERNAL CONTROLS. Compliance with this instruction is checked monthly through teleconferences and performance metrics.

9. RELEASEABILITY. UNLIMITED. This Instruction is approved for public release. It is available on the Internet from the DLA Issuances Internet Website.

10. EFFECTIVE DATE: This instruction:

a. Is effective on February 24, 2015.

b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DLAI 5025.01, DLA Issuance Program. If not, it will expire effective February 24, 2025 and be removed from the DLA Issuances Website.

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ENCLOSURE 1

RESPONSIBILITIES

1. DIRECTOR, DLA LOGISTICS OPERATIONS (J3) must establish, manage and administer Agency-wide Stock Positioning Policy.

2. THE EXECUTIVE DIRECTOR, SUPPORT (J34), UNDER THE AUTHORITY, DIRECTION, AND CONTROL OF THE DIRECTOR, J3, must determine the methodology for managing inventory within policy parameters.

3. DLA HQ J342 INVENTORY DISTRIBUTION NETWORK (IDN) must execute the policy and ensure that all participants are cognizant of their roles. The branch is responsible for stock positioning decisions/approvals for CONUS and OCONUS locations.

4. The IDN DIVISION CHIEF must review and prioritize requests for Inventory Policy Optimization (IPO) simulations and serve as the chair for the Stock Positioning Steering Group (SPSG).

5. DEFENSE OPERATIONS RESEARCH AND REQUIREMENTS ANALYSIS (DORRA) must develop and report metrics used to measure the effectiveness of Stock Positioning.

6. DLA HQ J31 NATIONAL ACCOUNT MANAGERS (NAMS) must serve as the entry point for all Service requests regarding Stock Positioning issues, both CONUS and OCONUS, interface with the Service-4s (Army G-4; NAVSUP; MARINE I&L, Air Staff A4 etc.), Primary Level Field Activities (PLFAs), and the DLA HQ IDN.

7. COMMANDERS, DLA AVIATION, DLA LAND AND MARITIME, AND DLA TROOP SUPPORT must resolve stock positioning modification decisions at the CONUS Distribution Activities. DLA HQ, DLA Supply Centers, and DLA Distribution will coordinate OCONUS stock positioning adjustments.

8. COMMANDER, DLA DISTRIBUTION must provide policy, direction, and resources in support of the CONUS/OCONUS Stock Positioning Procedures.

ENCLOSURE 2

PROCEDURES

1. OVERVIEW. These procedures optimize safety stock and total supply chain investment and align inventory for supply chain planning and operations to balance cost efficiencies and customer support. Effective CONUS and OCONUS Stock Positioning for DLA needs strategic systems, network thinking, and an understanding of end-to-end supply chain planning. DLA currently supports Wholesale and Retail Industrial Activity customers by geographic region, CONUS and OCONUS.

a. CONUS Stock Positioning strategies can differ based on Wholesale and Retail Industrial Activity (IA)' customer groups. To serve these customers, the focus of the stock positioning strategy is reducing supply chain cost. Stocking material anywhere in CONUS and varying the mode of transport can meet adequate wholesale customer demand wait times. Material in stock close to point of use can satisfy adequate retail customer demand wait times. DLA uses economic stock positioning logic as defined in Appendix 1 for wholesale IA customer inventory. The CONUS Stock Positioning Policy applies to DLA owned and managed items.

b. Position inventory for customers based on demand first, and overall supply chain cost second. OCONUS demand is considered wholesale, therefore the strategy for stock positioning at OCONUS locations should balance effectiveness with efficiency to avoid escalating OCONUS stock positioning costs. The OCONUS Stock Positioning Policy applies to DLA-owned and managed items according to the Supply Alignment Business Rules in Appendix 2.

c. DLA's planning tool, developed through the JDA company and commonly referred to as "JDA", uses methodology defining safety stock levels through the Inventory Policy Optimization (IPO) process as defined in Appendix 3. Safety stock may be applied to items both CONUS and OCONUS.

2. IDN PROCEDURES. The IDN Division develops strategies to advance DLA goals related to moving inventory, with consideration for balancing economics and support to the warfighter.

a. Develop stock position recommendations based on customer demand, current inventory locations, and depot capability.

b. By exception, build the appropriate network at the agreed upon site, to include Stock Keeping Units (SKUs), Sourcing Lanes, Dynamic Deployment (DYNDEP) Lanes, and the custom tables to ensure Demand Forecast Unit to SKU mapping is done properly. This process normally takes place as part of the Demand Month End (DME) cycle.

c. Review and determine if all requests for new or modified customer and supply chain requirements can be satisfied.

d. Maintain available stock at CONUS/OCONUS sites, which includes a periodic review of stock levels, rebalancing or moving stock as necessary.

e. Serve as sub-process owner for Stock Transport Orders (STOs).

f. Serve as the focal point for DLA enterprise Inventory Distribution requests and recommendations on corrective action, including various system improvements, to optimize accuracy and efficiency.

g. Develop strategies and execute plans in support of Supply Chains, Program Office, and HQ DLA special programs.

h. Develop and execute plans and stock movements during emergency situations.

i. Maintain all logic data and update all network tables to enforce Supply Chain and DLA Distribution restrictions based on various factors to include depot capabilities. By exception, DLA Troop Support maintains all restrictions related to specialized commodities under their scope; e.g., Clothing & Textiles (C&T) items.

j. Perform monthly validations and all changes to systemic restriction logic (less noted exceptions).

k. Maintain the JDA Mailbox referenced in Appendix 4 for out-of-cycle STO requests and actions related to Network Changes; i.e., large and or special projects that require STOs.

l. Develop and validate extracts from the JDA environment to ensure extracts are complete.

m. Provide summary data for reports to validate System changes and other projects.

n. Develop and validate new network settings as required.

o. Coordinate review items with DLA Distribution for capability and capacity.

p. Special Projects: Stock Positioning requires a 30-day advance notice, from either the PLFAs or Military Services, for scheduled large projects. Large projects are those that require significant coordination with other organizations (Supply Chains, Distribution, J6, GSA, etc.) and a substantial amount of time to complete. This aids planning (such as large listings of STOs and numerous network changes). Direct questions regarding these guidelines to each Supply Chain's Stock Positioning Business Process Analyst.

q. Coordinate Enterprise Business System (EBS) Requests for Change or Support as required.

Appendices

1. CONUS Stock Positioning Business Rules
2. OCONUS Business Rules
3. Inventory Policy Optimization
4. JDA Mailbox Policy

APPENDIX 1: CONUS STOCK POSITIONING BUSINESS RULES

1. CONUS Stock Positioning Rules. This section describes the CONUS Stock Positioning Business Rules used by SKU Builder functionality to set the JDA network for supply planning.

a. Optimize safety stock and total supply chain investment.

b. Align inventory for supply chain planning and operations to balance cost with customer support.

c. Utilize DLA Distribution at Susquehanna, PA, DLA Distribution at San Joaquin, CA, and DLA Distribution at Red River, TX, for operational customer support CONUS and the primary source locations for replenishing OCONUS Distribution activities. All other CONUS DLA Distribution activities provide storage and distribution support to industrial customers and other local/operational customers when economical. Build and maintain SKUs in JDA based on economics, history, forecast, collaboration, and overrides.

d. There are two types of SKUs, planned and non-planned. The source for replenishment further determines whether the SKU is a buy-back (vendor replenishment) or non-buyback (replenished by another Distribution Center by planned or DYNDEP of stock).

2. CONUS SKU Build Rules. This section provides the rules for CONUS SKU build and replenishment processes.

a. Stocking Criteria.

(1) SKU activation is based on economic analysis, special requirements, and/or activity.

(2) Activity parameters are adjustable by profit center for Retail and CONUS.

(3) Activity rules govern stocking criteria. Stockability rule 4-2-12 – four orders, in two months, during last 12 month period - applies to an item (Aviation Supported) with a forecast. Retail CONUS SKU's activity rule 2-1-12 analyzes previous demand - two orders, in one distinct month, during the last 12 month period; however, the stockability rule 4-2-12 must be met before 2-1-12 retail SKU build method is applied.

(4) Economics drive wholesale CONUS SKU builds, not activity. Economics for replenishment from a vendor decides stocking levels for all Distribution Depots. The Depots use dedicated scheduled truck routes to minimize total costs which include transport costs, procurement costs, inventory holding costs, and materiel handling costs. DLA Distribution at Richmond, VA, as the Agency-wide hub for Hazardous Material, is the only exception to this policy.

(a) Three exceptions prevent SKU creation when an item meets the current business rules. They are:

1. Items Acquisition Advice Code (AAC) is: F, H (BANS), I, J, L, O, R, T, V, X, or Y

2. Restriction Logic preventing storage at the Distribution Depot based on:

a. Lack of storage capability

b. Systemic block in JDA by the Supply Chain Planner (this block prevents future planning).

3. Materials have an XPlantMatlStat of 01, 03, 05, ZC, ZI, ZN, ZP, ZR

a. 01 - Blocked for Procurement

b. 03 – Inactive

c. 05 – Cancelled

d. ZC – Pending Cancellation

e. ZI – Item Standardization Relationship

f. ZN – Blocked for Procurement/Warehouse

g. ZP – PBL ZREP – BLK procmnt/whse

h. ZR – ZREP – Block procmnt/whse

(b) AAC H is stocked if it is DLA Direct (DD), Dual Channel, or newstocksw = 1; Item cannot be a log loss; Material type <>ZCNS, Replacement Code <> ZCAN, ZCON, ZSUB, ZNHA or ZDIS; FSC cannot start with “89”; and item cannot be on the ZFMT_ITEM_IGNORE. To change AACs see Template 1.

(c) The following do not follow economic rules: Troop Support C&T Supply Chain, ICG = ZDUL, Customer-Direct Channel =Customer Direct items. Retail Items at Inventory Management and Stock Positioning sites must go through an economic evaluation, but item activity take precedence.

(5) Any proposed item entering the Supply System with no previous history must have a SKU built at either DLA Distribution Susquehanna, Pennsylvania or a Specialized Plant (Restricted Storage/Hazardous Material items). The request for creation of this SKU will follow the processes in Appendix 2.

(6) The Supply System Analyst (Stock Positioning) will revalidate items that don't meet the capability or capacity requirements. Item validation failure triggers removal from the database within 30 days.

(7) Adjust stock positioning plans on receipt of approved changes of distribution actions, except as pertains to specialized commodities under DLA Troop Support purview.

(8) Address exceptions to Stocking Criteria using DLA Form 1913, for Retail Support at Industrial Activities. This may be used for both new quantities and adjusting quantities.

b. Replenishment Criteria.

(1) Replenishment criteria must be applied once SKUs are created.

(2) Replenish items that don't meet the Vendor replenishment rules from either Planned or DYNDEP.

(a) Buy Back SKU locations are replenished by procurement. These are usually Primary Source Locations, which supply the Non-Buy Back SKUs via Stock Transport Order (STO). STOs can be Planned Deployment or DYNDEP.

(b) Planned Deployment is a shipment from a designated primary source. This is routine and preferred.

(c) DYNDEP is used if a location can't be replenished via Planned Deployment. JDA moves surplus material from another location within the network to satisfy a shortage (Buy Back to Buy Back, or between two locations without a planned relationship).

(3) Replenishment Method Code (RMC) Quantity*

(a) RMC R Items (Stocked Forecastable): Time Phased Inventory Plan using Coverage Duration, (CovDur), and Minimum Safety Stock (MinSS) from IPO determine replenishment quantities.

(b) RMC N Items (Stocked Non-Forecastable): Minimum Safety Stock (MinSS) calculations from Peak/Next Gen or SKUBuild and Maximum On Hand (MaxOH) calculations MinSS plus Economic Order Quantity (EOQ) determine MinSS/MaxOH replenishment quantities.

*These two rules do not apply to Troop Support Clothing and Textile (C&T) items; Supply Planning Business Process Analysts determines MinSS/MaxOH.

3. DYNDEP.

a. JDA will try to move surplus (overage/excess) material within the Network to satisfy a shortage if Planned Deployment cannot replenish a location. JDA defines surplus as any balance over the MinSS throughout the DYNDEP Duration. DYNDEP considers all locations within the supply chain to be sources of supply.

b. Three rules govern DYNDEP:

(1) DYNDEP Sourcing Lanes:

(a) Identify locations that will participate in DYNDEP. SKU level real-time excess determines DYNDEP Sourcing Lanes, evaluated and activated nightly.

(b) The DYNDEP Sourcing Lanes are built to and from the DYNDEP location for any active (Non-Vendor) SKU.

(c) For limited exceptions (e.g., Lumber, Hesco Bastions, etc.), DYNDEP is disabled to ensure no lanes are created.

(2) DYNDEP Source Costs:

(a) Identify the least expensive location when more than one surplus location exists. Currently, CONUS DYNDEP Source Costs are set lower than OCONUS costs so DYNDEP will always try to move from CONUS first.

(b) Lowest transport cost is the driver to determine priority for sourcing surplus material.

(3) DYNDEP Quantity (DYNDEPQty):

(a) Determines the economic quantity to move in a DYNDEP situation.

(b) Represents the point where the cost of shipping and handling are recovered.

(c) The Purchase Request (PR) Avoidance Quantity: Quantity below which it is economically beneficial to buy more inventory rather than move available inventory from a network location (Dynamic Deployment STO) or shipping from out-of-area location to satisfy customer requirement (Materiel Release Order MRO) and redistribution quantity. Quantity at or above which it is economically beneficial to redistribute inventory.

4. Exceptions to Stocking Criteria for Retail Activities. This section describes the process for requesting exceptions to stocking criteria. DLA Form 1913 is used to adjust levels at the DLA Industrial Activities (IAs), supporting the Air Force Air Logistics Complex, Naval Aviation Fleet Readiness Centers (FRCs), and expected to include Naval Ship Yards (NSYs).

a. Business Scenarios.

(1) A Sustainment Specialist (SS)/Equipment Specialist (ES) or Customer Support Specialist (CSS), may need to request stocking of a Customer-Direct or DLA-Direct (DD) item not currently stocked at that IA. Additionally the CSSs, a job unique to the IAs supporting the FRCs, are also responsible for non-DLA managed items and Local Stock Number items.

(2) The SS, CSS or the Material Support Specialist (MSS) submits a Form 1913 to request an increase to the Shop Service Center (SSC) maximum level for an item if all SSCs maximum level sum exceeds the current aggregate plan protection level for the item.

(3) As a SS or CSS, you may need to request a change to the quantity of the Industrial Customer (MIN) Protection Level or to the Protection Level Indicator at the Industrial Customer (MIN) Protection Level for an item.

b. Business Rules.

(1) Use DLA Form 1913 to request stock of new items at a plant (for the Air Logistics Complexes (ALCs) and FRCs SKU locations) not currently stocked.

(2) Use DLA Form 1913 to request a change in SSC Max (DSS)/Plant MinSS, (EBS), or FRC SS on an exception-only basis due to frequent stock-outs or other emergent requirements.

(3) Before submitting a Form 1913, the SS/CSS may determine if there is any demand intelligence to be shared with either DLA's Demand Planner or the customer.

(4) The MSS or the SS/CSS may initiate Form 1913, but the SS has full responsibility for completing and submitting the form and forwarding the results to the original submitter upon receipt of the returned form.

(5) Complete Form 1913 electronically, sent by the SS as an email request to the local Supply Planning Business Process Analyst. Submit the 1913 request through the Supply Planning Assistance Form Box creating a DRU ticket.

(6) Send the forms to the group email address created for each signing/approving authority.

(7) The approving/signing authority will forward the request to the next level, and cc: the prior party (if other than the originator), to maintain visibility of the request's progress.

(8) Upon receiving a Form 1913, each signing/approval authority has two business days to approve or deny and forward to the next party involved. If a party is taking more than two business days to process the form, the forwarding party may follow up with an email.

APPENDIX 2: OCONUS STOCK POSITIONING BUSINESS RULES

1. OCONUS Business Rules originated with the Supply Alignment Initiative, a joint effort with DLA, the Uniformed Services, United States Transportation Command, Combatant Commanders, and General Services Administration (GSA). This team determined the most economical method for OCONUS distribution of material, the Economic Movement Quantity (EMQ). Additionally, Service readiness requirements are vetted through the Special Requirements Category process. Both processes identify material that qualifies for forward stocking on an OCONUS Depots Planned Stock List (PSL). Figure 1 is a graphic description of EMQ process flow.

2. EMQ inventory planning uses a variation of Wilson's Economic Order Quantity to determine systemic additions/deletions to a Planned Stock list (PSL.) It uses economics to calculate and set JDA parameters.

a. The model considers various cost, operational factors, and constraints to recommend whether an item gets forward stocked. The model calculates the following:

(1) EMQ for replenishments

(2) Economic number of replenishment orders per year

(3) Economic frequency of those replenishments

(4) If needed, it calculates the planned Safety Stock level required to achieve a specific fill rate target.

b. The EMQ model balances inventory range and depth, total distribution costs, and movement dynamics. The model determines whether it's more advantageous to forward stock an item or leave it at a CONUS depot. If the total costs to stock at the Forward Distribution Platform and replenish via surface-ocean is lower, the model recommends the item for forward positioning. Conversely, if it's less expensive to not forward stock the item, it is kept at the CONUS Distribution activity as determined by the SKU logic defined in Appendix 1 and shipped via air when required.

c. EMQ Process: The EMQ model builds the majority of SKUs for PSL items at designated OCONUS DLA Distribution activities that support assigned units. Items have to meet the 4-2-12 criteria: four demands in at least two distinct months of a 12-month period, to be considered for the EMQ model. Additionally, the model considers a number of other factors including:

(1) Depot Capabilities

(2) Handling Costs

(3) Holding Costs

(4) Demand Variability

(5) Item Costs

(6) Item Weight

(7) Transportation Costs

(8) Fill Rate Targets

(9) Lead Times

d. The EMQ model calculates the economical replenishment quantity and frequency. IPO may determine Safety Stock levels required to achieve a specific fill rate target. Using the results of the analysis, the model then considers the total distribution costs of forward stock compared with remaining at CONUS depot and chooses the least cost option to build the PSL.

(1) Safety Stock is assigned a Pareto category based on two Pareto analyses, one calculated by Extended Weight and the second by MRO Count. These two analyses create a combination Pareto category. Simply stated, an item's Pareto category is set as the higher of the two analyses. For example, if an item is a category "B" item based on the Extended Weight Pareto and a category "A" item based on MRO Count, the item is assigned as a category "A" item.

(2) To create management and measurement categories, a fill rate target is set for each category. This target fill rate is loaded into EBS at the SKU level and the system tries to set the safety level to obtain this target subject to constraints. The following represent the target fill rates for each Pareto category:

(a) "A" – Fill Rate Target = 95%

(b) "B" – Fill Rate Target = 85%

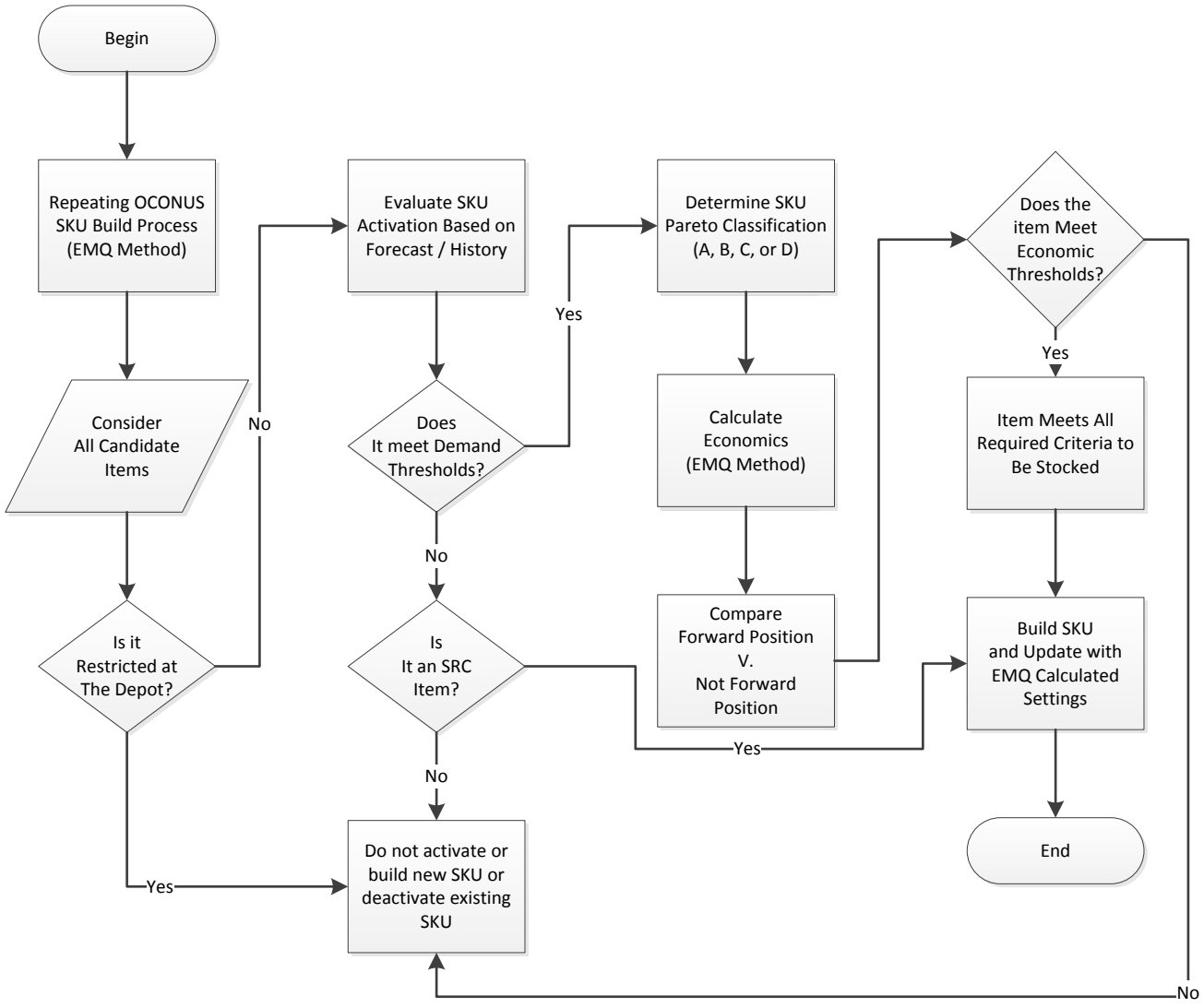
(c) "C" – Fill Rate Target = 70%

(d) "D" – Fill Rate Target = 50%

e. EMQ Retention.

(1) The purpose of retention is to reduce volatility in turning SKUs on and off. If a SKU fails to meet the EMQ or activity criteria in any one month, it will remain on the PSL for one year as long as it meets EMQ in the prior 12 months. However, after that year if EMQ criteria are not met, it will systemically become an unplanned SKU and redistributed within the network. An item may become a Special Requirements Category (SRC) item and follow the normal SRC process if desired.

Figure 1. EMQ Process Flow Chart



(2) Special Requirements Category (SRC) Process. The Military units/Services may request the addition of wholesale DLA managed items that don't meet EMQ criteria. These include items that the units/Service considers readiness drivers. The appropriate J31 National Account Manager (NAM) at DLA HQC will manage coordination with the respective Military Service (MILSVC) Logistics organization; i.e., Army G-4, Air Force A4, NAVSUP GLS, Marine Corps I&L. This may include coordination with the local Warfighter Support Representatives (WSR)/DLA Regional Command, DORRA, DLA Supply Centers, and the IDN in analyzing the candidate SRC items. The following duties apply:

(a) WSR/DLA Regional Commands.

1. As the local DLA face to the customer, the WSRs and DLA Regional Commands have a unique perspective in providing support to their AOR and unit customers. When a particular unit or MILSVC identifies a list of items they require for readiness, these DLA organizations may assist in the SRC process.

2. In the case of a unit generating a SRC candidate list, they may work with the local DLA WSR/DLA Regional Command in developing this list.

a. The list should contain only DLA managed items as Service or other Agency; i.e., remove GSA or FAA items prior to analysis by DORRA.

b. Consider any local information that may affect the decision to store an item locally; however a Space/Storage Analysis is conducted as part of the process.

c. After compiling the SRC Candidate list, forward it to the appropriate MILSVCs Logistics organization.

3. In the case of a MILSVC generating a SRC candidate, they may choose to work with the local WSRs, DLA Regional Command, or go directly to their J31 NAM Service team, which follow the same steps.

(b) MILSVCs.

1. MILSVCs pay the transportation charges for items positioned OCONUS; thus they decide what items are on the SRC candidate list before it goes to the J31 NAM team.

2. Services may have an internal review process for unit/Service level requests.

a. This process removes any Service-owned items from the list.

b. Identify if inventory levels are based on current or anticipated demand.

(c) DLA HQ NAM Service Team

1. The J31 NAM Service teams have overall responsibility for moving the SRC Candidate list through the process. Upon receipt of the SRC Candidate list, the NAM team forwards it to DORRA for analysis. They maintain oversight of the process to ensure it is done in a timely manner. This is subject to the DORRA process for requesting analytical work.

2. The NAM team, in coordination with MILSVC, develops a rationale for the request; i.e., impact to readiness or other explanation regarding support of their mission requirements. This rationale is the basis for future briefings at the Demand, Storage and Distribution (DSD) and/or Enterprise Operations Planning Council (EOPC.)

(d) DORRA

1. Create the Supportability Analysis spreadsheet based on DORRA data and populate all possible data from one source.

2. Removal of any AAC not "D" or "Z".

3. Include days of stock on hand based on Mean daily demand.

4. Value of the levels being recommended.

5. Push analysis to the HQC IDN for coordination with DLA Distribution and the respective DLA Supply Centers.

(e) HQC Inventory Distribution Network.

1. Review of restricted storage.

2. Review of shelf life items.

(f) DLA Distribution

1. Review of Depot capability

2. Review space capacity

(g) DLA Supply Centers

1. Review for unique non-supportable items

2. Review of impact on Obligation authority/Material availability (based on days of stock) and potential backorder impacts.

3. Decision on build of item SKU with known potential support issues (days of stock).

4. Send the list back to the respective NAM upon completion by DLA Supply Centers.

(h) The NAM will compile and present the results of the analysis along with the basis of need and the required financial involvement to the DSD Working Group. This is a courtesy briefing for the DSD, they are not the approval authority. Membership is composed of GS15/O6 leadership across DLA. They advise the SES/FO/GOs from the PLFAs. The candidate list of items to stock must include the National Item Identification Numbers (NIINs), quantity, catalog data (item weight and cube) and any special handling or storage characteristics.

1. If the SRC additions are less than $250K, the NAM and J342 IDN will work the list, with feedback to Planning Leadership, who will advise the EOPC for awareness.

2. For an extended value, at or around $500K, the respective DLA Supply Centers will be informed prior to proceeding. The NAM and J342 IDN will work the list and brief the EOPC for awareness.

3. For an extended value, equal to or greater than $1M in inventory value, the NAM will brief the EOPC for approval and funding.

4. If the EOPC concurs with funding the SRC additions, and the DLA Supply Centers have identified material to fill the requisite STOs, then DLA HQ J342 IDN inputs the NIINs into the Base Realignment and Closure (BRAC) Control Tables, creates the SKUs (as necessary), and processes manual STOs as requested by the NAM and PLFAs. DLA Distribution ensures all STOs are completed in accordance with DLA standards.

5. IDN, in coordination with the respective DLA Supply Centers, will monitor the status of the STO. For any SRC addition with less than 90 days of Stock on Hand worldwide, its SKU will be created 90 days later. These items are managed by the BRAC Control Table.

f. SRC Retention.

(1) The Service can evaluate the SRC any time to determine if the items should be retained or removed from that site. SRC items will remain on the PSL and be reviewed as agreed upon by the NAM, Military Services, and DLA Supply Centers. For items based on anticipated demand, after the specified timeframe passes, inventory levels will be adjusted by the system based on demand. As an example, Navy projects are reviewed annually. On a case-by-case basis, there are exceptions where projects could be retained longer than one year before a review. SRC items that are not reviewed on the agreed timeframe will be retained, if they meet the current OCONUS EMQ logic and Activity Test.

(2) EMQ Governance

(a) The OCONUS EMQ process is managed by DLA IDN Division and was initiated by the SPSG, which is a team from DLA, Uniformed Services, TRANSCOM, COCOMs and GSA. The SPSG Principals lead the SPSG, who review and approve any decision on OCONUS stock positioning as needed. J342 chairs the SPSG Principals meetings. A one or two star Flag or General Officer, or an equivalent SES represents each of the organizations. The SPSG Principals meet quarterly.

(b) The SPSG Working Group meets quarterly to identify problems, evaluate alternatives, and develop recommendations on OCONUS stock positioning issues. The J342 chairs the SPSG Action Officers comprised of Military 04-05 and GS14/15 representatives.

(c) Issues not resolved by the SPSG Working Group are presented to the SPSG Principals for adjudication.

APPENDIX 3: INVENTORY POLICY OPTIMIZATION (IPO)

1. IPO is a multi-echelon inventory optimization tool that calculates the MinSS levels to achieve a desired customer service level. IPO is a JDA commercial off-the-shelf software product customized to meet DLA's needs. Part of the broader DLA EBS environment, IPO is integrated with the JDA Supply Chain Planning and Optimization (SCPO) module. Only SKUs, for DLA's forecastable replenishment ("R") items are included in IPO. A SKU is defined as an Item, or NIIN, at a location and is the lowest hierarchical planning level.

2. IPO is a sophisticated inventory-planning tool. IPO can optimize a group of SKUs defined by the user, known as a Target Group. Performance Targets define customer service levels for each Target Group. Unit Fill Rate, Customer Wait Time, Requisition Fill Rate, and Requisition Customer Wait Time are the four different Performance Targets in IPO.

3. Multiple system constraints are included in IPO. A Fund Group can be created to set a Safety Stock funding constraint, where IPO solves for the optimal customer service levels given the funding limitation. A Fund Group can have one or many Target Groups assigned to it when applying a fund constraint. SKU-level constraints can be defined for minimum and maximum fill rates and customer wait time, whereas Safety Stock constraints are defined as minimum and maximum absolute Safety Stock values.

4. SKU-level overrides that are set in EBS are respected in IPO; therefore, during the optimization process, the SKU-level overrides maintain the current, set safety stock levels and passes back into EBS without change. In addition to optimization, IPO also has the capability to evaluate the expected customer service levels, given current Safety Stock levels for each SKU.

APPENDIX 4: JDA MAILBOX POLICY

1. Purpose: Provide JDA Mailbox users the most recent policy and guidelines for submitting requests to the mailbox. The object of this program is to allow the system to work as designed to the maximum extent possible and minimize the need for manual intervention.
The JDA Mailbox address is: Dist. SP MANU ddc.spmanu@dla.mil.

2. Background: HQ DLA J342 IDN is Responsibility for the JDA Mailbox.

3. Request Criteria: Outlined below are the different types of requests with guidelines on when to use each type.

a. SKU Parameter Changes. Requests to change a SKU parameter; i.e., changing a SKU from planned to non-planned and vice versa. Figure 2 applies.

(1) Step 1: Prior to submitting the request, the Supply Chain must show justification for the request (special projects, new requirements, kitting, etc.).

(2) Step 2: Submit request to the JDA Mailbox.

(3) Step 3: IDN will update the SKU table and sourcing lanes based on the request.

(4) Step 4: A return email to the requestor outlining action(s) taken.

b. AAC Changes: All AAC changes must be updated in JDA prior to submission. Designated Supply Planners at the PLFAs do these. Failure to comply results in the email returned to the submitter stating that the AAC is not changed and the request must be resubmitted once the AAC update in JDA is complete. Requests received the first two weeks after the DME cycle will be reviewed and processed. Requests received two weeks prior to the DME cycle will be returned to the requestor advising them that the request will be accomplished during DME. SKU build requests for non-planned to planned resulting from an AAC change will be accomplished during DME and based on the new economic SKU build logic. AAC's may be referenced at: http://dtic.mil/whs/directives/corres/html/410039m.html they are located in Volume 10, Chapter 2.

(1) Step 1: SKU change submissions require the attached template with the request. If a request is sent without the template, IDN will return the request stating the template is required.

(2) Step 2: The IDN will verify the AAC is reflected in both SAP and JDA.

(3) Step 3: The IDN will build the network via the BRAC Control Table to reflect the SKU creation/build.

(4) Step 4: A return email will be submitted to the requestor outlining action(s) taken. Manugistics Mailbox Email response: "Your request to establish a planning SKU "out of cycle"

has been received and is being referred to your site's Stock Positioning Business Process Analyst (BPA) (*ENTER POC NAME HERE*) for further investigation and consideration. With the implementation of the EBS SKU Build logic, the SKU location is systemically determined based on a number of factors that include the physical location of the primary customer(s) and economic criteria associated with handling and transportation costs. It is highly recommended that you let the EBS DME processes systemically perform the calculations necessary to determine and establish the most cost effective SKU. The next DME process is scheduled to run on the weekend of [*ENTER NEXT DME DATE HERE*]. If you do have an urgent and compelling need to have a SKU created out of cycle, please provide the supporting justification to your site's Stock Positioning BPA and they will in turn work with the DLA HQ Stock Positioning Office to have the appropriate SKU created out of cycle."

c. STO Requests. There are four types of STO requests: a Standard STO, Attrite/ATT2 (non-DLA managed storage location) STO, Normal Priority Industrial Prime Vendor (IPV) STO and Emergency Priority IPV STO. Unless requested, this process normally takes place as part of the DME cycle. The same form is used, see Figure 3; however, specific steps for the requests are detailed below.

(1) Standard STO Request:

(a) Step 1: A STO request must include the item, source plant, destination plant (not Routing Identification Code or Department of Defense Activity Address Code (DoDAAC) quantity, sales unit of measure, project code (if applicable) and condition code. STO requests for one or two items may be submitted via email to the JDA mailbox. To facilitate in the expedition of multiple STO requests, utilize a spreadsheet for STO requests of three or more. The Spreadsheet for STO Movements is included as Figure 3.

(b) Step 2: Stock Positioning will review item levels and history to determine if the request is appropriate based on several factors including global review of the existing item forecast and history. After analysis of current and future expected item movement(s), Stock Positioning may determine that a STO is not needed at this time.

(c) Step 3: Stock Positioning will reply to the requestor with their results of analyses and recommendation. If extraordinary circumstances exist, additional justification is required to facilitate material movement.

(2) Attrite/ATT2 STOs: ATT2 STOs are completed via the long STO method. Additional time is required to complete these STOs. A delay in completing this action is not unusual.

(a) Step 1: An Attrite STO request must include the item, source plant, and destination plant (not RIC or DoDAAC) quantity, sales unit of measure

(b) Step 2: The Supply Chain must ensure that the MRP 4 SLoc indicator in SAP does not equal 1. STOs cannot be processed until the indicator is cleared.

(c) Step 3: The IDN will verify that the quantity requested to move is available at the ATT2 location prior to processing the STO.

(d) Step 4: The IDN will annotate the ATT2 STO Request spreadsheet to reflect the STO number and document number and return to the requestor.

(3) Normal Priority (MANUAL) IPV STO requests/Customer Pay: IPV. If an item is on a contract for IPV, the vendor provides the forecast and levels for their DODAAC based upon demands, etc. which are passed systemically through JDA. In addition, the retail demands for the SSCs are captured for the ALCs and passed through JDA as well, to create a total picture of the forecasts and demands for the IPV items. In the past, if an item was on an IPV contract, the item was not considered as retail, and the retail SSCs' demand and forecasts were not included; however, the decision was made for IPV items to be allowed to be both retail and IPV, and the forecasts and demands registered for both since there was concern there could be a loss of coverage for actual total demands/forecasts.

(4) DLA Headquarters IDN Personnel perform the generation of (MANUAL) IPV STOs. In order to handle the sporadic nature of these requests, processing occurs weekly. If these requests are in support of the IPV contracts or Customer Pay, they will be documented by use of a spreadsheet located in eWorkplace for the requested STOs.

(5) This procedure will facilitate tracking and consolidation of these requests. The IDN receives normal priority IPV STO requests via spreadsheet once per week from DLA Land and Maritime. The Supply Chain must ensure that the on-hand balance is available in SAP when request is submitted.

(6) The IDN utilizes the spreadsheet to generate the manual STO. They will annotate the spreadsheet with the STO and Document number, and return it to Land and Maritime. Submission of Emergency Priority IPV STO requests will be processed via the Manu Mailbox.

(7) Access eWorkplace.

(a) Step 1: Select the STO Request file.

(b) Step 2: Select check out and edit option/click OK.

(c) Step 3: Select your EMAIL certificate/ click OK.

(d) Step 4: Input the data needed to generate STO.

(e) Step 5: Close worksheet/save changes/check file back in.

(f) Step 6: Version comments are not required.

(g) Step 7: Should take you back to select menu/make sure that you do

not have spread sheet still checked out.

(h) Step 8: If the spreadsheet still shows as checked out, click on the drop-down menu next to the file name and select “check in". Stock Positioning will use the updated spreadsheet to generate the manual STO. This information will be pulled weekly at a designated time, the STOs processed, and then a different spreadsheet populated with the new information.

(8) Emergency Priority IPV STO:

(a) Request Emergency STOs if there is:

1. Immediate work stoppage identified at the IPV site, and stock is available in the system to move into IPV site (showing in unrestricted use in SAP)

2. Immediate need for an Issue Priority Group 1 customer order. Only available stock located at the IPV site and stock must be moved from the IPV site to the nearest DLA Distribution activity to process the order.

(b) If the above is true, then:

1. Step 1: Route the STO request to the supervisor with CC supporting Supply Chain BPA.

2. Step 2: Request must include reason and justification for the STO request.

3. Step 3: Supervisor will forward the request to Dist. SP JDA mailbox, including the justification for the request and their concurrence with the request.

Figure 2. Request for Urgent SKU Build

REQUEST FOR URGENT SKU BUILD

Mandatory Data:

NIIN _____

Changed to AAC code _____ (must be either D or Z)

*MaxOH level __ _____

*MinSS level ____ _____
*Levels may be overridden by normal system processing during DME.

SKU location: _____

Reason for this location: _____

Justification for Urgent builds:

Figure 3. STO Request Form

STO Request Form

	SOURCE /PLANT	DESTINATION / PLANT	SAP/ Actual on Hand Qty*	Transaction Qty	Document #	STO #	SALES UOM

GLOSSARY

ABBREVIATIONS AND ACRONYMS

AAC	Acquisition Advice Code
ALC	Air Logistics Complex
BPA	Business Process Analyst
BRAC	Base Realignment and Closure
CONUS	Continental United States
C&T	Clothing & Textiles
DD	DLA Direct
DME	Demand Month End
DoD	Department of Defense
DSD	Demand, Storage and Distribution
DYNDEP	Dynamic Deployment
EBS	Enterprise Business System
EMQ	Economic Movement Quantity
ES	Equipment Specialist
FRC	Fleet Readiness Center
IA	Industrial Activity
IPO	Inventory Policy Optimization
IPV	Industrial Prime Vendor
MinSS	Minimum Safety Stock
MSS	Material Support Specialist
NAM	National Account Manager
NIIN	National Item Identification Number
OCONUS	Outside Continental United States
PLFA	Primary Level Field Activity
PR	Purchase Request
PSL	Planned Stock List
RMC	Replenishment Method Code
SKU	Stock Keeping Unit
SPSG	Stock Positioning Steering Group
SRC	Special Requirements Category
SS	Sustainment Specialist
SSC	Shop Service Center
STO	Stock Transfer Order
WSR	Warfighter Support Representative