

APPENDIX E-343 P

DEMAND VALUE CHANGES AND CLASSIFICATION OF ITEMS AFTER QUARTERLY REVIEW

1. PURPOSE

To review the results of the Quarterly Review (computer process) as shown on two listings, i.e., Demand Value Changes and Summary, and Classification of Items after Quarterly Review, from an analytical and managerial standpoint as described in paragraph 4 below. See chapter 29.

2. APPENDICES USED IN THIS PROCESS

- a. Appendix A-85, Demand Value Codes.
- b. Appendix F-9, Demand Value Changes.
- c. Appendix F-10, Classification of Items after Quarterly Review.

3. RESPONSIBLE ORGANIZATIONAL ELEMENT

- a. The above listings will be delivered to the MSO, DSO in five copies.
- b. Two copies of each listing will be retained in Plans and Programs Branch in MSO; three copies of each listing will be forwarded to Inventory Management Division, DSO.
- c. Analysts in Plans and Programs Branch of MSO are responsible for reviewing and analyzing these reports in conjunction with Chief, Inventory Management Division or delegated assistant(s).

4. PROCEDURES/INSTRUCTIONS

- a. Background.

(1) On a Quarterly basis, the computer will automatically update the Demand Value Code (appendix A-85) for each family number. The process by which the Family's Demand Value Code changes is called migration. A Family number migration from one Demand Value Code to another is determined by the product of the System Quarterly Forecast of Demand times Unit Price times four. The applicable Demand Value Code is assigned IAW appendix A-85. Since the migration process is completely automatic, a report is prepared after migration to provide DSO a record in detail and summary form of the Demand Value Code changes. The detail listing indicates, by family number, the families which have migrated, with overall totals by FSC. The summary listing shows by FSC the number of families which have migrated with system totals as overall. These two listings basically are management tools with only a minimal use by individual IMs. This migration process is not applicable to Item Category Code B items - (Numeric Stockage Objective Items not subject to mechanical update).

(2) Another summary type listing generated from the Quarterly Review is known as Classification of Items after the Quarterly Review. This listing shows, for each FSC, the status of the items based on the automatic Quarterly Review. The Classification of Items after Quarterly Review depicts within each FSC, the number of Low, Medium, and High Demand Value items (families) and number of items in Numeric Stockage Objective Category; within the Demand Value breakouts, totals are shown for VIP and non-VIP families. There are overall (system) counts by Low, High, Medium Demand Value items, and separate totals for VIP and non-VIP items as well as for Numeric Stockage Objective items. This report is intended for use at MSO and Inventory Management Division level in the DSO as a statistical and managerial tool.

b. Analysis and Review.

(1) Plans and Programs Branch of MSO will review the two Summary listings and consult detail listing for backup date, when necessary, to determine the overall trend of the annual migration and spread of items in the various categories. These trends may indicate a possible need for realignment of IMs within the sections of the Inventory Management Division. If this can be determined, then such recommendation should be made through channels to the DSO.

(2) Inventory Management Division will review these listings for multiple purposes. Item Managers will utilize detail listings to annotate Jacket Files of individual family numbers which have migrated. Section and Branch Chiefs will review and analyze both the summary and detail listings to determine impact on internal organizational structure (IMs managing Low, Medium, and High Dollar Value items within FSCs). As an adjunct to the above, a change in ORC for Family numbers may be required.

(3) As a statistical tool, the Resources and Reports Branch of MSO will utilize the Classification of Items after Quarterly Review printout as a basis for fluctuations in personnel involved in item management.

(4) The listings will be maintained for two years and then destroyed.

5. FLOWCHART

Flowchart not required.