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**US ARMY ARMAMENT MATERIEL READINESS COMMAND**

**SYSTEMS ANALYSIS DIRECTORATE**

**ROCK ISLAND, ILLINOIS 61201**

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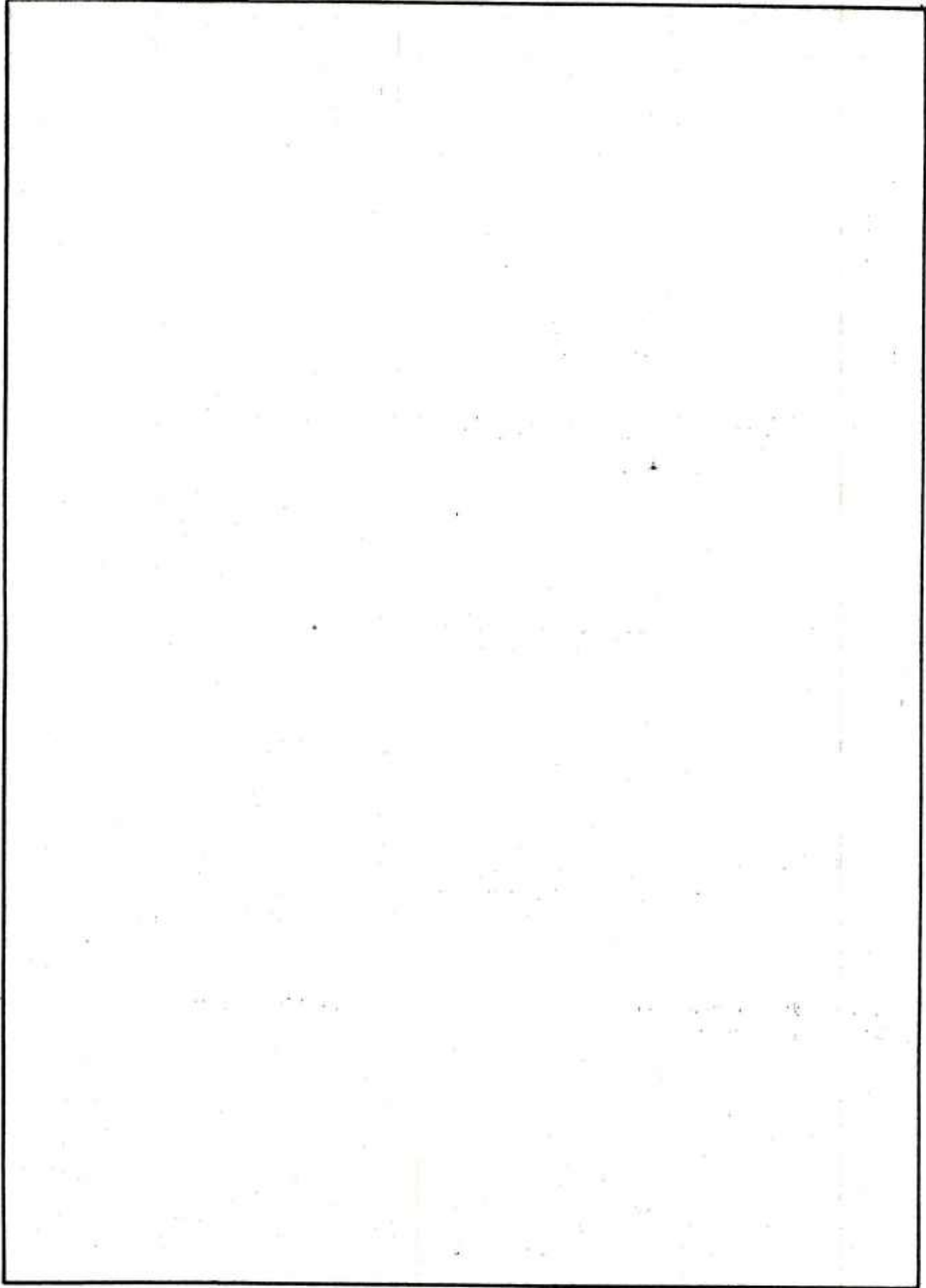
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\* Memoranda for Record and other technical information are grouped according to subject, when applicable, and in chronological order.

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A STUDY OF  
NATIONAL INVENTORY CONTROL POINT "ITEM MANAGEMENT"  
WITHIN US ARMY ARMAMENT MATERIEL READINESS COMMAND\*

Prepared by

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Major, OD

12 August 1977

\* This report was prepared by Major Cromwell to document his assignment as a Mobilization Designee to the Systems Analysis Directorate during the period 1-12 August 1977.

The MFR by William Shore at the end of this study entitled "Regulations Concerning the Items Which Originate in ARRADCOM" was included to clarify items in transition.

NATIONAL INVENTORY CONTROL POINT "ITEM MANAGEMENT"  
WITHIN US ARMY ARMAMENT MATERIEL READINESS COMMAND

SUMMARY

1. This paper addresses a portion of the analysis of centralized versus decentralized "item management" within HQ, USA ARRCOM. Its purpose is to provide materiel for the overall analysis of factors that influence the manner in which ARRCOM accomplishes its assigned missions. The specific objective is to define "item/materiel management." The scope of this effort includes all directorates and offices of HQ, ARRCOM and their activities in support of assigned missions of ARRCOM.
2. Development of a definition of "item management" has been accomplished basically by analysis of various written descriptions of management functions and actual management practices in current use. Resource material included military policy and doctrinal publications, training course material, and questionnaire responses from directorates of HQ, ARRCOM.
3. Official military dictionaries provided starting definitions and descriptions, and gave an initial indication of the looseness of the term "item management." Pertinent definitions are discussed in Section I. (See also TAB A). AR 310-25, the Army dictionary, is in common use in ARRCOM although it does not directly define "item manager" or "item management."
4. Army publications other than the dictionary provided several similar but confusing terms. There is no precise definition of "item management" in the publications that were reviewed, although it is used frequently. Functional descriptions of "inventory management" or "inventory control" are given in regulations and Field Manuals, some in great detail and directly applicable to this study. Since some of these descriptions/definitions are included in regulations, they are regarded as directive in nature. There is a common core of functions in these several descriptions/definitions, and it appears in the conclusions and recommendations of this report. The proper term for these functions appears as "inventory management" in the primary regulations.
5. Course material from the Army Logistics Management Center (ALMC) course in Defense Inventory Management reinforces the basic functional description of "item management" that was gathered from DA publications. A brief discussion of the primary NICP functions of "inventory management" has been extracted and is attached at TAB C.
6. The responses from principal HQ, ARRCOM directorates to an initial survey questionnaire are summarized in Section II. Each directorate was asked for its own definition of "item management." Some directorates, through experience,

were able to provide specifics and to relate the "book definition" to actual practice.

7. The survey responses led to a review of local directives, basically ARRCOM Reg 10-1. Section III summarizes the delegation of responsibilities for "inventory management" in HQ, ARRCOM. TAB E is a list of "inventory management" responsibilities as prescribed in ARRCOM Reg 10-1.

8. The conclusions presented in Section IV resulted from analysis and comparison of all the material reviewed and from discussions with the Technical Support Group members conducting the study of centralized versus decentralized management. They include some definite characteristics of the "inventory manager" position, the essential functions of "inventory management," and some observations on the lack of uniformity in the reference material.

9. Section V presents a recommendation for a definition of "inventory management" to be used in ARRCOM at the NICP level and a recommendation that this definition be adopted Army-wide after implementation at ARRCOM. The recommended definition is built upon the basic functional elements found in published material and in actual practice.

10. The study concludes that the term "item management" is equivalent to the official term "inventory management."

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## I. FORMAL DEFINITIONS/DESCRIPTIONS. (TAB A).

### A. JCS Pub 1

1. JCS Publication Number 1, Dictionary of Military and Associated Terms, 1974, defines "item manager" as:

"An individual within the organization of an inventory control point or other such organization assigned management responsibility for one or more specific items of material."

The same publication names six basic materiel management functions to be accomplished at an inventory control point. These are:

- a. Cataloging direction
- b. Requirements computation
- c. Procurement direction
- d. Distribution management
- e. Disposal direction
- f. Rebuild direction

### B. Department of Army Publications

1. The term "item manager" was found explained only in AR 708-1, Cataloging and Supply Management Data. "Item manager" is explained there as "The National Inventory Control Point (NICP) or Service Item Control Center (SICC) authorized to perform wholesale or retail materiel management functions, respectively, for an item authorized for Army use."

2. There is no precise definition of "item management" in official DA publications. Commonly used terms in policy and doctrinal publications are "materiel management," "inventory management," and "inventory control."

3. AR 700-126, Logistics - Basic Functional Structure, establishes a standard functional structure for the Army logistics system, and prescribes standardization of the Army's logistics efforts "through the disciplined application of terminology and structural relationships of the basic functional elements defined in this regulation." Those basic functional elements are supply, maintenance, transportation, services, and facilities. Each functional division is defined and further described through a breakout of related functions, subfunctions, and tasks. Neither item, inventory, nor

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Detailed subfunctions and tasks are presented in TAB B.

materiel manager/management is used in AR 700-126. However, a major sub-function of supply is given as "inventory control," and is explained as "That function of supply which controls the acquisition, allocation, and disposal of materiel and which includes cataloging, requirements determination, procurement, production, overhaul and rebuild direction, distribution, and disposal."

4. AR 708-1 explains "materiel management" as "The management of an item of supply consisting of the functions of cataloging, requirements computation, procurement, distribution, stock control and accountability, depot storage and issue, maintenance engineering, depot maintenance, disposal, and budgeting." The same document explains "item of supply" as "Any materiel, part, component subassembly, assembly, equipment accessory or attachment, or end item for the equipping, maintenance, operation, or support of military activities, organizations, and civil agencies as appropriate."

5. FM 38-1, Logistics Management, says that "inventory management," as a responsibility of NICP's, includes cataloging, requirements computation, procurement direction, distribution management, maintenance management, stock control, and materiel utilization and disposal management. The estimation of requirements for repair parts and distribution planning for new equipment are the beginnings of "inventory management" during the materiel life cycle. A general discussion of "inventory management," including a section on each of the functions named above and considerations applicable to major items and secondary items is included in this manual.

6. FM 38-2, Inventory Management, names six functions of "inventory management" performed at NICP's; viz., cataloging, requirements planning, procurement direction, distribution direction, overhaul and rebuild direction, and materiel use and disposal. This differs slightly from FM 38-1 and from AR 700-126. FM 38-1 includes stock control as an inventory management task of the NICP. AR 700-126 includes production as a function of "inventory control." FM 38-2 then goes on to provide a comprehensive description of the basic functions of "inventory control." These basic functions are cataloging, major item management, secondary item management, procurement direction, distribution management, overhaul and rebuild direction, materiel utilization and disposal management, and stock control management. This manual identifies "stock control" as a subfunction of "inventory control," includes a chapter-length discussion of the subject, and indicates that an inventory manager might become involved in "stock control." However, the functions of integrated inventory management within a national inventory control point do not include "stock control" as a separate, distinct function. The six basic functions are discussed in detail in FM 38-2. The inventory manager's effort is mainly expended in the Production and Deployment phase of the life cycle of materiel. An individual inventory manager at an NICP is responsible for the management of specific items within the commodities assigned to him. All the wholesale functions of inventory management for any given group of items are centralized in one individual in one place.

7. AR 710-1, Centralized Inventory Management of the Army Supply system, contains Army policy and guidance for centralized "inventory management" at Army NICP's. This directive also names the elements of "inventory management" as cataloging direction, requirements computation, procurement direction, distribution management, maintenance direction, and materiel utilization direction. These elements pertain to the control of an item, category, or group of items, and will be established as a single integrated operation. The management of materiel by an NICP will be in terms of the complete responsibilities for these elements. The Commanders of DARCOM commodity commands are specifically charged to "Act as integrated materiel inventory managers for assigned items." They are directed to perform the six management functions named above.

C. Army Logistics Management Center, Defense Inventory Management Course, ALM 38-24.

Within a national inventory control point, individual managers are assigned a given number of items for support of specified end items, or federal supply classification groups or classes within a category for integrated inventory management. The DIM course teaches the six basic functional operations. The course includes introductions to major item and secondary item management. A single, specific definition of major item is not given in the written material, but major item management is explained as being accomplished primarily by use of the Army Materiel Plan. Secondary items are described as all items not defined as major items and include reparable components, subsystems and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items (including clothing and other personal gear). Management of major and secondary items are entirely different. Major item requirements are based on force structure and authorized allowance documents while secondary item requirements are based on past demands and projected programs of the future. Whatever management system is used, the inventory managers at the inventory control points are the hubs around which all other functional areas revolve, and the same basic functions are accomplished. These functions of integrated inventory management are described at length in TAB C.

## II. ARRCOM DIRECTORATE DEFINITIONS

A. The QA response to the initial survey questionnaire provided vague, generalized definitions of "item manager" and "item management" which do not name functions, tasks, or responsibilities. QA has no personnel identified as "item manager," but there are Inventory Management Specialists within QA. These specialists, according to official job descriptions, are responsible for functions of integrated inventory management as they have been described above. However, these responsibilities apply only to inspection devices used in support of ARRCOM mission items produced or procured.

B. MA<sup>\*</sup> responded with more specific explanations, and named the following functions of "item management":

1. Requirements determination
2. Procurement direction
3. Maintenance direction
4. Distribution management (issue authority)
5. Stock control (records of accountability)
6. Materiel utilization

MA has all NICP functions for Ammunition Peculiar Equipment (APE), by directive, and there are Inventory Management Specialists positions within MA. The job description for this position does include requirements computation, rebuild and disposal direction, distribution management, and procurement direction, all for APE. It is assumed that MA personnel at least have exposure to, and require knowledge of, cataloging in the accomplishment of inventory management functions for APE.

C. IS<sup>\*</sup> has stated the objective of materiel management instead of giving a definition. The responses to #3 and #4 are book definitions and are satisfactory except for having omitted overhaul and rebuild direction. The definitions do include stock control.

D. MM<sup>\*</sup> has provided a comprehensive response. MM views item/materiel management as it is defined in JCS Pub 1 (see TAB A). A functional definition of an "item manager" is given by MM in terms of tasks and responsibilities extracted from official job descriptions. The definition is supplemented by excerpts from ARRCOM Reg 10-1 which fully describe functions and responsibilities of an "item manager" in that directorate (TAB E).

E. The PD<sup>\*</sup> definition of "item/materiel management" is also a generalized statement without mention of functions. However, the survey response includes a description of "item manager" with some insights into this issue of definitions. Although the term "item manager" is in common use, it is a loose and generally inaccurate term. It refers to different official job titles in different directorates. The PD list of functions and responsibilities of an "item manager" applies to a Production Manager.

F. The survey response from PT<sup>\*</sup> also points out that "item manager" functions and responsibilities vary according to organizational location, but the "item manager" generally has management responsibility for one or more items of materiel.

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\* MA, IS, MM, PD, and PT refer to, respectively, the ARRCOM Directorates: Maintenance, Installations and Services, Materiel Management, Production, and Personnel.

G. IL\* Directorate has provided its own unique "item manager" functions and they pertain to Grant Aid, Foreign Military Sales, and Civilian Aid program controls.

H. The PC\* definitions are in line with those found in AR 710-1 and AR 700-126, but PC has no "item/materiel management" functions or job titles to support the definitions.

### III. LOCAL DIRECTIVES

A. All of the six basic functions of integrated inventory management are responsibilities of the Materiel Management Directorate, according to ARRCOM Reg 10-1. The delegation of these responsibilities to a central organization does not relieve that organization from any requirement for constant coordination with the other functional directorates, and vice versa.

B. In particular, Materiel Management Directorate has responsibility for control and accomplishment of all cataloging actions and data, new and old. Materiel Management Directorate is the coordination point in this command for action requests to, and receipt and maintenance of data from GSA, DSA, DLSC, USACDA, and DESCOM. Also, ARMCOM Suppl 1 to AR 708-1, 7 May 76, prescribes that the Director of Materiel Management will:

1. Assign MCN to new items of supply requirements which originate from HQ, ARMCOM activities.
2. Maintain a central assignment register for that block of MCN assigned.
3. Review and determine disposition of assigned MCN immediately upon receipt of an NSN.

C. The content of ARRCOM Reg 10-1, specifically the section dealing with the Materiel Management Directorate, includes a synthesis of formal definitions and actual management tasks in support of the NICP mission. In addition, there are associated tasks listed as inventory manager responsibilities which are largely a matter of coordination with, or providing input to, other ARRCOM agencies. TAB E represents the full range of "inventory management" functions at the NICP.

### IV. CONCLUSIONS

A. In ARRCOM use, and throughout the Army generally, "item manager/management" and "inventory manager/management" are used synonymously.

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\* IL and PC refer to, respectively, International Logistics and Procurement.

B. A general description of the individual wholesale level inventory manager includes the following characteristics of the position:

1. The inventory manager alone is responsible for the item or items under his managership.

2. The inventory manager has visibility of all the assets and all of the requirements for a given item, worldwide.

3. The inventory manager is responsible for an item from the time the item enters the system, through its entire life in the system, right down to the time the last remnants of the item have been washed out of the system.

4. The inventory manager (ICP) must keep close and continuous coordination with retail level inventory managers to reduce the danger of supply failure and to tie together the wholesale and retail segments of the logistics system.

5. The inventory manager must keep constant coordination with his counterpart managers in the other functional areas such as procurement, production, product assurance, and maintenance.

C. There are six basic functional elements of "item/inventory management." They are:

1. Cataloging

2. Requirements computation

3. Procurement direction

4. Distribution management

5. Maintenance (Overhaul/Rebuild) direction

6. Utilization and disposal direction

D. These basic elements represent a logical division of "item/inventory management" tasks into major functions, each one of which may include associated subfunctions or tasks such as asset knowledge, allowances and load lists, accountability for depot stocks, transportation coordination, budgetary inputs, etc.

E. Official DA publications are not totally uniform in describing the elements of "item/inventory management," nor is there total uniformity in the use of the term "item/inventory management." However, the six functional elements listed above are named in directives and are the most commonly described functions in other types of publications.

## V. RECOMMENDATIONS

A. That the terms "item manager" and "item management" be replaced in ARRCOM use by "inventory manager" and "inventory management," respectively.

B. That the definition of "inventory management" for official ARRCOM (NICP) use be adopted as:

"A major function of total materiel management. Inventory management integrates materiel acquisition, allocation, and disposal processes. At the NICP (wholesale) level, inventory management is accomplished by coordinating and controlling the functions of cataloging, requirements determination, procurement direction, distribution direction, overhaul and rebuild direction, and materiel use and disposal direction."

C. That HQ, ARRCOM recommend through command channels that the official Department of Army publications listed in TAB D be standardized in their use and description of inventory management, inventory control, item management, and materiel management. As a minimum, AR 310-25, AR 700-126, AR 708-1, AR 710-1, FM 38-1, and FM 38-2 should exhibit the "disciplined application of terminology" called for in AR 700-126.

## VI. RATIONALE

A. These recommendations are based primarily on the conclusions of Section IV. The six or seven basic NICP functions are repeated frequently in the publications reviewed. However, the publications differ in whether these functions are included in "inventory management," "inventory control," or "materiel management." Use of these terms is sometimes inconsistent in a single publication. The sense of the explanation of each of these is apparently the same as that of the activity usually called "item management." The official job title of the individuals who actually carry out the management functions is "Inventory Management Specialist." Also, "inventory management," "inventory control," and "materiel management" are often used interchangeably, all with the same meaning. They are used interchangeably because they refer to the same process with the same objective; viz., effective, efficient, and economical supply to the military forces. Furthermore, JCS Pub 1, which must be used in conjunction with the Army Dictionary, indicates that the terms are synonymous.

B. Despite AR 700-126, the terminology involved in the several descriptions of NICP responsibility is not disciplined. This fact has apparently created some confusion in actual practice. This paper takes the view that ARRCOM accomplishes total materiel management for assigned items, and that "inventory management" is a part of that overall mission. The overall mission is accomplished by inventory management in addition to procurement management, production management, product assurance, maintenance management, and logistics engineering.

TAB A

**PRINCIPAL ITEMS:** End items and replacement assemblies of such importance that management techniques require centralized individual item management throughout the supply system to include depot level, base level, and items in the hands of using units. These specifically include the items where, in the judgment of the Department of the Army, there is a need for central inventory control including central direction of distribution, and central knowledge and control of all assets owned by the Department of the Army. (AR 310-25)

**SECONDARY ITEM:** End items, replacement assemblies, parts, and consumables, other than principal items. (AR 310-25)

**ITEM MANAGER:** An individual within the organization of an inventory control point or other such organization assigned management responsibility for one or more specific items of material. (JCS PUB 1)

**INVENTORY CONTROL:** That phase of military logistics which includes managing, cataloging, requirements determination, procurement, distribution, overhaul, and disposal of materiel. Synonymous with materiel control, materiel management, inventory management, and supply management. (JCS PUB 1)

**INVENTORY CONTROL POINT:** Materiel inventory management includes cataloging direction, requirements computation, procurement direction, distribution management, disposal direction, and generally, rebuild direction (JCS PUB 1)

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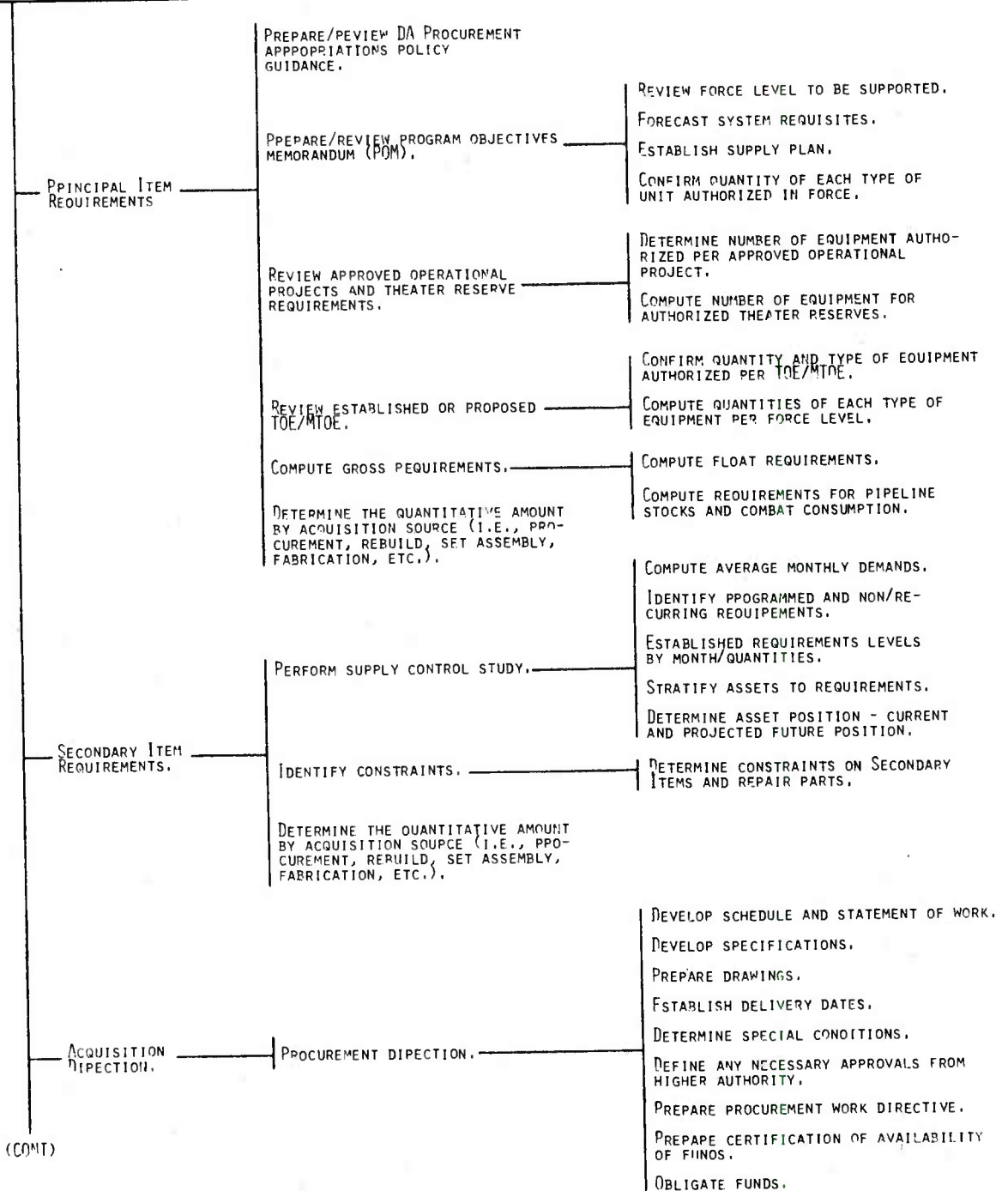
Section II. INVENTORY CONTROL

SUPPLY  
INVENTORY CONTROL

REQUIREMENTS/ACQUISITION

EXPLANATION OF TERMS: REQUIREMENTS DETERMINATION

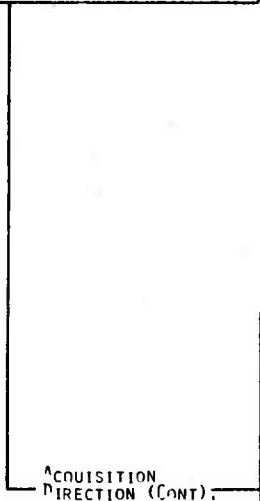
THE COMPUTATION FOR PERSONNEL, EQUIPMENT, FACILITIES, OTHER RESOURCES, OR SERVICES, BY SPECIFIC QUANTITIES, FOR SPECIFIC PERIODS OF TIME OR AT SPECIFIED TIMES. (DDI 5000.8)



(CONT)

SUPPLY  
INVENTORY CONTROL

REQUIREMENTS/ACQUISITION  
(CONT)



PRODUCTION DIRECTION.

- DEVELOP SCHEDULE AND STATEMENT OF WORK.
- DEVELOP SPECIFICATIONS.
- PREPARE DRAWINGS.
- ESTABLISH DELIVERY DATES.
- DETERMINE SPECIAL CONDITIONS.
- DEFINE ANY NECESSARY APPROVALS FROM HIGHER AUTHORITY.
- PREPARE PRODUCTION REQUEST.
- PREPARE CERTIFICATION OF AVAILABILITY OF FUNDS.
- OBLIGATE FUNDS.

OVERHAUL/REBUILD DIRECTION.

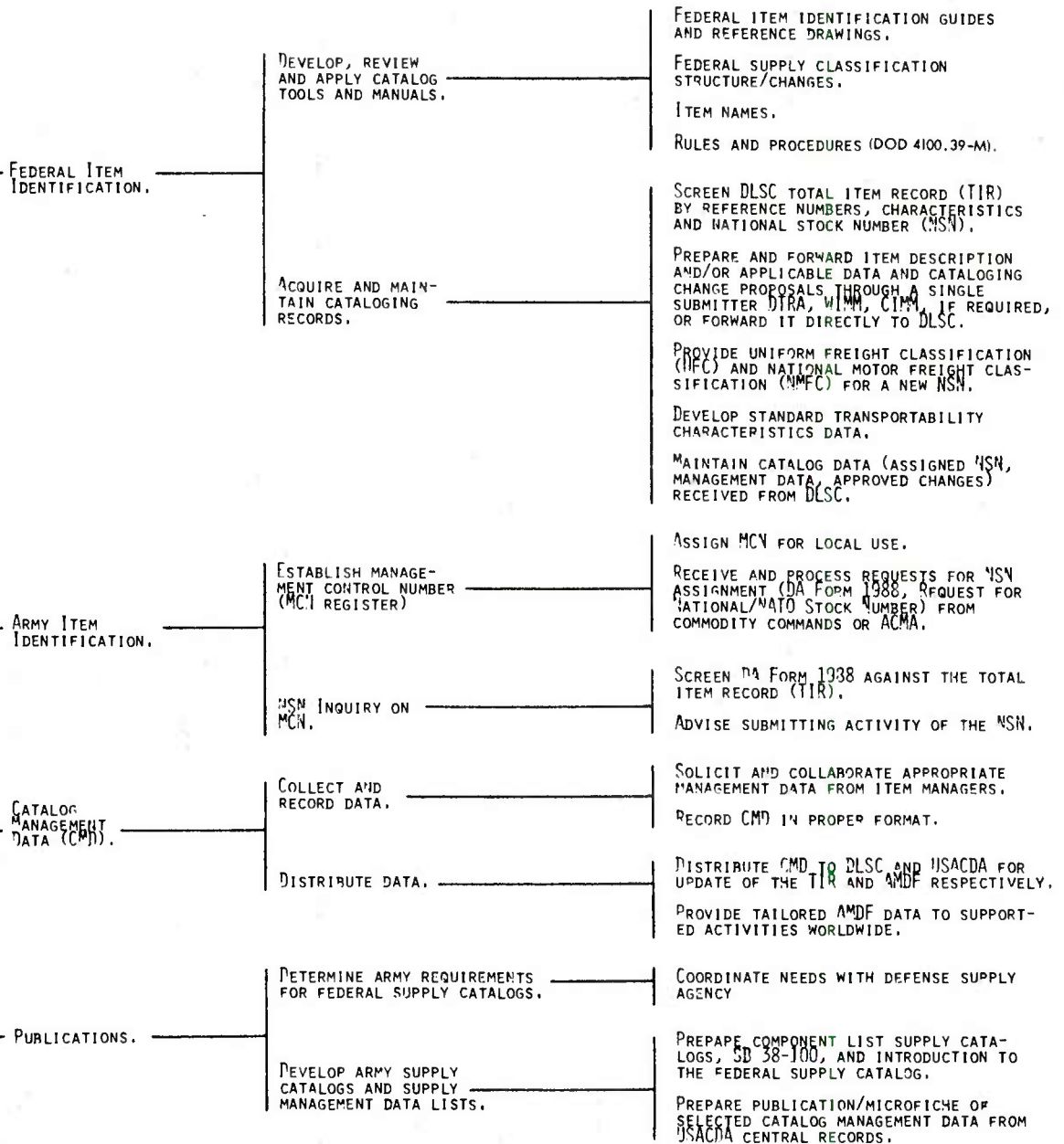
- DEVELOP SCHEDULE AND STATEMENT OF WORK.
- ESTABLISH DELIVERY DATES.
- PREPARE OVERHAUL/REBUILD WORK DIRECTIVE.
- PREPARE CERTIFICATION OF AVAILABILITY OF FUNDS.
- OBLIGATE FUNDS.

SUPPLY  
INVENTORY CONTROL

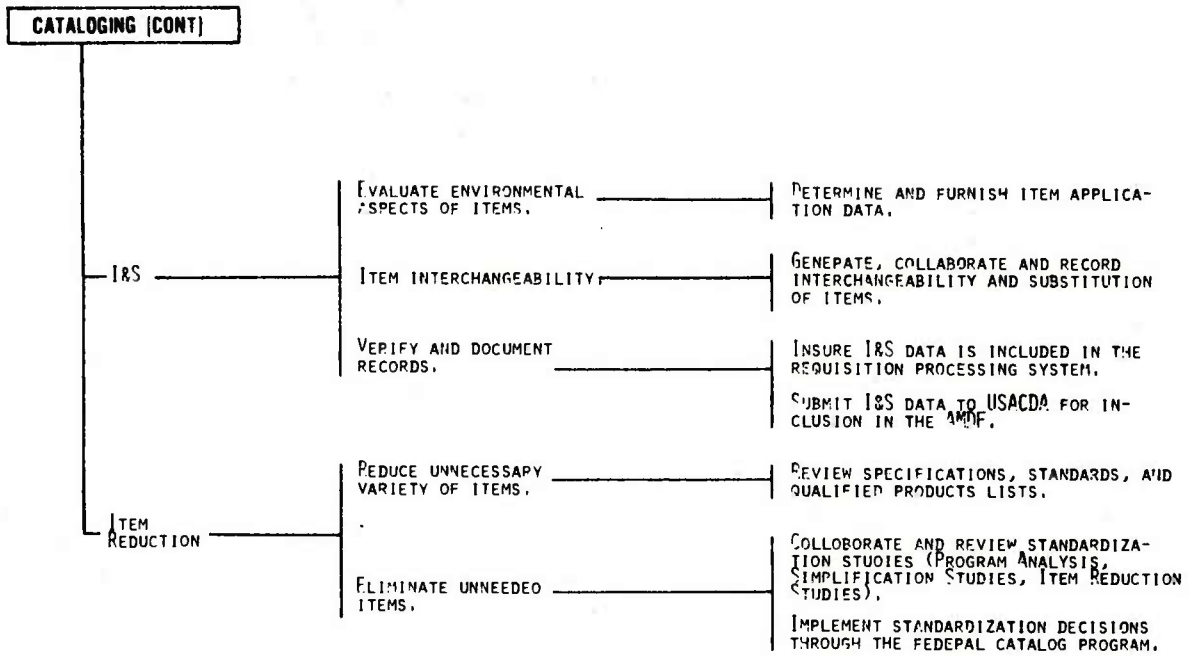
CATALOGING

EXPLANATION OF TERMS: CATALOGING

CONSISTS OF THOSE FUNCTIONS, PROCESSES, AND OPERATIONS INVOLVED IN ITEM IDENTIFICATION, CLASSIFICATION, STOCK NUMBERING AND DOCUMENTATION. INCLUDED ARE THE DEVELOPMENT OR APPLICATION OF PRINCIPLES, RULES, GUIDES, DIRECTIVES, ITEM NAMES, FTIGs, ITEM DESCRIPTIONS AND NUMBERS, AND ITEM CLASSIFICATION; IN ADDITION, RECORDING AND PRESENTING THE PERTINENT DATA IN A FORM UNDERSTANDABLE AND USABLE FOR ESTABLISHING ITEM IDENTITY, AN AID TO ITEM INTERCHANGEABILITY AND STANDARDIZATION RESEARCH; AND FOR THE DIVERSE REQUIREMENTS OF SUPPLY OPERATIONS AND MANAGEMENT. (#)

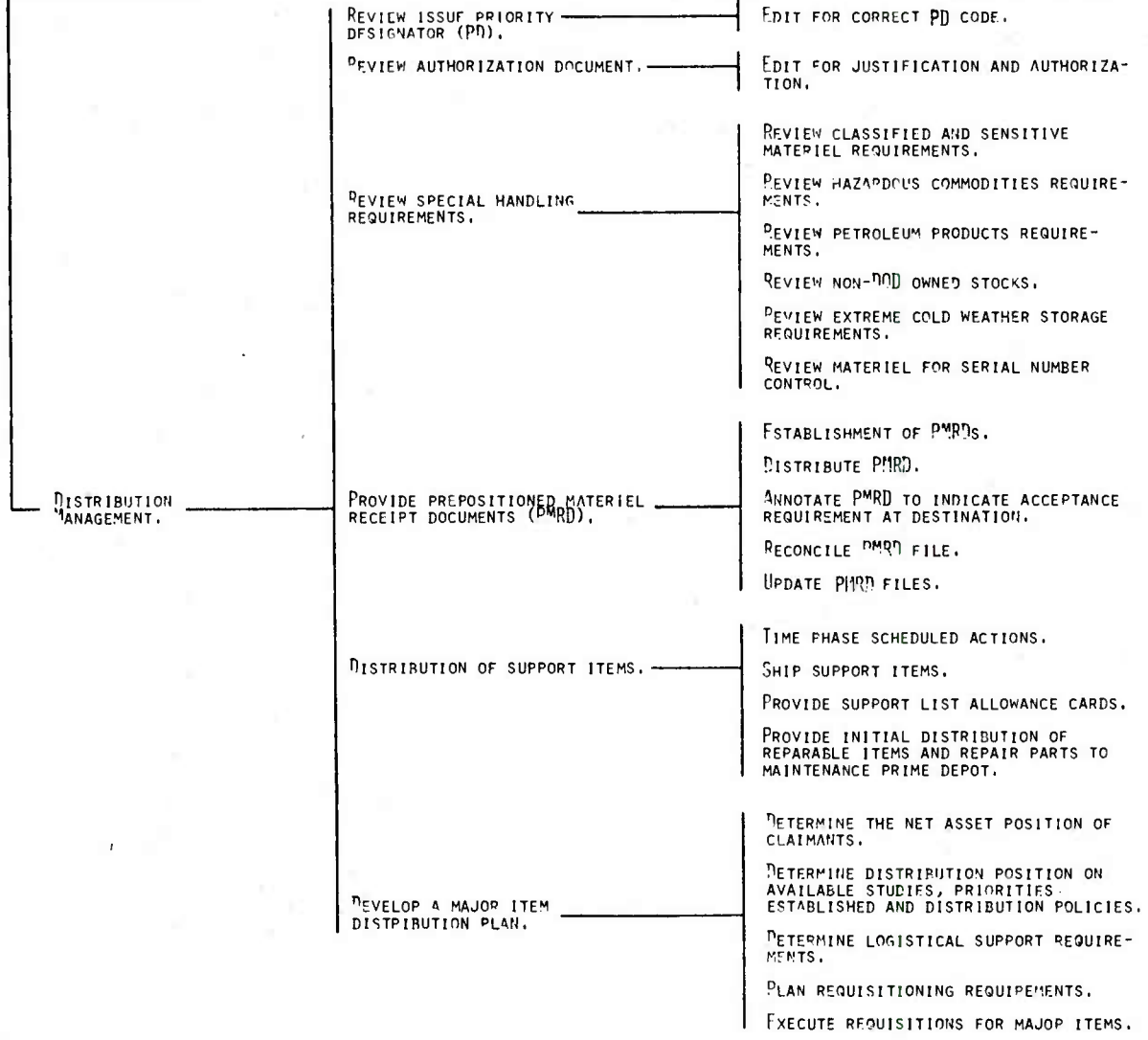


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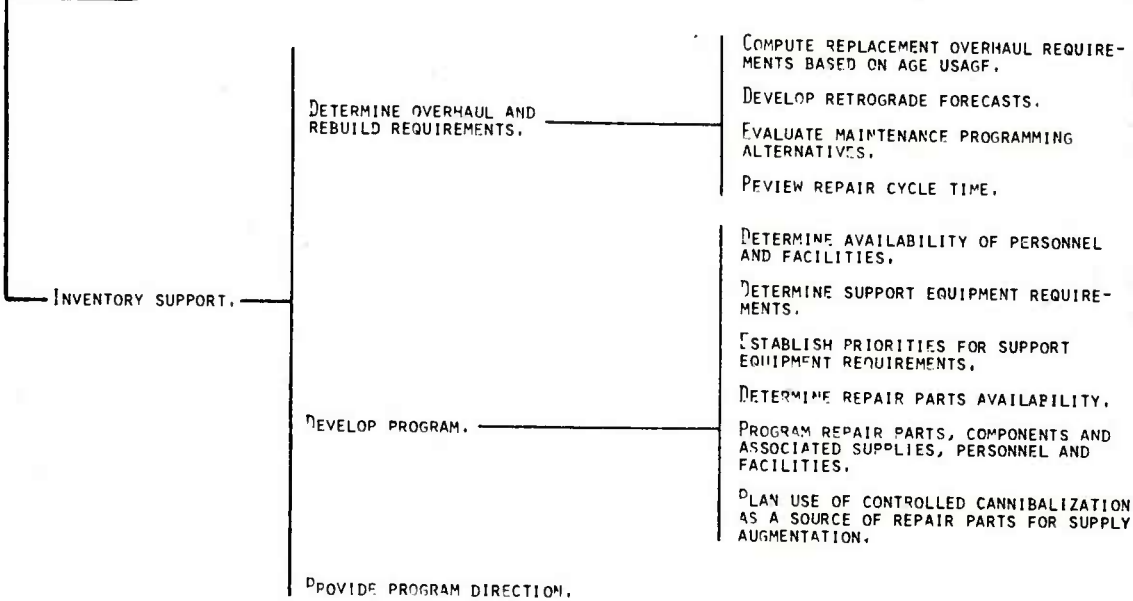
SUPPLY  
INVENTORY CONTROL  
**DISTRIBUTION**

EXPLANATION OF TERMS: DISTRIBUTION  
THE FUNCTIONAL PHASE OF LOGISTICS WHICH INCLUDES POSITIONING AND ISSUING ASSETS IN AN EFFICIENT AND TIMELY MANNER TO SATISFY REQUIREMENTS. (#)



**EXPLANATION OF TERMS: OVERHAUL/REBUILD (DIRECTION)**  
THAT FUNCTION OF INVENTORY CONTROL WHICH PROVIDES THE GUIDANCE, REQUIREMENTS AND RESOURCES RELATING TO THE OVERHAUL/REBUILD PROGRAM. #

SUPPLY  
INVENTORY CONTROL  
**OVERHAUL/REBUILD  
DIRECTION**



SUPPLY  
INVENTORY CONTROL

DISPOSAL

SURPLUS AND  
FOREIGN EXCESS  
PERSONAL  
PROPERTY

DETERMINE REPORTABILITY CRITERIA.	ESTABLISH REPORTING REQUIREMENT.
DETERMINE POTENTIAL EXCESS.	STRATIFY AND REPORT ASSETS. REPORT FOR UTILIZATION. SCREEN FOR POSSIBLE UTILIZATION. PROCESS OFFERS.
REVISE DATA.	PROCESS CHANGES.
TRANSFER.	TRANSFER EXCESSES TO PROPERTY DISPOSAL OFFICER (PDO). REPORT ITEMS TRANSFERRED TO PDO.
ABANDON OR DESTROY.	ABANDON OR DESTROY PER WRITTEN INSTRUCTION BY A ONLY AUTHORIZED OFFICIAL.
DEMILITARIZATION.	ISSUE DEMILITARIZATION INSTRUCTIONS ON METHODS AND ITEMS TO BE DEMILITARIZED. DIRECT MATERIEL TO APPROPRIATE DEMILITARIZATION FACILITY.

EXPLANATION OF TERMS: DISPOSAL  
 THE ACT OF GETTING RID OF PROPERTY UNDER PROPER AUTHORITY WHETHER EXCESS, SURPLUS, SCRAP, ABANDONEO, OR DESTROYED.

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## TAB C

The Inventory Manager. Within a national inventory control point, individual managers are assigned a given number of items for support of specified end items, or Federal supply classification groups or classes within a category for integrated inventory management.

The ICP inventory manager is responsible for an item from the time the item enters the system, through its entire life in the system, right down to the time the last remnants of the item have been washed out of the system.

### 1. Cataloging Direction

a. Originally an item of supply is identified either by descriptive pattern or reference method as an item peculiar in certain respects to all other items in the inventory. This identification is done by a technical specialist trained in this field. The inventory manager, since he alone is responsible for the item or items under his managership, does get involved in cataloging data after the cataloging specialist has performed the original item identification. The inventory manager is concerned with item management data that is published to the field. Such entries in cataloging data as standard unit price, supply status code, and phrase coding all have a significant impact on the requisitioner in the field and on the inventory manager at the Inventory Control Point (ICP) level. The inventory manager's function, then, is to insure that all item management data is accurate and updated in a timely manner.

b. Once the cataloging specialist has identified the item and published basic information for the item to the logistics system, the inventory manager becomes responsible for all management data published to the field concerning the item. The manager must insure that stock numbers, unit prices, unit pack, perishability codes, recoverability codes, and all other management data are correct.

c. The inventory manager must insure that the items are properly cataloged and recorded in appropriate working file sections of the Army Master Data File (AMDF) so that the worldwide customers will know what the item is, what it does, what stock number to use, what the unit cost is, and where to submit requests for the item. Although the Defense Supply Agency has responsibility for maintaining the Federal Catalog System files at the Defense Logistics Services Center, individual inventory managers have responsibility for initiation of cataloging actions into the catalog system for items they manage and for changes thereto.

## 2. Requirements Computation

a. The inventory manager is responsible for the planning and computation of peacetime and mobilization requirements for assigned items. He is also responsible for computing military assistance grant aid requirements based upon demand history and maintaining stockage levels in support of Cooperative Logistics Supply Support Arrangements. The degree of authority vested in the manager and the amount of review for approval by higher authority are related closely to the type of item involved, category of funds to be expended, and dollar value of projected inventories.

b. The inventory manager is tasked with the responsibility for collecting, reviewing, and analyzing asset status reports, demand history, programmed requirements, and all other data and information that might affect the status of any item under his control. From this review and analysis, the manager must compute gross worldwide requirements for the item, apply all available assets to the gross requirement and establish a net position. All follow-on actions such as directed procurement, rebuild, or excessing are dependent on the quantitative relationship of the assets to the computed requirements.

c. If the manager finds that requirements exceed his assets, then he must decide how he will acquire more assets so as to equal the requirements. The options available to the manager are to obtain assets from previously disposed excess, obtain assets from depot level maintenance output, or consummate a procurement contract with a commercial source. The inventory manager will determine which source he will tap based on known events of the past and on the fundamental theory that the least expensive option available is most probably the best. It is evident that retrieval of assets from disposal is the least expensive option, whereas acquisition of assets from procurement is the most expensive. If the inventory manager finds that the asset quantity exceeds the gross requirement, then he must decide whether to retain the assets for future issue or dispose of those assets over and above the gross requirement.

## 3. Procurement Direction

a. The inventory manager has the authority to direct procurement to be accomplished, subject to limitations of approved programs and direction from higher authority. Close coordination between the inventory manager and procurement personnel is essential.

b. The inventory manager authorizes the acquisition of materiel by forwarding a procurement work directive to the procurement activity supporting the inventory control point. In this directive the manager must specify the item to be purchased, the distribution pattern, delivery schedule, and the level of packing and packaging needed to protect the item once it is brought into the military logistics system. From this

document the procurement manager than takes action to obtain a contract for the desired materiel.

#### 4. Distribution Management

a. The inventory manager controls stocks which are in storage, due in, or due out for the entire continental United States (CONUS) depot distribution system on both a quantitative and monetary basis with the exception of selective item intensity management items where this control extends to overseas theater depots. This function involves the control of inventories to insure they are adequate, but not excessive, and that they are strategically located so as to be most responsive to customer demands.

b. The inventory manager must cause storage of supplies and equipment as close to the point of utilization as possible. Therefore, the manager is required to develop an initial distribution plan for items procured, and from time to time adjust distribution of stocks to better support the field forces. The manager, then, is responsible for distribution and redistribution of stocks under his control.

c. Management of the distribution of supplies and equipment is another "stock-in-time" function of the inventory manager. He is responsible for the initial distribution of assets in the military logistics system as stated in paragraph b above. Further, all redistribution actions and issuance of stocks from the wholesale segment of the logistics system are directed by the inventory manager.

#### 5. Maintenance (Overhaul/Rebuild) Direction

a. The inventory manager has the authority to require that items be overhauled or rebuilt. In computing requirements, all assets (serviceable and economically repairable unserviceable) must be considered. Close coordination between the inventory manager and the equipment specialists and maintenance experts is necessary to consider overhaul/rebuild capacities versus related quantities and time schedules desired by the inventory manager. The functions of maintenance facilities, both in-house and contractual, are of paramount interest to the skilled inventory manager. Economy can frequently be enhanced through judicious employment of these facilities.

b. Depot level overhaul or rebuild, for the inventory manager of repairable assemblies, acts as an "asset generator" in much the same way as procurement is an "asset generator." The manager must study the item involved, determine that a need exists for the item, review the stock status data to see if there are enough unserviceable assets available to initiate an overhaul or rebuild program and then take action to plan and budget to implement the program. Once this has been accomplished, the manager can transmit a maintenance work directive to his maintenance counterpart to perform the desired work.

c. The need for depot level rebuild must be determined by the inventory manager based on a supply control study and the availability of unserviceable but reparable assets. The manager must program depot level rebuild from both the financial and depot workloading viewpoints. He must take action to obtain funds to do the rebuild and he must direct shipment of the unserviceable assets and the repair parts to the depot where the rebuilding is to be done.

## 6. Materiel Utilization and Disposal

a. The inventory manager must insure that excess or obsolete stocks are removed from the system. He is responsible for the declaration of excess and, when the item has been declared excess to the Federal Government, takes further action to effect disposal. He must conscientiously participate in the DoD materiel utilization program to insure the proper utilization of excess stocks prior to disposal.

b. When a supply control study indicates that there are assets in excess of established retention levels, the manager will take action to report the excess of screening within the Federal Government and eventual disposition. In some instances reporting excess is not necessary and the inventory manager will initiate action for direct shipment of the excess assets to the property disposal holding area.

c. Once a supply control study establishes the fact that assets exist in the supply system over and above all requirements and retention levels, the inventory manager is responsible for directing movement of these assets from various storage locations to the nearest property disposal holding area.

## 7. Other Functions

a. The inventory manager at the wholesale level usually has a myriad of subfunctions to deal with within each of the major functions shown above. He also must provide advice, guidance, or data to assist in establishing the ICP operating budget, provisioning conferences, maintenance planning conferences, and many other areas associated with his day-to-day operations.

b. There are many other corollary functions which must be performed in support of materiel management, such as data processing, programming, budgeting, review and analysis, transportation, and related activities, all of which must be understood by the inventory manager. Thus, the caliber of personnel employed as inventory managers and the degree of training to which they must be exposed, is, of necessity, very high.

From all of the above, it may be clearly seen that successful inventory managers are required to demonstrate superior ability, and be able to contribute skill and good judgement to the management of their items.

TAB D

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TAB E

- a. Perform integrated materiel management of assigned major and secondary items and repair parts through: cataloging direction, requirements computation, procurement direction, rebuild direction, disposal direction, distribution direction and budgeting data input.
- b. Accumulate, analyze and purify asset, demand, historical and technical data for utilization in requirements computation.
- c. Execute supply programs contingency plans, and related mobilization plans.
- d. Maintain and execute distribution patterns within DARCOM distribution depot complex.
- e. Develop and provide data for budget projections and financial management and other supply management programs.
- f. Defend the directorate position in make or buy committee, configuration control board and the component breakout committee as directed.
- g. Execute logistics plans through coordination with other installations and activities, DARCOM, DA, project, product, and commodity managers.
- h. Initiate action to procure, rebuild, dispose, redistribute, or recall assets from the property disposal officer, assemble, disassemble, or cannibalize as appropriate consistent with requirements determination and within logistical and budgetary limits.
- i. Analyze requirements to assure equitable allocation of limited assets consistent with urgency of needs, relative priority, and other management constraints.

- j. Introduce new materiel into the acquisition process and schedule obsolete items for phase out and assure utilization of excess stock prior to initiation of disposal action. Direct disposal as required.
- k. Process customer requisitions which require management decisions.
- l. Execute the Materiel Readiness Program for assigned items.
- m. Provide inventory management data for publication in supply bulletins, need to return lists, automatic return lists, and materiel management information letter.
- n. Perform supply management of assigned major items through:
  - (1) Computation of requirements and providing data for development of the Army Materiel Plan.
  - (2) Direction of rebuild of unserviceable assets.
  - (3) Direction of disposal of excesses.
  - (4) Initiate procurement for assigned major items, where authorized for those programs under direct control of DA, and reconfirm requirements for procurement upon approval of programs.
- o. Maintain current record of assets.
- p. Assist in the development and execution of the major item distribution plan.
- q. Compute requirements for support contingency plans and related mobilization plans and reserve assets.
- r. Provide programming and scheduling data and monitor world-wide management of depot overhaul and repair work authorizations for assigned major items.
- s. Control items shipped in excess of authorized allowance to insure inclusion in appropriate TA and/or TOE or return to stock if issued on a loan basis.
- t. Coordinate gains or losses with cataloging and other DOD activities as necessary.
- u. Develop and maintain world-wide levels of supply, mobilization, and other authorized reserves in support of world-wide item population.

v. Provide materiel necessary for the reclamation of unserviceable economically repairable items.

w. Perform supply control studies in accordance with dollar value schedules and special requirements for studies.

x. Develop data required for the projection of budgetary estimates in financial inventory and stock fund accounting.

y. Compute mobilization reserve requirements and initiate procurement within available funds and guidance.

z. Establish depot stock levels, stockage pattern and reorder points, based on major item density and/or item demand history.

aa. Initiate procurement of assigned items; designate appropriate level of protection; initiate action to expedite deliveries of outstanding procurement.

ab. Direct movement of assigned materiel from sources of supply to depots, overseas commands, and other requisitioners.

ac. Determine materiel to be recovered through disassembly of end items and direct disassembly.

ad. Defend the materiel management provisioning plan for presentation in provisioning conferences for new systems and compute initial provisioning requirements.

30-36. FIRE CONTROL SECTION. Functions. Perform those functions cited in paragraph 30-35 for assigned fire control materiel and associated items.

30-37. ARTILLERY BRANCH. Functions. Direct the activities of the subordinate sections.

30-38. GROUND ARTILLERY SECTION. Functions. Perform those functions cited in paragraph 30-35 for assigned ground artillery armament materiel and associated items.

30-39. AIR DEFENSE AND FIRE CONTROL SECTION. Functions. Perform those functions cited in paragraph 30-35 for assigned air defense, artillery fire control materiel, and associated items.

30 AUG 1977

## MEMORANDUM FOR RECORD:

SUBJECT: Regulations Concerning the Items Which Originate in ARRADCOM

1. Reference is made to the report by MAJ G. F. Cromwell, OD, "A study of National Inventory Control Point 'Item Management' within ARRCOM", 12 August 1977.

2. The research and development commands are sources of many "items" in the commodity commands. That process of origination is one way in which the terms "inventory management" and "item management" have become part of the language concerning materiel management.

3. MAJ Cromwell's report did not address that area of item management. The pertinent regulations are summarized as follows:

a. AR 70-17, Research, Development, and Acquisition System/Program/Product Management, 15 December 1976, p. 13.

This regulation establishes the procedures and assigns responsibilities governing centralized management of programs designated in accordance with stated criteria. The hierarchy is established as stated in the title. For example, a System Manager (SM) may be superimposed over one or more Program Managers, etc. The abbreviation, PM, must be clarified as to whether the "P" stands for program, project or product. However, AR 310-50 indicates that PM is normally understood to mean Project Manager.

b. DARCOMR 70-1, Transition of Management Responsibility from a Research and Development Command Manager to a Materiel Readiness Command Manager, 28 June 1976, p. 8.

The regulation applies to DARCOM Project/Product Managers (PM), Research and Development Command Managers (DM) and Materiel Readiness Command Managers (RM). An assigned DM or RM may range from a junior manager responsible for a minor item to a senior manager of a major item. The terms DM and RM identify the organizational location of a manager other than a PM; e.g., ARRADCOM or ARRCOM.

8 0 -106 1977

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SUBJECT: Regulations Concerning the Items Which Originate in ARRADCOM

c. DARCOMR 614-13, Development/Readiness Project Officers, 12 August 1976, p. 9.

This regulation standardizes the terminology for use in assigning individuals to intensively managed programs which do not qualify under the established criteria for program/project/product management (AR 70-17). Eliminated are the terms Weapons Systems Manager, Commodity Manager, Special Item Management Officer, System Support Manager, etc., previously used in DARCOM. The Development Project Officers (DPO's) or Readiness Project Officers (RPO's) are appointed by the DARCOM CG or one of the CG's or commanders of one of his subordinate commands.

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