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Incorporating Change 3, November 01, 2019

USD(A&S)

SUBJECT: DoD Supply Chain Materiel Management Procedures: Make and Maintain Materiel

References: See Enclosure 1

1. PURPOSE

a. Manual. This manual is composed of several volumes, each containing its own purpose, and reissues DoD 4140.1-R (Reference (a)). The purpose of the overall manual, in accordance with the authority in DoD Directive 5134.12 (Reference (b)) and the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (c)) is to:

(1) Implement policy, assign responsibilities, and provide procedures for DoD materiel managers and others who work within or with the DoD supply system consistent with DoD Instruction (DoDI) 4140.01 (Reference (d)).

(2) Establish standard terminology for use in DoD supply chain materiel management.

b. Volume. This volume implements the policies established in Reference (d), assigns responsibilities, and prescribes procedures for the DoD supply chain materiel management processes associated with the repair, modification, overhaul, production, manufacturing, and testing of materiel.

2. APPLICABILITY. This volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the “DoD Components”).

3. RESPONSIBILITIES. See Enclosure 2.

4. PROCEDURES. See Enclosure 3.

5. RELEASABILITY. **Cleared for public release.** This volume is available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

6. SUMMARY OF CHANGE 3. This change is administrative and updates references and organizational symbols to reflect the reorganization of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, pursuant to Reference (c).

7. EFFECTIVE DATE. This volume is effective February 10, 2014.



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ENCLOSURE 1

REFERENCES

- (a) DoD 4140.1-R, “DoD Supply Chain Materiel Management Regulation,” May 23, 2003 (cancelled by Volume 1 of this Manual)
- (b) DoD Directive 5134.12, “Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)),” May 25, 2000, as amended
- (c) Deputy Secretary of Defense Memorandum, “Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment,” July 13, 2018
- (d) DoD Instruction 4140.01, “DoD Supply Chain Materiel Management Policy,” March 6, 2019
- (e) Executive Order 13423, “Strengthening Federal Environmental, Energy, and Transportation Management,” January 24, 2007
- (f) Council on Environmental Quality, “Instructions for Implementing Executive Order 13423, “Strengthening Federal Environmental, Energy, and Transportation Management,” March 29, 2007
- (g) Chapter 146 of Title 10, United States Code
- (h) DoD Instruction 2030.08, “Implementation of Trade Security Controls (TSCs) for Transfers of DoD Personal Property to Parties Outside DoD Control,” February 19, 2015, as amended
- (i) DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” October 21, 2019, as amended
- (j) DoD Instruction 4151.19, “Serialized Item Management (SIM) for Life-Cycle Management of Materiel,” January 9, 2014, as amended
- (k) AMC-R 700-99/NAVSUPINST 4790.7/AFMCR 400-21/MCO P4410.22C, “Wholesale Inventory Management and Logistics Support of Multiservice Used Nonconsumables,” April 27, 1990
- (l) Defense Logistics Manual 4000.25-2, “Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP),” June 13, 2012, as amended¹
- (m) Defense Logistics Manual 4000.25, Volume 2, “Defense Logistics Management System: Supply Standards and Procedures,” June 5, 2012, as amended¹
- (n) Defense Logistics Manual 4000.25-1, “Military Standard Requisitioning and Issue Procedures (MILSTRIP),” June 13, 2012, as amended¹
- (o) DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017, as amended
- (p) DoD Instruction 5200.08, “Security of DoD Installations and Resources and the DoD Physical Security Review Board (PSRB),” December 10, 2005, as amended
- (q) DoD Manual 5200.01, Volume 3, “DoD Information Security Program: Protection of Classified Information,” February 24, 2012, as amended
- (r) DoD Manual 5200.02, “Procedures for the DoD Personnel Security Program (PSP),” April 3, 2017

¹ Available on the internet at:
https://www.dla.mil/HQ/InformationOperations/DLMS/eLibrary/Manuals/publications/dlm/dlm_pubs/

- (s) Federal Acquisition Regulation, current edition
- (t) Executive Order 13514, “Federal Leadership in Environmental, Energy, and Economic Performance,” October 5, 2009
- (u) Military Standard MIL-STD-2073-1, “Department of Defense Standard Practice for Military Packaging,” current edition
- (v) DoD Manual 4140.27, Volume 1, “DoD Shelf-Life Management Program: Program Administration,” July 16, 2016, as amended
- (w) DoD 7000.14-R, “Department of Defense Financial Management Regulations (FMRs),” Volumes 1-15, dates vary by volume

ENCLOSURE 2

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR SUSTAINMENT (ASD(S)). Under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), the ASD(S) oversees the management of DoD materiel being procured or repaired.

2. DoD COMPONENT HEADS. The DoD Component heads:

a. Manage and control materiel within production, manufacturing, repair, modification, overhaul, and testing functions performed at organic or private sector facilities or through public and private collaboration at those facilities.

b. Give preference to green products or services in all procurements, especially those procured for combat or combat-related missions, in accordance with Executive Order 13423 (Reference (e)) and the implementing instructions in section 7 of Instructions for Implementing Executive Order 13423 (Reference (f)).

3. SECRETARIES OF THE MILITARY DEPARTMENTS AND DIRECTOR, DEFENSE LOGISTICS AGENCY (DLA). In addition to the responsibilities in section 2 of this enclosure, the Secretaries of the Military Departments and the Director, DLA (the Director is under the authority, direction, and control of the USD(A&S), through the ASD(S)):

a. Implement the procedures prescribed in this volume and ensure that supplemental guidance and procedures are in accordance with Reference (d) and this volume.

b. Establish and maintain procedures for managing materiel involved in production, manufacturing, repair, modification, overhaul, and testing functions performed at DoD or private sector facilities or through public and private partnerships at those facilities.

c. Establish and maintain relationships that ensure best value decision making relevant to commercial sources of supply and organic and commercial sources of maintenance as well as integrated processing between materiel managers and those sources.

ENCLOSURE 3

PROCEDURES

1. MAKE AND MAINTAIN MATERIEL

a. DoD Components will:

(1) Structure materiel management as a high-performing and agile supply chain that is responsive to customer requirements during peacetime and war.

(2) Ensure best value support by optimizing their relationships with organic and commercial sources of materiel as well as with organic and commercial maintenance facilities maintaining depot-level reparable items. Differentiate between make-to-stock, make-to-order, and engineer-to-order materiel requirements.

b. When making decisions regarding public and private agreements, DoD materiel managers:

(1) Establish agreements that comply with chapter 146 of Title 10, United States Code (Reference (g)).

(2) Establish make-to-order relationships with commercial sources when those sources are the preferred support alternative. Examples of make-to-order relationships where the DoD supply chain relies on external sources to fill customer demand instead of internal inventories include contractor logistics support (CLS), direct vendor delivery (DVD), and performance-based logistics (PBL) contracts.

(3) Make economical make-to-stock buys from commercial sources.

(4) Buy from suppliers, including make-to-stock buys from commercial sources, using procedures in section 3 of this enclosure.

(5) Use procurement only to replace unserviceable assets that cannot be repaired economically and to meet new customer requirements not addressed in initial provisioning.

(6) Employ CLS and DVD procedures that address make-to-order relationships with commercial sources as described in section 4 of this enclosure.

c. Materiel managers will work with:

(1) Maintenance facilities to schedule and complete make-to-order and make-to-stock workloads to meet customer requirements within negotiated performance metrics.

(2) Organic and commercial maintenance facilities authorized to order parts from the DoD supply system to align parts support with scheduled maintenance workloads and apply parts kits and bills-of-material (BOM), as appropriate.

(3) Maintenance activities using the procedures in section 2 of this enclosure.

(4) Kitting procedures for sets, kits, and outfits as described in section 5 of this enclosure.

d. DoD Components will exercise due diligence concerning trade security controls and demilitarization in accordance with DoDI 2030.08 (Reference (h)), regardless of relationships and arrangements such as CLS, PBL, or DVD.

e. Product support managers will develop and implement product support arrangements for Acquisition Category (ACAT) I and ACAT II programs in accordance with DoD Instruction 5000.02 (Reference (i)).

2. MAINTENANCE INTERFACES

a. The Military Departments and DLA:

(1) Rely on organic and commercial maintenance facilities, either individually or as public-private partnerships, as the primary sources of serviceable assets to sustain operations after repairable items are provisioned.

(2) Facilitate direct and continual information exchange between their maintenance and materiel managers.

(3) Establish processes that position or deliver required repair parts at using maintenance facilities in sufficient time to preclude any delay in maintenance production processes whenever possible.

(4) Accurately account for the supply of items undergoing maintenance actions at commercial and organic sources of repair.

(5) Adhere to the procedures in Volume 11 of this manual for unserviceable classified and sensitive items and nuclear weapons-related material.

(6) Add in or update the accountable records with classified and nuclear weapons-related materiel repairable items that are disassembled during repair and not subsequently reassembled in the same action. Complete the addition or update in the accountable records within 24 hours of disassembly at the base or depot-level at contractor or organic repair facilities.

(7) Establish procedures for performance-based agreements between responsible supply and repair organizations. Use the agreements to define expectations, responsibilities,

accountability, performance metrics, scheduled reviews, and reporting requirements among all parties responsible to ensure production requirements are met. Develop agreements whether production is accomplished commercially or organically.

(8) Establish the capability to rapidly produce products to meet new, unique customer requirements (i.e., engineer-to-order materiel requirements) through contracts with private sector manufacturers or agreements with organic manufacturing sources. Include access to any engineering resources that might be required (e.g., access to engineering drawings).

(9) Establish programs to identify unique items with unusually high failure and repair rates in accordance with DoDI 4151.19 (Reference (j)).

(10) Use procedures and automated processes that track, at the serial number and unique item identifier level, items entering repair, levels, and types of repairs in accordance with Volume 9 of this manual.

(11) Use the policies and procedures in AMC-R 700-99/NAVSUPINST 4790.7/AFLCR 400-21/MCO P4410.22C (Reference (k)) for the designated primary inventory control activity (PICA) and the secondary inventory control activity (SICA) for materiel management and depot maintenance of non-consumable items of multiple Military Departments.

(12) Implement procedures for maintaining accountability during maintenance actions using applicable standard logistics processes as prescribed in Defense Logistics Manual (DLM) 4000.25-2, Volume 2 of DLM 4000.25, and DLM 4000.25-1 (References (l), (m), and (n), respectively) and supporting the accountability procedures prescribed in DoDI 5000.64 (Reference (o)).

(13) Maintain classified and sensitive items in maintenance facilities that have the appropriate security for the level of classification and personnel that hold current clearances appropriate for the level of classification. Follow the procedures in DoDI 5200.08, Volume 3 of DoD Manual 5200.01, and DoD Manual 5200.02 (References (p), (q), and (r)), which address security of installations, safeguarding of classified information, and the personnel security program, respectively. DoD supply chain procedures for handling and control of classified and sensitive items are in Volume 11 of this manual.

b. DoD materiel managers:

(1) Use designated sources of repair, which may be organic or commercial facilities.

(2) Provide maintenance facilities with all information required for production planning, funding, scheduling, induction, and execution of required repairs to ensure effective and efficient repair of components and assemblies and optimal utilization of depot resources. Include information with:

(a) Visibility of unserviceable assets.

(b) Changes to repair requirements.

(c) Repair part shortages.

(d) Relative importance or criticality of the repair requirement.

(e) Visibility of actual demands and usage of these components, product reliability expectations, and warranty requirements, where considered useful.

(3) Coordinate repair requirements, including known or suspected technical changes, with maintenance managers to ensure the best value repair.

(4) Leverage serialized item management programs to the greatest extent possible when coordinating which items to induct into repair, in accordance with Reference (j). Coordinate the repair parts requirements with parts suppliers and maintenance facilities.

(a) Communicate repair orders to maintenance facilities and transmit repair quantities based on the latest customer requirements within lead-times necessary to assure repair can be accomplished to meet the customer's needs.

1. Work with maintenance schedulers to ensure that, whenever possible, induction quantities against a repair order are set to:

a. Maximize maintenance productivity.

b. Ensure a sufficient flow of serviceable assets to meet demand and readiness requirements while providing the flexibility to respond to variable requirements, priorities, cost targets, and shorter required dates.

2. Communicate any urgently needed requirements to maintenance facilities, as soon as they are known, to ensure that those requirements receive the proper priority processing by maintenance managers. In transmitting such requirements, the materiel manager will ensure that parts are available to support the maintenance work before the induction of reparable components.

(b) Establish specific commercial support agreements or partnerships in accordance with Volume 3 of this manual when possible in sourcing repair parts support for depot maintenance facilities.

(c) Establish special internal demand and supply planning and delivery processes tailored to minimize depot wait time for repair parts, and ensure parts provided meet all technical requirements and all established reliability standards.

(d) Develop, communicate, and coordinate repair parts requirements based on depot maintenance and production schedules to facilitate those actions between the appropriate sources of maintenance and supply.

3. BUYING FROM SUPPLIERS. The Military Departments and DLA will:

a. Buy in quantities:

(1) That originate from demand and supply planning calculations adjusted up or down to reflect budgetary or non-mathematically-based factors applicable to current real world conditions.

(2) Necessary to satisfy unfilled customer requirements.

b. Base sourcing decisions on best value determinations in accordance with Volume 3 of this manual.

c. Consolidate repetitive buys, wherever possible.

d. Use appropriate contracting vehicles, such as indefinite delivery contracts, forward pricing agreements, and mobilization-based contracts.

e. Determine whether prospective vendors appear capable of meeting contract requirements, preceding an award.

f. Adhere to subpart 23.7 of the Federal Acquisition Regulation (Reference (s)) in the contracting processes to promote the acquisition of environmentally preferable, sustainable, or green products and services.

g. Buy non-hazardous, non-shelf life, longer shelf life when possible.

h. Make quantity discount and holding cost-tradeoff decisions automatically in the buy process.

i. Adjust buy quantities based on the latest requirements information before the buy is actually awarded whenever possible.

j. Use excess retail stocks to offset wholesale buy quantities.

k. Check with DLA Disposition Services before initiating a buy to see if serviceable assets are available to reclaim and reduce the buy quantity. Check other reutilization sources such as the Plant Clearance Automated Reutilization Screening, as applicable.

l. Establish requested delivery dates on for-stock buys based on the production lead-times used in supply planning unless the vendor is willing to deliver sooner at no cost or expedited delivery is required to satisfy or preclude an unfilled customer requirement. Establish delivery dates to reflect the time-definite delivery standards or those in customer performance agreements for requested delivery dates from commercial sources that deliver directly to customers.

m. Include transportation considerations and costs in any award decision so that origin or destination acceptance decisions are properly made.

n. Ensure the uninterrupted flow of stock for a high-risk item, through the use of a checkpoint before the item's reorder point (e.g., 60 to 90 calendar days) to review the item's technical and source data to determine if an early procurement action is required. High-risk items include those that:

- (1) Were recently transferred to an integrated materiel manager.
- (2) Were not recently procured.
- (3) Are technically unstable.
- (4) Have diminishing manufacturing sources.
- (5) Require first article testing.

o. As outlined in Volume 3 of this manual, use tailored and multiple-year purchasing methods (such as indefinite delivery and indefinite quantity contracts), when possible, to get quantity discounts, reduce investment in inventory, reduce ordering time, and adjust to changing demand and asset data.

p. Give preference to the acquisition of bio-based, environmentally preferable, energy-efficient, water-efficient, and recycled-content products where cost effective, including:

- (1) Paper of at least 30 percent post-consumer fiber content.
- (2) Sustainable energy.
- (3) Alternative fuel vehicles and alternative fuels as specified in Reference (f).
- (4) Products with low or no toxic or hazardous constituents.
- (5) Non-ozone depleting substances such as those listed by the Environmental Protection Agency (EPA) Significant New Alternatives Policy Program at <http://www.epa.gov/ozone/snap/lists/index.html>.
- (6) Environmentally preferable electronics that meet EPA environmental performance standards such as those listed on the Electronic Product Environmental Assessment Tool for registered electronics at <http://www.epeat.net>.

q. For combat or combat-related missions, give preference to energy-efficient products that offer lower operations and sustainment costs and improved operational outcome whenever possible.

r. Coordinate with the materiel managers to add new, environmentally preferable green items that are an equal alternative to the existing non-environmentally friendly items currently in the inventory.

s. Justify decisions not to procure products containing recovered material or biobased content pursuant to Reference (s) in writing and retain on file. Base justifications upon the inability to acquire the product in a timely manner, at a sufficient level of competition, at a reasonable price, or to satisfy the technical or performance requirements.

t. As part of the approach to promote green products and sustainable materials use, integrate actions targeted at reducing negative environmental impacts and preserving natural capital throughout the life cycle of materials, taking into account economic efficiency and social benefits and costs in accordance with Reference (f) and Executive Order 13514 (Reference (t)).

u. Routinely request quantity price discount ranges in solicitations and consider in buy decisions.

v. Override computed economic order quantity as a target order quantity only when specific documented analysis supports an alternative quantity as more cost effective. Using an order quantity floor other than that prescribed in Volume 2 of this manual is prohibited.

w. Develop analytical and audit support tools to aid in considering quantity price and lead-time data with other relevant data and to base contract award decisions on the best value to the government.

x. Develop an evaluation system to make a source selection and tradeoff delivery of less critical replenishment requirements when expediting delivery of more important unfilled customer requirements.

y. Include transportation planners in the contracting process to ensure proper origin or destination acceptance decisions and adequate inclusion of transportation clauses in procurement contracts.

z. Include contract incentives, where feasible, to drive production lead-time reduction for long lead-time items to reduce inventory costs over time.

4. CLS AND DVD INTERFACES. When using CLS and DVD, the Military Departments and DLA will ensure that their logistics processes support management and integration. The management and integration will include, but not be limited to, supply chain contracts, planned DVD support, and contingency contracting, when it is beneficial to the U.S. Government.

a. Link private sector vendors to their DoD customers through direct access to DoD databases (consistent with operational security guidelines and policies) or through commercial electronic communication capabilities.

b. Support planned DVD programs with viable, long-term contracting vehicles established through best value competition or through a sole source determination. The contracting process for those programs should be transparent to logistics customers when ordering from the DoD source of supply. Transmit applicable customer orders to the DoD source of supply for processing as described in Volume 5 of this manual.

c. Transmit customer orders for commercially provided logistics materiel and services under PBL or prime vendor programs directly to the selected source of support without manual intervention. Notification of the customer order may be provided concurrently to the managing DoD Component. Customer orders may first go to the materiel manager for subsequent transmittal to the commercial source if:

- (1) The commercial source is unable to receive orders directly.
- (2) The nature of the item requires that all orders be reviewed prior to being filled.

d. Track supply chain performance metrics, including customer wait time metrics, associated with CLS and DVD activities to ensure that customer requirements are being met.

e. Develop the capability to separately identify costs of vendor support programs in DoD working capital, procurement, and operations and maintenance budgets for appropriate categories (e.g., by weapon and equipment, commodity, or organization).

f. Provide visibility of demand, asset, and other management information to private sector providers to support DVD, prime vendor, and integrated supplier arrangements. Enable just-in-time links between customers and vendors with the automated sharing of this information with vendors. Contractor asset visibility may encompass:

- (1) Visibility of DoD-held inventories.
- (2) Customer requirements.
- (3) Organic in-process production quantities.
- (4) BOM requirements.
- (5) Materiel usage data.
- (6) Reliability experience.
- (7) Organic in-transit asset visibility.
- (8) Payments.
- (9) Related government data including green material or product specifications as referenced in paragraph 3o of this enclosure.

g. Obtain commercially provided logistics materiel that ensures private sector providers share their in-transit visibility information in accordance with Volume 5 of this manual.

5. SETS, KITS, AND OUTFITS

a. The Military Departments and DLA will:

(1) Establish adequate levels of sets, kits, outfits, and component items based on demand planning.

(2) In accordance with Military Standard 2073-1D (Reference (u)), give kit assembly instructions to applicable activities to ensure timely replenishment of stock levels, consistent with the availability of component items.

(3) Manage sets, kits, and outfits containing shelf-life items in accordance with the procedures and guidance in DoD Manual 4140.27(Reference (v)).

(4) Build subassemblies at the highest generic level possible before they are needed. Pre-built subassemblies can minimize the time necessary for final assembly of sets, kits, or outfits in configurations that satisfy customers' requirements.

(5) Prepare, process, and distribute documentation for the systematic and timely reutilization or disposal of excess sets, kits, outfits, and component items according to standard DoD, Military Department, and DLA detailed procedures.

(6) Package accessories into standardized units or dimensions to make the assembly of kits, sets, and outfits easier and more flexible.

b. Before disposing of sets, kits, or outfits, the DoD wholesale materiel manager will review the requirements and potential usefulness of all component items. Any item that is identified as excess or potential excess must be reported to other DoD wholesale materiel managers that stock, store, and issue the item according to the procedures in Volume 6 of this manual. The materiel manager directing reshipment, disassembly, or disposal will coordinate and issue disposition instructions for excess sets, kits, outfits, and component items.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ACAT	acquisition category
AFLCR	Air Force Logistics Command Regulation
AMC-R	Army Materiel Command Regulation
ASD(S)	Assistant Secretary of Defense for Sustainment
BOM	bills-of-material
CLS	contractor logistics support
DLA	Defense Logistics Agency
DLM	Defense Logistics Manual
DoDI	DoD Instruction
DVD	direct vendor delivery
EPA	Environmental Protection Agency
MCO	Marine Corps Order
NAVSUPINST	Navy Supply System Command Instruction
PBL	performance-based logistics
PICA	primary inventory control activity
SICA	secondary inventory control activity
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment

PART II. DEFINITIONS

These terms and their definitions are for the purpose of this volume and will serve as standard terminology for DoD supply chain materiel management.

accountability. The obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate records, to ensure control of property, documents, or funds, with or without physical possession. The obligation, in this context, refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest; however, it does not necessarily impose personal liability upon an organization or person.

acquisition. Obtaining logistics support, supplies, or services under an acquisition agreement or under a cross-servicing agreement. This includes purchasing (whether for payment in currency, replacement-in-kind, or by exchange for equal value), renting, leasing, or any method of temporarily obtaining logistics support, supplies, or services.

assembly. In logistics, an item forming a portion of equipment that can be provisioned and replaced as an entity and which normally incorporates replaceable parts or groups of parts.

best value. As determined through the use of a business case analysis methodology or a methodology approved by the applicable DoD Component, the term applies to the proposed alternative that ranks the highest when both cost and non-cost factors are evaluated.

depot-level reparable. An item that is designated for repair at depot-level, or that is designated for repair below the depot-level for which condemnation authority must be exercised by the cognizant depot-level repair activity.

DLM. A set of manuals that prescribe logistics management responsibilities, procedures, rules, and electronic data communications standards for use in the DoD to conduct logistics operations in functional areas such as supply, maintenance, and finance. These manuals collectively comprise the DLMs.

economic order quantity. The quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs to order and hold inventory.

engineer-to-order. Materiel whose customer specifications require unique engineering design or significant customization.

excess. Materiel that has completed reutilization screening within the DoD and is not required for the needs and the discharge of responsibilities of any DoD activity.

green product. A product that exhibits the environmentally positive characteristics of an environmental organization approved through the DLA-chaired Joint Group on Environmental Attributes, and has a lesser or reduced effect on human health and the environment when compared to competing products or services that serve the same purpose.

inventory. Materiel, titled to the U.S. Government, held for sale or issue, held for repair, or held pending transfer to disposal. This definition covers the same population of items as the definition for inventory in chapter 4 of Volume 4 of DoD 7000.14-R (Reference (w)). Inventory does not include tangible personal property to be consumed in normal operations, operating materials, and supplies as defined in Reference (w).

item of supply. A category of items identified by a national stock number with the same form, fit, and function. The individual items (units) included in this category could be manufactured by multiple sources.

kits. Assembled repair parts and components required for maintenance support of an end item.

kitting. The process of assembling and staging sets, kits, and outfits.

make-to-order. Materiel where a customer order is not filled from existing stocks; rather, it is procured from external sources of supply.

make-to-stock. Materiel where a customer order is typically filled from existing stocks and procurement from external sources of supply are used to replenish those stocks.

materiel management. The phase of military logistics that includes managing, cataloging, demand and supply planning, requirements determinations, procurement, distribution, overhaul, and disposal of materiel.

materiel manager. Any DoD activity or agency that is assigned materiel management responsibilities for the DoD and participating federal agencies. The term includes responsibilities performed by either wholesale materiel managers or retail materiel managers: managing, cataloging, demand and supply planning, requirements determination and definition, procurement, distribution, overhaul and repair of reparable materiel, and disposal of materiel.

modification. A U.S. Government-approved change in the configuration of a part or item that offers a benefit to the U.S. Government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or effecting a life-cycle cost savings.

non-consumable items. Items of supply that are major end items, depot reparable components, or special management items.

PBL. Logistics that delineate outcome performance goals of weapon systems, ensure that responsibilities are assigned, provide incentives for attaining these goals, and facilitate the overall life-cycle management of system reliability, supportability, and total ownership costs.

performance-based agreement. A product support agreement that is tied to system, subsystem, or component level performance that describes measurable service and performance level parameters based on customer requirements and expectations.

PICA. The service or agency inventory control point designated as the single activity within the DoD responsible for providing materiel support.

production lead-time. The time interval between the placement of a contract or the placing of an order and receiving the purchased materiel into the supply system.

provisioning. The management process of determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of materiel for an initial period of service.

readiness. A measure or measures of the ability of a system to undertake and sustain a specified set of missions at planned peacetime and wartime utilization rates. Examples of system readiness measures are combat sortie rate, fully mission capable rate, and operational availability. Measures take account of:

The effects of system design, reliability, and maintainability.

The characteristics of the support system.

The quantity and location of support resources.

receiving. All actions taken by a receiving activity from the physical turnover of materiel by a carrier until the on-hand balance of the accountable stock record file or in-process receipt file is updated to reflect the received materiel as an asset in storage, or the materiel is issued directly from receiving to the customer.

reorder point. When an item's inventory position (i.e., on-hand stock plus stock due-in minus stock due-out) reaches or breaches the stockage objective and triggers an order to replenish stock.

reparable item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

replenishment. Actions to resupply an inventory when it reaches the reorder point.

retail. Level of inventory below the wholesale level, either at the consumer level for the purpose of directly providing materiel to ultimate users or at the intermediate or region level for the purpose of supplying consumer levels or ultimate users in a geographical area.

shelf-life item. An item of supply possessing deteriorative or unstable characteristics to the degree that a storage time period is assigned to ensure that it performs satisfactorily in service.

SICA. The service or agency inventory control point receiving materiel support from the PICA for selected logistics functions.

supplier. Organic or commercial sources for items of supply.

supply chain. The linked activities associated with providing materiel from a raw material stage to an end user as a finished product.

sustainable. Conditions created and maintained, under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic, and other requirements of present and future generations.

total variable cost. The sum of the variable cost-to-order, variable cost-to-hold, and implied shortage cost. Procurement cycles and safety levels are determined through minimizing these costs for any given group of items in an inventory.

wholesale. The highest level of organized DoD supply that procures, repairs, and maintains stocks to resupply the retail levels of supply. Synonymous with wholesale supply, wholesale level of supply, wholesale echelon, and national inventory.