



Department of Defense MANUAL

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Incorporating Change 2, August 31, 2018

USD(A&S)

SUBJECT: DoD Supply Chain Materiel Management Procedures: Operational Requirements

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 (DoDD) 5134.12 (Reference (b)), 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 (c)).

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

b. Volume. This volume implements the policies established in Reference (c) and describes procedures for DoD supply chain materiel management processes dealing with DoD supply chain operational requirements.

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. DoD Component Heads. The DoD Component heads implement the procedures prescribed in this volume and ensure that supplemental guidance and procedures are in accordance with Reference (c) and this manual.

4. PROCEDURES. See Enclosure 2.

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

6. SUMMARY OF CHANGE 2. This change reassigns the office of primary responsibility for this volume to the Under Secretary of Defense for Acquisition and Sustainment in accordance with the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (d)).

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



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Enclosures

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ENCLOSURE 1

REFERENCES

- (a) DoD 4140.1-R, "DoD Supply Chain Materiel Management Regulation," May 23, 2003 (hereby cancelled)
- (b) DoD Directive 5134.12, "Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))," May 25, 2000, as amended
- (c) DoD Instruction 4140.01, "DoD Supply Chain Materiel Management Policy," December 14, 2011
- (d) 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
- (e) DoD Instruction 8320.04, "Item Unique Identification (IUID) Standards for Tangible Personal Property," September 3, 2015
- (f) DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRs)," Volumes 1-15, dates vary by volume
- (g) Defense Logistics Manual 4000.25-1, "Military Standard Requisitioning and Issue Procedures (MILSTRIP)," June 13, 2012¹
- (h) Defense Logistics Manual 4000.25, Volume 2, "Defense Logistics Management System: Supply Standards and Procedures," June 5, 2012¹

¹ Available on the internet at www2.dla.mil/j-6/dlms0/elibrary/manuals/dlm/dlm_pubs.asp

ENCLOSURE 2

PROCEDURES

1. SUPPLY CHAIN STRATEGIES

a. The DoD Components:

(1) Structure materiel management to provide responsive, consistent, and reliable support to the warfighter during peacetime and war.

(2) Establish end-to-end processes focused on achieving warfighter readiness goals and meeting customer needs in the most efficient way possible within the bounds of acceptable risk, including security risk.

(3) Provide best-value materiel and services to support rapid power projection and operational sustainment of U.S. forces as required by the National Military Strategy.

(4) Use the supply chain operational reference processes of plan, source, make and maintain, deliver, and return as a framework for developing, improving, and conducting materiel management activities to satisfy customer support requirements as efficiently as possible.

(5) Consider all life-cycle costs associated with materiel management, including acquiring, distributing, transporting, storing, maintaining, repairing, protecting, and disposing.

(6) Identify a dominant supply chain strategy from supply chain characteristics and apply the strategy consistently for a given type of item, commodity, class, customer, or supplier.

(7) Employ risk management strategies to identify and assess potential supply chain disruptions:

(a) Within the DoD supply chain (e.g., insufficient quality, unreliable suppliers, imbedded threats or access points, machine break-down, uncertain demand, vulnerability from interruptions and interdiction of supplies, including fuel and electric power).

(b) Outside the DoD supply chain (e.g., flooding, attacks, labor strikes, natural disasters, large variability in demand).

(8) Reduce exposure to potential disruptions, monitor the supply chain to provide as much early warning as possible, and mitigate the effects of problems that do occur.

(9) Will maintain records and documentation for purposes of audits prescribed in this manual.

(10) Protect Defense missions by implementing materiel management procedures that prevent the introduction of unauthorized or counterfeit materiel.

b. All DoD materiel management processes, programs, and systems will provide customers with safe, counterfeit-free, authentic materiel.

c. Supply support providers will work collaboratively with customers to ensure a common understanding of requirements that considers and controls all acquisition and sustainment life-cycle costs and minimizes total costs.

2. SUPPLY CHAIN PROCESSES. The DoD Components:

a. Conduct demand and supply planning to optimize the use of DoD supply chain resources in meeting established support strategies and collaborate between supply support providers and their customers. Size secondary item inventories to minimize total DoD supply chain costs while meeting peacetime, war, and other high tempo requirements. Volume 2 of this manual implements policies and describes procedures for demand and supply planning.

b. Perform materiel sourcing and acquisition, manage sourcing infrastructure, and apply total life-cycle support management to supply chain materiel management. Adopt and adapt best commercial business practices when they will increase supply chain performance and reduce total life-cycle systems cost. Volume 3 of this manual implements policies and describes procedures to source and acquire materiel.

c. Optimize the relationships between materiel managers and commercial sources of supply through production, manufacturing, repair, modification, overhaul, and testing functions at organic or private sector facilities or through public and private partnerships at those facilities. Volume 4 of this manual implements policies and describes procedures for making and maintaining materiel.

d. Manage requisitions, orders, distribution depots and other storage locations, and transportation networks and other delivery infrastructure. Volume 5 of this manual implements policies and describes procedures for DoD supply chain materiel management processes dealing with materiel accountability and delivery of materiel, and establishes the Joint Physical Inventory Working Group.

e. Administer customer returns of defective or discrepant materiel, excess materiel, and materiel requiring maintenance, repair, or overhaul. Implement policies and procedures described in Volume 6 of this manual for returning materiel to the retail or wholesale supply system, determining the disposition of materiel, and disposal of excess, surplus, and foreign excess personal property.

(1) Use materiel to the extent practical to prevent the cost of concurrent procurement and disposal or to prevent the cost of repair of unserviceable items when serviceable items are available.

(2) Dispose of materiel in contingency operations in accordance with the warfighter's mission and in the best interest of the U.S. Government using principles of sustainability.

(3) Develop, apply, and maintain life-cycle management controls to detect, remediate, and determine appropriate disposition of counterfeit materiel within the DoD supply chain, in accordance with Reference (c).

3. SUPPLY CHAIN BUSINESS PRACTICES. The DoD Components:

a. Continually monitor and adopt or adapt emerging business practices to provide best-value, secure materiel and services, improve DoD supply chain performance, and reduce total life-cycle systems cost.

b. Apply modern business practices processes and technologies, such as enterprise resource planning, automatic identification technology, automated planning system, and materiel requirements planning. Maintain materiel control and visibility of the secondary inventory down to and including retail inventories. Implement the policies and procedures for supporting technologies described in Volume 7 of this manual.

c. Implement materiel management business practices in contemporary logistics programs, systems, and contracts that integrate people, information, and processes.

(1) Catalog and include in the Federal Catalog System each item repeatedly used, bought, stocked, or distributed by DoD. Implement policies and procedures described in Volume 8 of this manual for the Federal Catalog System, the Defense Logistics Management Standards (DLMS), and the Uniform Materiel Movement and Issue Priority System.

(2) Implement policies and procedures described in Volume 9 of this manual for packaging materiel and controlling item costs and for establishing the Defense Packaging Policy Group.

(3) Evaluate and report on the performance and cost of DoD supply chain operations and inventory. Implement policies and procedures described in Volume 10 of this manual for dealing with special requirements, measuring DoD supply chain cost and performance, and for supporting non-DoD materiel requirements.

d. Apply the highest levels of materiel accountability and asset visibility to the stewardship of critical safety items (CSI) and controlled inventory items (CII). DoD materiel managers will follow special procedures for identification, handling, and control of CSI and CII including nuclear weapons-related materiel (NWRM) commensurate with the risk of materiel release as described in Volume 11 of this manual.

(1) Provide unique item level traceability for all items meeting the criteria established by DoDI 8320.04 (Reference (e)) and Volume 11 of this manual.

(2) Manage small arms, light weapons, non-nuclear missiles and rockets, arms, ammunition and explosives, NWRM, and conventional munitions as special types of materiel in the DoD supply chain and participate in the Joint Small Arms and Light Weapons Coordinating Group as specified in Volume 11 of this manual.

e. When developing new processes, align decision authority and responsibilities with the organization best positioned to analyze and make decisions from a total systems perspective, while collaborating with other stakeholders.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ANSI	American National Standards Institute
ANSI ASC X12	ANSI Accredited Standards Committee X12
CII	controlled inventory item
CSI	critical safety item
DLMS	Defense Logistics Management Standards
DoDD	DoD Directive
DoDI	DoD Instruction
NWRM	nuclear weapons-related materiel

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.

ANSI ASC X12. The official designation of the U.S. national standards body for the development and maintenance of electronic data interchange standards. The group was founded in 1979, and is an accredited standards committee under the American National Standards Institute (ANSI). The designation of X12 is a sequential designator assigned by ANSI at the time of accreditation with no other significance.

counterfeit materiel. An item that is an unauthorized copy or substitute that has been identified, marked, or altered by a source other than the item's legally authorized source and has been misrepresented to be an authorized item of the legally authorized source.

demand. An indication of a requirement, a requisition, or similar request for an item of supply or individual item. Demands are categorized as either recurring or non-recurring.

Defense Logistics Manual. 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

DLMS. A process governing logistics functional business management standards and practices across DoD. A broad base of business rules, to include uniform policies, procedures, time standards, transactions, and data management, designed to meet DoD requirements for global supply chain management system support. DLMS enables logistics operations to occur accurately and promote interoperability between DoD and external logistics activities at any level of the DoD organizational structure. The DLMS supports electronic business capabilities such as: ANSI ASC X12 EDI, upon which the DLMS transaction exchange was founded; automatic identification technology, including passive RFID and linear and 2D bar coding; extensible mark-up language; and web-based technology. The DLMS encompasses standardization of logistics processes including, but not limited to: Military Standard Billing System, Military Standard Transaction Reporting and Accountability Procedures, Military Standard Requisitioning and Issue Procedures, and Supply Discrepancy Reporting.

excess. Materiel at a retail supply activity that is excess to that activity's requirements and is subject to return to the wholesale materiel manager, redistribution within the DoD supply chain, or to disposal by Defense Logistics Agency Disposition Services.

Federal Catalog System. A federal program administered by DoD in conjunction with GSA. It names, describes, classifies, and numbers each item repetitively used, bought, stocked, or distributed by the Federal Government so that only one distinctive combination of letters or numerals (or both) identifies the same item throughout the Federal Government.

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 (Reference (f)). Inventory does not include tangible personal property to be consumed in normal operations, operating materials, and supplies as defined in Reference (f).

life cycle. The total phases through which an item passes from the time it is initially developed until the time it is either consumed in use or disposed of as being excess to all known materiel requirements.

life-cycle cost. The total cost to the U.S. Government of acquiring and owning a system over its useful life. It includes the cost of developing, acquiring, supporting, and disposing of it.

materiel. All items necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes, excluding real property, installations, and utilities. Materiel is either serviceable (i.e., in an issuable condition) or unserviceable (i.e., in need of repair to make it serviceable).

materiel management. That 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 Defense Agency that has been 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.

organic. The capability of a Military Service or a Defense Agency to sustain logistics operations through U.S. Government organizational structures.

NWRM. Classified or unclassified assemblies and subassemblies (containing no fissionable or fusionable material) identified by the Military Departments that comprise or could comprise a standardized war reserve nuclear weapon (including equivalent training devices) as it would exist once separated or removed from its intended delivery vehicle. A delivery vehicle is the portion of a weapon system that delivers a nuclear weapon to its target. This includes cruise and ballistic missile airframes as well as delivery aircraft.

personal property. Any end item, materiel, equipment, spares, or repair parts. Property of any kind or any interest therein, except real property, records of the U.S. Government, and naval vessels of the following categories: surface combatants, support ships, and submarines.

requisition. An order for materiel initiated by an established, authorized organization (i.e., a DoD or non-DoD organization that has been assigned a DoD activity address code) that is transmitted either electronically, by mail, or telephoned to a supply source within the DoD or external to the DoD (the General Services Administration, the Federal Aviation Administration, or other organizations assigned management responsibility for categories of materiel), according to procedures specified in Defense Logistics Manual 4000.25-1 and Defense Logistics Manual 4000.25, Volume 2 (References (g) and (h)).

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.

secondary item. An item of supply that is not defined as a principal item and includes reparable components, subsystems, and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items, including clothing and other personal gear.

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

supplier. Organic or commercial sources for items of supply.

supply support provider. Any organization responsible for providing supply support.

sustainability. Create and maintain conditions under which humans and nature can exist in productive harmony and that permit fulfilling the social, economic, and other requirements of present and future generations.

Uniform Materiel Movement and Issue Priority System. A structure that establishes time standards, based on the mission and urgency of need of the requestor, for the supply of materiel from the date of the requisition to the time that the acknowledgment of physical receipt is posted to the requisitioner's inventory record.

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.