GENERAL INFORMATION AND PROJECT COMPLEXITY

1. Submitting Organization:

Naval Supply Systems Command, headquartered in Mechanicsburg, Pennsylvania

2. Responding Organizational Unit:

Naval Supply Systems Command Headquarters
5450 Carlisle Pike
P.O. Box 2050
Mechanicsburg, PA 17055-0791

POC: YNCS Cheryl L. Powell, USN, telephone (717) 605-6372/DSN 430-6372,
e-mail cheryl.l.powell@navy.mil.

3. Brief Mission Description:

The Naval Supply Systems Command delivers combat capability through logistics, providing Navy, Marine Corps, Joint and Allied Forces quality supplies and services on a timely basis, a connected enterprise where a single request by the customer activates a global network of sources and solutions.

4. Award Category:

Supply Chain Operational Excellence (DoD)

5. Brief Description of the Supply Chain:

The Naval Supply Systems Command administers the operation and provides oversight of a world-wide supply chain supporting the operating forces of the United States Navy, including ships, aircraft squadrons, staffs and the supporting shore infrastructure. The processes necessary to achieve this are:

- Deliver products and services that provide effective combat capability while ensuring best value to the warfighter.
- Develop people into a productive, diverse, professional and focused workforce, delivering supplies and services that are valued by our customers.
- Demand and achieve the highest standards of Quality of Service.
- Become a leader in joint logistics.
- Be the pre-eminent military logistics enterprise by leveraging technology, best business practices and world-class communications.

6. Supply Chain Partner Organizations (External):

Under Secretary of the Navy, Washington, DC
Assistant Secretary of the Navy (RD&A), Washington, DC
Assistant Secretary of the Navy (FM), Washington, DC
Assistant Secretary of the Navy (I&E), Washington, DC
Assistant Secretary of the Navy (M&RA), Washington, DC
Chief of Naval Operations, Washington, DC (OPNAV Codes N00, N4, N41, N46, N7, N8)
Commandant of the Marine Corps, Washington, DC
Commander, U.S. Atlantic Fleet, Norfolk, VA (N00, N41, N46)
Commander, U.S. Pacific Fleet, Pearl Harbor, HI (N00, N41, N46)
Commander, U.S. Naval Forces, Yokosuka, JA
Commander, Naval Surface Forces, U.S. Pacific Fleet, San Diego, CA
Commander, Naval Surface Forces, U.S. Atlantic Fleet, Norfolk, VA
Commander, Submarine Forces, U.S. Atlantic Fleet, Norfolk, VA
Commander, Naval Air Forces, U.S. Atlantic Fleet, Norfolk, VA
Commander, Submarine Forces, U.S. Pacific Fleet, Pearl Harbor, HI
Commander, Naval Air Forces, U.S. Pacific Fleet, San Diego, CA
Commanding General, Marine Forces Pacific, Camp H.M. Smith, HI
Commanding General, Marine Forces Atlantic, Norfolk, VA
Chief of Naval Personnel, Washington, DC
Chief of Naval Reserve, Arlington, VA
Chief of Information, Washington, DC
Chief of Legislative Affairs, Washington, DC
Navy General Counsel, Washington, DC
Director, Defense Logistics Agency, Fort Belvoir, VA
Commander, Navy Installations, Washington, DC
Commander, Naval Education and Training Command, Pensacola, FL
Commander, Naval Warfare Development Command, Newport, RI
Commander, Naval Sea Systems Command, Washington, DC
Commander, Naval Air Systems Command, Patuxent River, MD
Commander, Space and Naval Warfare Systems Command, San Diego, CA
Commander, Naval Facilities Engineering Command, Washington, DC
Commander, Naval Special Warfare Command, Coronado, CA
Commanding General, Marine Corps Systems Command, Quantico, VA
Commanding General, Marine Corps Logistics Command, Albany, GA
Commander, Navy Region Europe, London, UK
Commander, Navy Region Mid-Atlantic, Norfolk, VA
Commander, Navy Region Northeast, Groton, CT
Commander, Navy Region Northwest, Seattle, WA
Commander, Navy Region Pearl Harbor, HI
Commander, Navy Region Southeast Jacksonville, FL
Commander, Navy Region South, Corpus Christi, TX
Commander, Navy Region Southwest, San Diego, CA
Commander, Operational Test and Evaluation Force, Norfolk, VA
Commander, SECOND Fleet

Commander, THIRD Fleet
Commander, FIFTH Fleet
Commander SIXTH Fleet
Commander SEVENTH Fleet
Program Executive Officer for Information Technology, Washington, DC (Codes 00, NMCI)
Program Executive Officer for Submarines, Washington, DC
Program Executive Officer for Carriers, Washington, DC
Program Executive Officer for Expeditionary Warfare, Washington, DC
Program Executive Officer for Surface Strike, Washington, DC
Program Executive Officer for Theatre Surface Combatants, Washington, DC
Commanding Officer, Naval Training Center, Great Lakes, IL
Director, Strategic Systems Program, Washington, DC
Task Force EXCEL IC Atlantic, Norfolk, VA

These were the addressees on the messages detailing the stand-up of our Assistant Chief of Staff positions. The information was then promulgated throughout these commands, encompassing hundreds of people in various functional categories. Points of contact for those partners most closely associated with this initiative are outlined in Paragraph Eight (8).

7. Functional Organizations (Internal):

Naval Supply Systems Command HQ, Mechanicsburg, PA
Navy Exchange Service Command, Virginia Beach, VA
Naval Inventory Control Point, Mechanicsburg, PA
Fleet & Industrial Supply Center, Norfolk, VA
FISC Norfolk Detachment Carderock, Bethesda, MD
Fleet & Industrial Supply Center, San Diego, CA
Fleet & Industrial Supply Center, Yokosuka, JA
Fleet & Industrial Supply Center Pearl Harbor, HI
Fleet & Industrial Supply Center, Jacksonville, FL
FISC Jacksonville Detachment, Guantanamo Bay, CU
Fleet & Industrial Supply Center Puget Sound, Bremerton, WA
Navy Supply Information Systems Activity, Mechanicsburg, PA
NAVSUP Office of Personnel Detachment, Millington, TN
DON E-Business Office, Mechanicsburg, PA
Navy Clothing & Textile Research Facility, Natick, MA
Naval Transportation Support Center, Norfolk, VA
Naval Petroleum Office Washington, Ft. Belvoir, VA
Naval Ammunition Logistics Center, Mechanicsburg, PA
Fitting Out & Supply Support Assistance Center, Norfolk, VA

These functional organizations comprised the Naval Supply Systems Command (NAVSUP) claimancy in January 2003. The approximate number of personnel (military and civilian) attached to these units is 24,730. Three of these units (Naval Transportation Support Center, Naval Petroleum Office and Naval Ammunition Logistics Center) have since merged into the

Naval Operational Logistics Support Center in Norfolk, Virginia; one (Fitting Out & Supply Support Assistance Center) was disestablished as part of the transformation process. Every member of these organizations was involved in this achievement by doing his or her job more effectively and efficiently every day.

8. Points of Contact for Each Supply Chain Partner:

CDR Robert C. Cox, SC, USN
Office of the Asst. Secretary of the Navy (RD&A)
1000 Navy Pentagon, RM BF992
Washington, DC 20350-1000
703-614-9597/DSN 224-9597
cox.robert@hq.navy.mil

CAPT James F. Holland, SC, USN
Office of the Chief of Naval Operations (N41)
2000 Navy Pentagon
Washington, DC 20350-2000
703-604-9933/DSN 664-9933
james.holland@navy.mil

CAPT Ernest Styron, SC, USN
Deputy Fleet Supply Officer
U.S. Atlantic Fleet (N41)
1562 Mitscher Avenue, Suite 250
Norfolk, VA 23551-2487
757-836-6853/DSN 836-6853
ernest.styron@navy.mil

CAPT David S. Douglas, SC, USN
Office of the Deputy Chief of Staff for Logistics,
Fleet Supply and Ordnance
250 Makalapa Drive
Pearl Harbor, HI 96860-3131
808-474-6445/DSN 471-6445
david.douglas@navy.mil

CAPT Mark F. Heinrich, SC, USN
Force Supply Officer
Naval Surface Force, U.S. Pacific Fleet
2841 Rendova Road
San Diego, CA 92155-5490
619-437-2410/DSN 577-2410
n41@cnsp.navy.mil

CAPT Robert J. Mundell, SC, USN
Supply and Financial Management Division (N41)
Submarine Force, U.S. Atlantic Fleet
7958 Blandy Road, NH-5
Norfolk, VA 23551-2492
757-836-1396/DSN 836-1396
mundellrj@hq.sublant.navy.mil

CAPT William A. Brown, SC, USN
Force Supply Officer
Naval Air Force, U.S. Pacific Fleet
P.O. Box 357051
San Diego, CA 92315-7051
619-545-1338/DSN 735-1338
brown.william.a@cnap.navy.mil

RADM T. L. McCreary, USN
Chief of Information
Navy Office of Information
Washington, DC 20350-1200
703-697-7391/DSN227-7391
mccreary.t@hq.navy.mil

LCDR Jeffrey Corliss, SC, USN
Office of the Director
Defense Logistics Agency
8725 John J. Kingman Road, Suite 2533
Fort Belvoir, VA 22060-6221
703-767-5220/DSN 427-5220
jeffrey.corliss@dla.mil

CAPT Arlis Ethridge, SC, USN
c/o Commander, Navy Installations
2000 Navy Pentagon
NC1 Suite 6300
Washington, DC 20350-2000
703-601-1633/DSN 329-1633
arlis.ethridge@navy.mil

CAPT Richard Sweeney, SC, USN
Naval Sea Systems Command
1333 Isaac Hull Ave, S.E. Stop 1010
Washington Navy Yard, DC 20376-1010
202-781-2934/DSN 326-2934
sweeneyrf@navsea.navy.mil

CAPT David Graff, SC, USN
Naval Air Systems Command
47123 Buse Road, Unit IPT
Patuxent River, MD 20670-1547
301-757-7858/DSN 757-7858
david.graff@navy.mil

CAPT W. Greg Shear, CEC, USN
Naval Facilities Engineering Command
1322 Patterson Avenue, SE
Building 33, Suite 1000
Washington Navy Yard, DC 20374-5065
202-685-9228/DSN 325-9228
wayne.shear@navy.mil

CAPT Paul Flondarina, SC, USN
Fleet Supply Officer, Navy Region Europe
PSC 802 Box 2
FPO AE 09499-0151
011-44-207-514-4308/DSN314-235-4308
paul.flondarina@naveur.navy.mil

FOR Commander, Navy Region Southwest
RDML William A. Kowba, SC, USN
Commander
Fleet and Industrial Supply Centers
937 North Harbor Drive, Suite 2
San Diego, CA 92132
619-532-2203/DSN 522-2203
william.kowba@navy.mil

FOR Commandant of the Marine Corps
COL William Lucenta, USMC
Executive Officer
Naval Operational Logistics Support Center
1837 Morris Street, Suite 600, BLDG Z133
Norfolk, VA 23511-3492
757-443-5475/DSN 646-5475
bill.lucenta@navy.mil

FOR Commander, Navy Region Mid-Atlantic
CAPT Loren V. Heckelman, SC, USN
Commanding Officer
Fleet and Industrial Supply Center
1968 Gilbert Street, Suite 60
Norfolk, VA 23511-3392
757-443-1001/DSN 646-1001
loren.heckelman@navy.mil

FOR Commander, Navy Region Northwest
CAPT Carol D. Hoffman, SC, USN
Commanding Officer
Fleet and Industrial Supply Center Puget Sound
467 "W" Street
Bremerton, WA 98314-5100
360-476-7525/DSN 439-7525
carol.hoffman@navy.mil

FOR Commander, Navy Region Pearl Harbor
CAPT Stephen J. Olson, SC, USN
Commanding Officer
Fleet and Industrial Supply Center
1942 Gaffney Street, Suite 100
Pearl Harbor, HI 96860-4549
808-473-0961/DSN 315-473-0961
stephen.j.olson@navy.mil

FOR Commander, Navy Region Southeast
CAPT Edward P. Naranjo, SC, USN
Commanding Officer
Fleet and Industrial Supply Center
110 Yorktown Avenue, Box 97
Jacksonville, FL 32212-0097
904-542-1263/DSN 942-1263
edward_p_naranjo@jax.fisc.navy.mil

IMPLEMENTATION

1. Selection of Initiative:

The Naval Supply Systems Command's (NAVSUP) "Transformation" was fostered in response to the CNO's Sea Power 21 vision, published in the Naval Institute's magazine *Proceedings* in October of 2002. The senior leadership of NAVSUP took this guidance, specifically that segment related to Sea Enterprise, and examined various processes across the claimancy that would enable it to reduce costs while sustaining mission capability. As a result, the enterprise would have a better structure and alignment for the most effective and efficient delivery of logistics support to the Navy, and the savings generated from these actions would generate the additional funds necessary to recapitalize the Navy's aging fleet.

2. Duration:

NAVSUP's Transformation journey began in the late summer of 2002 and moved into full-fledged implementation of the high-visibility segments in January 2003, with all of the major portions completed by October 2003. However, as with any change in cultural thinking, these actions are **initiatives** which form the foundation for even greater efficiencies. Accordingly, transformation will be an ongoing process.

3. Process:

During the examination phase of Transformation, a series of enterprise-wide teams conducted structural, functional, and customer alignment reviews that led to specific recommendations linked to cost saving opportunities. These reviews revealed that although NAVSUP was closely aligned with some of its primary customer categories, the alignment with others was very weak. In response, NAVSUP developed a matrix structure that created a clear line of responsibility for each major NAVSUP customer category and placed responsibility for cross-claimancy customer support coordination for each of these categories in one senior manager – an Assistant Chief of Staff, or ACOS. Seven ACOS positions were created:

- Operating Forces Support
- Acquisition Support
- Industrial Support
- International Logistics Support
- Navy Family Support
- Regional Commander Support
- Operational Commander Support

The following sections detail the principal objective, key performance metrics, basic Concept of Operations, process changes, and principal customers of each of these positions.

ACOS for Operating Forces Support

Principal objective:
The ACOS for Operating Forces Support (OFS) acts as the NAVSUP enterprise interface with the full gamut of operational forces including Fleet and Expeditionary Forces. The Commander, Naval Supply Systems Command is designated as the ACOS (OFS). These forces include (but are not limited to) the following:

- Surface Forces
- Submarine Force
- Aviation Forces both afloat and ashore
- Marine Corps Aviation Forces
- Marine Corps Ground Forces
- Numbered Fleets with homeported ships
- Homeland Security
- Naval Construction Forces (SeaBees)
- Special Forces
- Medical Support (including hospital ships and Fleet hospitals)

The overall focus of the ACOS (OFS) is to ensure maximum support of the forces during the Inter-Deployment Readiness Cycle (IDRC). Support for the operating forces transitions to the ACOS for Operational Commander Support (OCS) at the time of deployment, and transfers back to ACOS (OFS) upon return from deployment.

Key performance metrics:

- Customer satisfaction
- Deployed High Priority Customer Wait Time
- Non-Deployed High Priority Customer Wait Time
- Unfilled Customer Order Average Delay Time
- IDRC Readiness
- Allowance performance

Concept of Operations:
The ACOS (OFS) works in tandem with the TYCOMs to ensure units are logistically ready for deployment. ACOS (OFS) ensures that for each phase of the IDRC, units achieve the high level of supply readiness necessary to complete the required pre-deployment training and at deployment date, the necessary logistic support is in place to sustain combat operations.

The alignment of IDRC support under ACOS (OFS) provides a single face to our customers and allows proactive engagement in IDRC planning, execution, and monitoring. Development and promulgation of afloat and ashore rules and tools, secondary support for the Naval Operational Logistics Support Center (NOLSC) and Regional Commanders, readiness monitoring and coordination of operating forces support with other ACOS's are also results of this alignment.

Process changes:
To increase the level of focus on Fleet readiness, NAVSUP's Deputy Commander for Fleet Logistics Operations (SUP 04) traditional functions of inventory management and FISC policy were realigned to ACOS (AS) and ACOS (RCS).

Two new divisions were established within SUP 04. The Afloat Support Division (SUP 41) now has oversight for all logistics elements for aviation units (including Marine Corps aviation), surface ships and submarines. The Ashore and Ground Support Division (SUP 42) has oversight for all logistics elements for Naval Construction, Special Forces, Marine Corps Ground Forces, and Medical Logistics including Fleet Hospitals and the Hospital Ships.

Relationships were established with commands responsible for the oversight and coordination of outfitting and support for ground-based forces, identifying the role NAVSUP plays in supporting these customers.

Principal Customers:
- Fleet Commanders (N41)
- Type Commanders (N41)
- Numbered Fleets responsible for IDRC training (currently 2nd, 3rd, and 7th Fleets)
- Individual Units in IDRC

ACOS for Acquisition Support

Principal objective:
The ACOS for Acquisition Support (AS) acts as the NAVSUP enterprise interface with PEOs/ PMs of the Hardware Systems Commands in coordinating outfitting and material support for Navy weapon systems. The Commander, Naval Inventory Control Point (NAVICP) is designated as the ACOS (AS). The overall focus of the ACOS (AS) is to minimize life cycle cost while meeting Navy assigned performance goals for weapon systems and platforms. The ACOS (AS) acts as the primary NAVSUP interface with the Defense Logistics Agency in coordinating consumable support for Navy systems.

Key performance metrics:
- Customer satisfaction…ACWT, Unfilled Customer Orders
- New construction outfitting performance to plan…Percent of allowances on hand
- PBL implementation plan and performance to contract
- Outfitting performance and financial planning/execution
- Weapon system readiness performance
- Weapon system cost per flying hour/steaming day
- Inventory value to plan during ship/weapon system retirement

Concept of Operations:
ACOS (AS) is responsible for material support associated with system/platform introduction, modernization, operational life cycle support, and retirement. The NAVICP is the center of

excellence within the NAVSUP enterprise for ILS, inventory management and single national inventory, weapon system management, supply chain management, procurement, and spares/procurement related technical documentation.

As ACOS (AS), the Commander, NAVICP is assigned ADDU to NAVAIR 00, NAVSEA 00 and SPAWAR 00. NAVICP 00 designated NAVICP OS as his lead agent responsible for overall acquisition program performance. NAVICP 05, 84, 87 are responsible to NAVICP OS for ships, submarines, and nuclear propulsion respectively. NAVICP 03 and 08 are responsible to NAVICP OA for spares support associated with aircraft acquisition and in-service support.

As the Supply Support center of excellence, NAVICP established an active and collaborative link with both the acquisition programs/field activities and the Fleet/TYCOMs through participation in concept development, scheduling, interim support, maintenance plan development, Initial Operational Capability Support Review (IOCSR), and in-service assessments.

Process changes:
NAVICP-M assumed programming, budgeting, and Technical Operating Budget (TOB) execution for OPN, WPN, and FMS outfitting/interim accounts. These functions were assumed as the agent for NAVSEA 04/PMS 380, who remain the Budget Submitting Office and the Requirements Financial Manager.

Responsibility for OPN, WPN, SCN and FMS outfitting execution transferred from FISC Puget Sound to NAVICP Mechanicsburg on 3 March 2003. Actual processing of outfitting requisitions physically transferred to NAVICP-M on 1 October 2003. NAVICP-M, working with NAVSEA and the Maritime Allowance Working Group, re-engineered the maritime outfitting function to achieve the efficiencies and advantages of the aviation-outfitting model. Outfitting program management now resides within the Ship Support Directorate.

Additionally, NAVICP-M provides NAVSEA and associated PEOs with end item management within the existing Integrated Weapon System Team structure. End Item management functions are reimbursable funded by NAVSEA or the respective PEO logistics organization. A one-time budget transfer from NAVSEA and associated PEOs established the NAVICP personnel resource base at a substantial savings. Material costs associated with end item support remain the responsibility of the appropriate program office.

The ACOS (AS) aggressively seeks other opportunities for improved effectiveness and efficiency in cross SYSCOM operations through the "Virtual SYSCOM," realigning logistics policy and support as appropriate.

Principal customers:
- Naval Air Systems Command
  - PEO (T) - Tactical Air Programs and associated PMAs/field activities
  - PEO (W) - Strike Weapons and Unmanned Aviation and associated PMAs/field activities

    - PEO (A) - Air, ASW, Assault and Special Missions Programs and associated PMAs/field activities
- Space and Naval Warfare Command
    - PEO C4I and associated PMs//field activities
- Naval Sea Systems Command
    - PEO Ships and associated PMs//field activities
    - PEO Submarines and associated PMs//field activities
    - PEO Carrier and associated PMs//field activities
    - PEO Integrated Warfare and associated PMs/field activities
    - PEO Littoral Combat and associated PMs/field activities
    - PEO IT and associated PMs/field activities
- Fleet Forces Command
- Type Commanders

ACOS for Industrial Support

Principal objective:
The ACOS for Industrial Support (IS) serves as NAVSUP's lead and primary interface to Navy industrial activities. Commander NAVICP is designated as the ACOS (IS) and as such leverages enterprise-wide activities in support of industrial operations. To accomplish this, he relies on the ACOS for Regional Commander Support (RCS) to play a major industrial support role in the oversight of the waterfront support being provided by designated FISCs to waterfront industrial activities. The principal objectives of the ACOS (IS) are to:

- Maximize production efficiency at the industrial support facilities
- Maximize planned/forecasted material on hand by RDD
- Minimize Average Customer Wait Time (ACWT) for unplanned material requirement
- Minimize the generation and holding of excess material
- Minimize material costs

Key performance metrics:
- Customer satisfaction
- On time delivery
- "G" condition age and impact
- Demand forecast accuracy
- Bill of Material (BOM) accuracy
- Production planning accuracy and timeliness

Concept of Operations:
The principle assistants to the ACOS (IS) for Aviation and Maritime industrial support, respectively, are NAVICP-P 034 and NAVICP-M 84 Industrial Support Divisions. These divisions liaison directly with NAVAIR 6.0, NAVSEA 04 and the servicing FISCs in executing this responsibility, performing functions associated with supply policy, customer/DLA liaison,

technical support and forecasting/planning to improve material support and efficiencies through the partnered FISCs.

The enterprise approach to improving industrial support is for NAVSUP to assume responsibility for total supply chain integration and material support throughout the industrial support complex. Current efforts in this direction are underway with NAVSEA and NAVAIR for Naval Aviation Depot (NADEP), Naval Shipyard (NSY) and Supervisor of Shipbuilding, Conversion and Repair (SUPSHIP) support. A pilot effort is likewise underway in support of Public Works Centers (PWC).

Process changes:
ACOS (IS) is partnered with NAVSEA and NAVAIR to improve component repair forecasts and independent demand for components. ACOS (IS) also works with industrial activities and FISCs to refine replacement factors and lead times to strengthen dependent demand forecasting.

ACOS (IS) developed a close partnership with DLA to facilitate full engagement in the production planning process to ensure demand forecasting efforts include material requirements for DLA material.

Commander, FISCs ensured similar partnerships were developed with supporting defense depots to ensure support to local industrial activities was fully coordinated at the waterfront through the respective FISC Commanding Officers. FISC Commanding Officers are now responsible for providing material support to their partnered industrial activity.

Commander, FISCs facilitated the standardization of material management processes, implementation of best business practices, and centralization of common processes and functions across all FISCs to the maximum extent practical. FISC Norfolk was designated the Shipyard Support Center of Excellence (COE), and applicable FISCs have been assigned COE responsibilities for aviation type/model/series in conjunction with their partnered industrial activity in support of the Integrated Maintenance Concept (IMC).

Utilizing the forecasting capabilities of MRP II, Special Program Requirements (SPRs) are generated and submitted to DLA for long lead-time demand, and actual material requirements are ordered a lead-time in advance to the maximum extent possible. Feedback will be used to refine both replacement factors and lead times contained in MRP II based on actual results, thus reducing material delay for industrial production efforts.

Principal Customers:
- Naval Air Systems Command
- NADEPs North Island, Jacksonville and Cherry Point
- Naval Sea Systems Command
- Naval Shipyards
- Supervisors of Shipbuilding, Conversion and Repair

ACOS for International Logistics Support

Principal objectives:
The ACOS for International Logistics Support (ILS), consistent with ACOS for Acquisition Support organizational and functional alignment, leverages USN integrated logistics/supply support to introduce, maintain and sustain material support for USN weapon systems and platforms exported to international customers. The Commander, Naval Inventory Control Point is designated as the ACOS (ILS).

Key performance metrics:
- Customer satisfaction
- International equity investment in inventory
- Demand/weapon system/country
- Sales from stock/weapon system/country
- First pass effectiveness
- Logistics Response Time (LRT)

Concept of Operations:
Consistent with ACOS for Acquisition Support concept of operations, ACOS (ILS) is responsible for leveraging the range of NAVSUP material support capabilities associated with international weapon system/platform introduction, modernization, operational life cycle support and life cycle extensions relative to USN out of production/out of inventory systems. These material support strategies are founded on optimal integration where appropriate (e.g. collaborative planning and cooperative investments in front-line "Core" weapon systems and supply chains…provider of choice) and effective ad hoc/unique strategies and services for "non-core" out of production/out of inventory systems (*e.g.*, provider of solutions). ACOS (ILS) designated NAVICP OF as his agent responsible for overall international logistics planning and program performance. In conjunction with HSC counterparts (SEA PMS 380; air 1.415.0; SPAWAR 04; USCG-IA), NAVICP OF integrated international requirements to the extent practical with NAVICP OS for maritime weapon system support and NAVICP OA for aviation support.

Process changes:
ACOS (ILS) provides a revised FMS weapons system support model. Leveraging the Navy's existing supply system through Cooperative Logistics Supply Support Arrangements (CLSSA), our support philosophy has changed from inventory based to performance based to the extent appropriate.

Business models are being used to optimize FMS case follow on support solutions. This matches weapon system support profiles against customer requirements and the resultant profile is provided to the customer as the supply solution.

ACOS (ILS) is commissioning a business model lead to drive internal change and introduce optimum logistic support solutions to Navy and International stakeholders and customers. Key indicators for a successful ACOS (ILS) business transformation will be targeted growth in CLSSA investment and improvement in customer-centric performance measures.

ACOS (ILS) seeks other opportunities for improved effectiveness and efficiency with HSC and NIPO counterparts as follows:

- Integrate ILS/supply support into NIPO "campaign plans" (DoN strategic FMS weapon system business planning)
- Pursue comprehensive support strategies for out of production/out of inventory systems
- Exploit residual asset management (FMS Reserve, SOM/GOM, Excess inventory sales).

Principal Customers:

- International community
- Naval Sea Systems Command – PMS 380/SEA 04
- Naval Air Systems Command – AIR 1.4/air 3.0
- Space and Naval Warfare Command – SPAWAR 056
- U.S. Coast Guard – International Affairs
- Defense Logistics Agency – Readiness and Customer Support
- Navy International Programs Office – NIPO 02

ACOS for Navy Family Support

Principal Objective:

The ACOS for Navy Family Support (NFS) aligns all NAVSUP quality of life services under single leadership. Afloat services include ships store, food services, disbursing, postal and Sailor telecommunications. Ashore services include Navy Exchanges, Navy Lodges, uniforms, household goods, postal, and food service programs. The Commander, Navy Exchange Service Command is designated as ACOS for Navy Family Support.

Key performance metrics:

- Customer Satisfaction Surveys
  - Afloat
  - Ashore
- Afloat Business Performance Metrics
  - Ship's Store Program
  - Disbursing
  - Food Service
  - Postal
  - Afloat Telecommunications
- Ashore Business Performance Metrics
  - Exchanges
  - Household Goods
  - Uniforms
  - Navy Lodge
  - Food Service
  - Postal

Concept of Operations:
ACOS (NFS) provides a single focus for Fleet services and establishes a single customer interface for the NAVSUP claimancy. NAVSUP's entire Deputy Commander for Support Services Directorate (SUP 05) now reports directly to the ACOS (NFS).

The Navy Food Management Teams and the Fleet Assistance Teams report operationally to Commander, FISCs by aligning with the Logistics Support Centers of the individual FISCs.

ACOS (NFS) primarily interfaces with ACOS Regional Commander Support (RCS) to provide policy and guidance in the areas of postal operations, household goods operations, food service operations support, contractor load-out program support, Subsistence Prime Vendor (SPV) support, shipboard ATM systems support and ship's store program support.

ACOS (NFS) interfaces with ACOS Operational Commander Support (OCS) in the areas of CARGO Manual management and mail transportation.

Process changes:
All policy and procedure responsibilities, for afloat and ashore services, now reside under ACOS (NFS). As part of transformation, resources and personnel associated with the Ship Store Fleet Assistance Teams (previously under NEXCOM) and NAVSUP Navy Food Management Teams (previously under NAVSUP 05) transfer to Commander, FISCs. By incorporating the teams into the FISC's Logistics Support Centers, which are the primary touch points for the Fleet, assistance will be available as "one-stop shopping" to the customer. Subsistence In Kind (SIK) budget management has been realigned to ACOS (NFS).

ACOS (NFS) acts as the single NAVSUP representative for Navy family support issues and as such serves as the NAVSUP representative on related boards and committees such as the Navy Uniform Board, Flag Level Executive Council (FLEC), Navy Family Summit, and the DOD Concessions Committee.

Principal Customers/Stakeholders:
- Afloat and ashore service members, families and retirees
- Fleet Commanders
- Type Commanders
- Regional Commanders
- OSD
- SECNAV
- Congress

ACOS for Regional Commander Support

Principal Objective:
The ACOS for Regional Commander Support (RCS) acts as the NAVSUP enterprise interface for support of base operating support (BOS) functions. The Commander, Fleet and Industrial

Supply Centers (COMFISCS) is designated as the ACOS (RCS). The overall focus of the ACOS (RCS) is to optimize BOS funded supply functions, standardize levels of service and measure associated (unit) cost across Navy installations. Additional responsibilities for the Commander, FISCs include monitoring the waterfront support segment of the enterprise strategic plan, managing performance across the FISCs via standard metrics, oversight of field contracting through the Lead Contract Executive (LCE), implementing functional efficiencies, best business practices, and allocating supply system program management responsibilities across the FISCs.

Key performance metrics:

- Customer satisfaction
- HAZMAT performance
- Contract performance
- Regional Transportation performance
- Regional CWT
- Retail Supply (Inventory Management/Storage)

Concept of Operations:

The ACOS (RCS) is the NAVSUP enterprise lead in support of Navy Regional Commanders, Commander Navy Installations and OPNAV N46 in coordinating NAVSUP support for BOS functions. Initial actions included the benchmarking of current BOS funded Supply Functions across Navy installations and measuring (unit) cost. These introduced efficiencies in supply functions through quantitative performance measurement, identification of best business practices and increased standardization in coordination with Regional Commanders. The ACOS (RCS) coordinates support to all Regional Commanders through the respective FISC Commanding Officers who are responsible to the Regional Commanders for management of their BOS-funded supply functions.

Process changes:

The ACOS (RCS) acts as the primary NAVSUP enterprise lead for satisfying Regional Commander Supply requirements. Performance measurement and cost are evaluated using the Shore Infrastructure Planning Board (SIPB) approved OPNAV N46 Supply IPT levels of service definitions consistent with the Installation Management Accounting Program (IMAP) model. The ACOS (RCS) represents NAVSUP on the Supply IPT and assumes the seat previously executed by NAVSUP 04.

The Commander, Fleet and Industrial Supply Centers also has a critical role in supporting customers aligned to other ACOSs in the enterprise.

- Major supporting role to the ACOS for Industrial Support (IS). Functions include oversight of the waterfront support being provided by designated FISCs to the NADEPs, Shipyards, SUPSHIPs and SIMAs. Performance monitoring and identification of best business practices resulted in more standardized and efficient operations. Commander FISCs provides budget justification and monitors/reports performance standards to the ACOS (IS).
- Major supporting role to the ACOS for Navy Family Support (NFS). Functions include the oversight of individual FISCs' management of Household Goods operations, SPV,

Navy Food Management Teams, NEXCOM Assist Teams and mail operations. Performance monitoring and identification of best business practices resulted in more standardized and efficient operations. Commander FISCs provides budget justification and monitors/reports performance standards to the ACOS (NFS).

- Supporting role to ACOS for Operating Forces Support (OFS). Commander FISCs is the program manager for the Logistic Support Centers (LSCs), Navy Integrated Call Centers (NICC) and One Touch Support (OTS). Additionally, as the enterprise waterfront touch point to the Fleet, responsibilities include communicating Fleet readiness issues to the ACOS (OFS).
- Supporting role to ACOS for Operational Commander Support (OCS). Commander FISCs oversees local FISC management of fuel terminal operations, ocean terminal operations and regional transportation operations.
- Supporting role to ACOS for International Logistics Support (ILS). Commander FISCs provides local FMS support.

Principal Customers:

- Regional Commanders
- Commander, Navy Installations
- OPNAV N46
- Installation Claimants
- Installation Commanders
- Claimancy ACOSs
- Lead TYCOMs

ACOS for Operational Commander Support

Principal objective:

The ACOS for Operational Commander Support (OCS) acts as the NAVSUP enterprise interface for forward deployed operating forces as well as the NAVSUP operational and joint face-to-the-Fleet and combatant commanders. The Commander, Naval Operational Logistics Support Center (NOLSC) is designated as ACOS (OCS). The ACOS (OCS) is responsible for integrating NAVSUP support to operational commanders to include, but not limited to, allowance development for combat logistics ships and tenders, ordnance and petroleum positioning, air channel and transportation coordination, and prepositioned material support. In addition, the ACOS (OCS) will act as the NAVSUP interface for operational exercise participation/support, deliberate planning engagement and war gaming participation for NAVSUP.

Key performance metrics:

- Customer satisfaction
- Fuel readiness
- Ammunition readiness
- Transportation performance
- Load list performance

Concept of Operations:
The ACOS (OCS) stood up on 1 October 2003. Coincident with this stand-up, the Naval Ammunition Logistics Center (NALC), the Navy Petroleum Office (NAVPETOFF), and the Naval Transportation Support Center (NAVTRANS) was disestablished and consolidated into the Naval Operational Logistics Support Center in Norfolk, Virginia.

The three functional subcomponents of NOLSC (ammunition management, petroleum management, transportation management) continue to function in their current locations and:

- Provide Navy non-nuclear ordnance life cycle inventory management logistics support services
- Act as the Service Control Point for DOD and supply chain manager for all Navy and Marine Corps petroleum products in the Department of the Navy
- Ensure U.S. Naval Forces receive quality transportation in peace and war

NOLSC is organized into three customer-focused areas: Fleet Support, Joint Support and Supply Chain Management. NOLSC has become the NAVSUP enterprise Center of Excellence (COE) for ordnance, bulk petroleum and transportation management.

- NOLSC Mechanicsburg will be designated as the Ordnance COE responsible for: Navy, Marine Corps (aviation), and Coast Guard ordnance inventory management; data integrity; ordnance policy development and oversight; Ordnance Information Technology systems development; ordnance logistics customer services; ordnance logistics integration/interface with other DoD components; and ordnance shipment and tracking.
- NOLSC Fort Belvoir is designated as the Petroleum COE which includes former NAVPET business as well as representation to JCS, OPNAV, MTMC, DLA, OSD and USMC.
- NOLSC Norfolk is designated as the point of entry for ordnance, bulk petroleum, and transportation for East Coast customers. It will also serve as the Transportation COE, which includes former NAVTRANS functional responsibilities as well as functional representation to OPNAV N41 and DLA. The DTTS mission and the ordnance logistics agent for JFCOM, CENTCOM, SOUTHCOM, SOCOM, EUCOM resides in Norfolk to include liaison responsibility with MSCLANT, NAVELSF, NAVCHAPGRU, CTF 43/53/63. The functional linkage to TRANSCOM and Travis has been retained.
- NOLSC San Diego will be designated as the point of entry for ordnance, fuel, and transportation for West Coast customers, and will also serve as the ordnance logistics agent for PACOM and NORTHCOM, with liaison responsibility to MSCPAC and CTF 33/73.

NOLSC accelerates NAVSUP's strong linkage with the Marine Corps, facilitating innovative USN/USMC forward deployed support strategies in concert with Sea Power 21. NOLSC has assumed the responsibility for Marine Corps (aviation) ordnance inventory management, ordnance shipment and tracking and ordnance policy development and oversight previously resident in NALC. NOLSC has also incorporated Marine Corps ground ordnance into the Ordnance Information System in partnership with HQ USMC.

NOLSC assumed responsibility for support of Marine Corps Military Construction, facilities maintenance and repair, environmental policy and regulation, information systems, and base-

level contracts in support of fuel operations. This teaming permits leverage of the petroleum technical skills of NOLSC for both the Navy and the Marine Corps, thereby optimizing the flow of resources to the Marine Corps.

NOLSC DET TRANSCOM assumed responsibility for the execution of former NAVTRANS/ USMC Memorandum of Agreement that established authority to speak for USMC transportation issues at TRANSCOM. NOLSC interacts with HQ USMC in their efforts to consolidate USMC transportation and supply functions.

Process changes:
ACOS (OCS) aggressively seeks opportunities for improved effectiveness and efficiency in the areas of operational logistics and replenishment functions supporting forward deployed operating forces. As such, ACOS (OCS) has established liaisons with operational commander staffs, TRANSCOM elements, DLA and HQ USMC as required, ensuring required levels of engagement were achieved.

ACOS (OCS) acts in concert with the NAVSUP Science and Technology Advisor to represent NAVSUP in the future planning and design of combat logistics support ships, replenishment equipment, and ordnance handling and transportation materials.

ACOS (OCS) is engaged at various levels across the three NOLSC functional subcomponents in joint exercise support and participation, as well as coordinating NAVSUP engagement in both exercise and war gaming. Further engagement with Joint commands to introduce NOLSC capabilities and build strategic and tactical strategies is a priority. Partnering opportunities in policy and procedures currently exist in all three functional subcomponents, and will be expanded as required.

Principal Customers:
- Navy operating units
- Numbered Fleet Commanders
- Fleet logistics staffs
- TRANSCOM
- Naval Air Stations (Navy and Marine Corps
- Navy Fuel Farms
- Special Forces Command
- SEABEES
- Navy security forces
- Navy EOD
- OPNAV/CMC
- Fleet Commanders
- USMC Force Commanders
- NAVSEA/NAVAIR Program Managers
- NAVSEA/NAVAIR Warfare Centers
- JCS/JFCOM/Unified Commanders
- DESC/DLA/GSA
- USA/USAF/USCG
- NAVELSF/NAVCHAPGRU
- Naval Doctrine Command
- FMS customer

As part of the realignment across the enterprise, the major functional categories of Financial Management, Information Technology, Contracting and Inventory Management were also consolidated at the ACOS level, as detailed below:

Financial Management

Principal objective:
The overall focus of the NAVSUP financial management transformation was to develop and implement business process and systems improvements for financial management operations. NAVSUP financial relationships to external organizations are not expected to change as a result of these efforts. The goal was to establish the functional concept and organizational responsibilities for financial management within NAVSUP, identify the roles and responsibilities of each organization pertinent to the business process, and encompass and standardize all financial management operations within the NAVSUP claimancy.

Key performance metrics:

- Financial execution to plan
- ACOS financial solvency
- Zero Antideficiency Act violations
- Customer satisfaction

Concept of Operations:
Headquarters (SUP 01) focus changed from an activity Comptroller to a ACOS Comptroller perspective. Field activity Comptrollers were realigned to an ACOS-centric financial structure, as outlined below. The ACOS Comptrollers now report to the ACOS, providing financial services to the ACOS and applicable subordinate organizations, and servicing the financial requirements and needs of the ACOS customers. Field activity financial staffs were streamlined and operating budgets rolled up to the ACOS level with most field activities shifting to OPTAR management. The transformed financial structure provides savings and efficiencies through process standardization, elimination of redundant tasks and reduction of non-value-added efforts.

Process changes:
Headquarters (SUP 01) continues enterprise-wide DON/OSD/President's Budget submissions and acts as the corporate interface with ASN (FM&C). SUP 01 also coordinates the new ACOS Business Plan process and distributes approved funds to ACOS organizations. Additionally, SUP 01 coordinates the Centrally Managed Program process in conjunction with the cognizant Program Managers and the Corporate Resources Board.

ACOS Comptrollers have overall responsibility for budget/business plan formulation, budget execution, financial management, managerial accounting, program analysis, performance measurement and financial services for their respective ACOS organizations. ACOS Comptroller organizations are permitted subordinate liaison offices in order to provide storefront financial services to local Commanding Officers and their personnel. Liaison Offices will report directly to and are organizationally aligned under the ACOS Comptroller.

ACOS Comptrollers will distribute funds to field activities via Operating Targets (OPTARs) vice Operating Budgets (OB) to relieve field activities of the workload associated with OB oversight.

Principal Customers:

- Assistant Secretary of the Navy (Financial Management/Comptroller)
- NAVSUP Headquarters
- NAVSUP ACOSs and associated field activities

Information Technology

Principal objective:

The Information Technology (IT) Transformation initiative realigned claimancy IT resources, balancing the short term need to free up dollars for Navy recapitalization against the long term need to create governance mechanisms that will insure IT investments are aligned with NAVSUP enterprise business goals and objectives. A newly established Command Information Officer (CIO) organization is responsible for policy, planning and strategy matters. Additionally the Navy Supply Information Systems Activity (NAVSISA) organization is responsible for the day-to-day management and execution of enterprise IM/IT support needs. Support to the newly established ACOS organizations is a paramount consideration, and the realignment of claimancy IT resources has delivered approximately $30 million dollars in savings.

Key performance metrics:

- Customer satisfaction
- Enterprise Architecture implementation and compliance rate
- IT investment measures (investments vs. total IT spending)
- IT operating cost reductions
- Mid-Tier Server (NT) consolidation progress
- NAVSISA support cycle time improvements

Concept of Operations:

Establish a CIO organization that is responsible for :

- IT/IM strategies, governance, portfolio management and enterprise architecture
- IT/IM budget development and claimancy-wide allocation
- IT/IM policy and procedures development and implementation
- INFOSEC policy and procedures
- Claimancy Designated Approval Authority
- Review and authorization of all new system development, application development, acquisition and/or deployment initiatives

Centralization of Information Management/Information Technology (IM/IT) was achieved through the enhancement of the NAVSISA organization that includes customer site support groups at each of the claimancy commands. All COTS/GOTS systems design, development, implementation, integration, production support, data management, database administration, project management and related IT funds control (direct and reimbursable) is now accomplished through a consolidated organization at NAVSISA. NAVSISA established a new enterprise IT

"Service Delivery Model" and associated performance metrics to broker solutions, maintain stability of current operations, and comply with higher level IT guidance. Additionally:

- ISSM and NMCI ACTR functions are retained at claimancy commands.
- ICP-01 assumed responsibility for the IT financial accounting function from the NAVSISA Comptroller function, since disestablished.
- NOLSC retained OIS delivery responsibilities through the Spring 2004 software release at which time development and maintenance responsibilities for OIS transfer to NAVSISA.

Process changes:

- A consolidated legacy help desk was established under the control of the Lead FISC.
- A mid-tier (NT and UNIX) server consolidation was finalized and incrementally executed.
- FACTS Program Management transferred to NAVSISA.
- An Investment Review Board with ACOS voting members was established at NAVSUP to prioritize future IT investments.
- Membership in the NAVSUP Architecture Review Board (ARB) was expanded and the ARB process to review IT investment candidates for architectural compliance was established.
- NAVSISA developed a claimancy training strategy for building future IT skill sets based upon anticipated workload and brokered solutions to all funded enterprise IT initiatives; a Reuse Library to support enterprise IT needs was established.
- Content management for the 5-Star websites was migrated to a standard corporate content management toolset.

Principal Customers:

- NAVSUP ACOSs and associated field activities
- Inventory Management, Contracting and Financial Management Transformation Teams
- NAVSUP Deputy Commanders
- DON eBusiness Office
- Defense Finance and Accounting Service
- Regional Commanders
- Systems Commanders
- Navy ERP Convergence Office
- Foreign Military Sales customers
- NAVSUP headquarters as the enterprise communications hub

Contracting

Principal Objective:

The overall focus of the NAVSUP contracting and procurement transformation was to optimize the employment of our enterprise contracting capabilities, capitalizing on centers of excellence, employing best business practices and brokering workload across the entire NAVSUP enterprise.

Key Performance Metrics:

- Customer satisfaction
- Cycle time reduction
- Competition performance
- Contract Closeout performance
- Small Business utilization

Concept of Operations:

The contracting/procurement networked alignment reduced the number of individual contracts NAVSUP writes and better leveraged the buying power of our Navy customers. This was accomplished by implementing several strategies designed to leverage our enterprise-wide contracting capabilities:

- Established Centers of Excellence that enabled optimal use of local contracting/ procurement professionals' technical skills and the associated efficiencies, eliminating duplicative contracting capabilities at other sites.

- Leveraged FISC Norfolk's Detachment Philadelphia high dollar, complex large contracting capability in Performance Based Logistics (PBL) arrangements.

- Stood up a Lead FISC Contracting Executive staff to broker workload across all FISCs and ensure contracting work will flow uninterrupted across the system, as well as integrate and network contracting office capabilities.

Process Changes:

- A site-connected Standard Procurement System (SPS) was introduced, consolidating servers/databases and providing a more automated non-standard requisitioning and RCP review process that allows the electronic movement of workload, visibility of workload levels throughout the system, visibility of all existing NAVSUP contracts, and common database(s) supporting real time access by management to performance data for metrics analysis.
- Use of One Touch Supply and future enablers, the Navy Integrated Call Center (NICC), the DoD eMall, Enterprise Resource Planning (ERP) and future exchanges have been optimized. We have implemented common use contracts at all levels, resulting in faster turnaround times and increased value for customers.
- By developing and employing standardized operating procedures and policies, layers of overhead have been eliminated across all contracting offices. A lean and agile Lead FISC Contracting Executive (LCE) staff was established to regulate warrant thresholds between FISC sites, broker workload, identify/designate Centers of Excellence and coordinate cross-system process improvements.
- The NAVICP continues to identify efficiencies in new generation procurement automation tools (replacement for ITIMP), as well as efficiency opportunities between the Philadelphia and Mechanicsburg locations.

Principal Customers:

- Navy operating units

- Regional Commanders and associated installations
- Systems Commands
- Program Executive Officers
- Navy industrial activities

Inventory Management

Principal objective:
The overall focus of the Inventory Management (IM) transformation was to align IM functions based on analysis of supply functions performed at both the wholesale and retail levels of supply. Emphasis was placed on eliminating redundancy, adopting best practices that may be shared across the enterprise, integrating with our supply chain partners, and pursuing a single national inventory (SNI) strategy.

Key performance metrics:
- Best practices identified and shared across the NAVSUP claimancy
- Material availability
- Average customer wait time
- Net cost savings generated

Concept of Operations:
The key to IM transformation was achievement of a SNI strategy in which inventory management for individual items was limited to the minimum number of sites. Processes and procedures were reviewed with the intention of consolidating inventory management to the maximum extent possible.

Commander, FISCs assessed IM and inventory accuracy (IA) functions for potential savings. FISC Commanders achieved a 40% reduction in staffing for these IM/IA functions, a portion of which were achieved through the Wholesale Cog Migration (WCM) initiative. Navy WCM reduced the FISC workload associated with Unreconciled Balances (URB), Master Stock Inventory Record (MSIR) maintenance and bounceback management for their local Defense Depot sites.

NAVICP IM efficiencies were achieved through increased reliance on NAVICP supply chain partners, reducing potentially duplicative efforts; and through streamlined operations which eliminated some functions, realigned others internally and reduced levels of effort. These actions produced a balanced workload between NAVICP and its supply chain partners.

In concert with the Virtual SYSCOM initiative, the ACOS for Industrial Support (IS) is partnered with local FISCs and associated industrial activities for material management. Naval Air Systems Command (NAVAIR) estimates a potential savings of 37 FTE through combining material management functions with the FISCs. This effort presents an opportunity to further improve inventory management practices at these locations with improved parts availability.

Process changes:
The WCM initiative has been fully implemented across the claimancy. The greatest potential for savings lies in the realization of Single National Inventory (SNI). In the long-term, achieving SNI is envisioned using an Enterprise Resource Planning (ERP) solution. Pending full implementation of the ultimate ERP solution for SNI, NAVICP is pursuing U2/UICP Legacy Convergence as an interim solution that has the potential to achieve near-term SNI-related Transformation savings.

Principal Customers:

- Operating forces
- Navy industrial activities
- Hardware Systems Commands

Supply Corps Reserve

The NAVSUP Reserve transformation process involved as assessment of the same fundamental areas of function, structure and customer alignment that the Naval Supply Systems Command underwent. Implementation of the NAVSUP Reserve Transformation effort yielded an overhead reduction of approximately 14 percent.

In August 2002, a group of senior Reserve supply officers met in Seattle, Washington to discuss conducting a zero-based review of NAVSUP claimancy Reserve units. Unlike reviews of the past, this team was to develop criteria for evaluating the mobilization requirement for particular units, and look at potential new Reserve support missions as a result of advancements in logistics. The criteria established by the group for a "mobilization matrix" yielded eight weighted assessments. These included whether a unit would be immediately mobilized upon presidential activation of the Reserves; the probability of recall, in any form, should presidential activation not be authorized; the unit's direct support of waterfront or other logistical operations; the deployable nature of the unit; identification of the unit as one which provided a capability not inherent at the gaining command; enhancement of a command's combat capability; special or unique training requirements; or providing a skill that could be exported to support other commands within NAVSUP.

A key support area that Reservists have provided since World War II is in the area of procurement. Billets that called for contracting officers, purchase agents, and contract administrators augmented all areas of the NAVSUP claimancy and accounted for well over 10 percent of the supply Reserve force.

One of the four new mission areas identified by the Seattle group was the development of a 12-member Contingency Contracting Team. This team will bear the responsibility for meeting the expeditionary missions that require field contracting support with far less manning than the over 150 procurement positions previously in place claimancywide. Trained in expeditionary matters, this team responds to contingency contracting requirements established by Headquarters.

Customer alignment was another focus area as it was also a key tenant of the Commander, Naval Reserve Forces Command (CNRFC) transformation initiative. Units such as those supporting the Naval Inventory Control Point identified new mobilization mission areas such as Crisis Action Center (CAC) management. This structural realignment enhanced operational capabilities while simultaneously resulting in reduced Reserve manpower requirements, some by as much as 50 percent.

Transformation of the Fleet and Industrial Supply Centers (FISC) units has likewise reduced overall management by merging some units; increasing mobilization capability by relocating some units to cities where the likelihood of finding greater supply rating professionals to fill critical billets could occur; and aligning training platforms for OCONUS FISCs with CONUS FISCs through the establishment of a lead Reserve Liaison Office in San Diego, directly complementing the establishment of Commander FISCS (COMFISCS). A recent statistic identified by the ongoing Naval Reserve Force Transformation Initiative (NRFTI) revealed that nearly 44 percent of enlisted billets and 24 percent of officer billets (Navy Reserve wide) were not drilling to directly support the mobilization needs of their gaining command. The FISC transformation corrected this deficiency by relocating units to areas that enable better manning of required billets.

Additionally, transformation of the NAVSUP Reserve program enabled the establishment of three other mobilization mission areas: Naval Operational Logistics Support Center (NOLSC), Naval Logistics Response Unit, and Mobile Advanced Traceability and Control (ATAC) Teams.

Two new mission areas include the Naval Logistics Response (NLR) Unit, which serves as a Navywide logistics planning trouble shooting team representing NAVSUP and the Navy supply system to support senior decision-makers in Washington, D.C., and the Operation IRAQI FREEDOM field tested Mobile Advance Traceability And Control (ATAC) team used to improve repairable carcass recovery and management.

4. Significant Challenges:

Throughout the process of introducing transformational initiatives that will generate over $1.8 billion in savings to the Navy across the FYDP, the NAVSUP claimancy continued to execute its primary mission of providing combat capability through logistics, supporting two major combat operations (ENDURING FREEDOM/IRAQI FREEDOM)\, and one major disaster relief operation. This exceptional mission performance was demonstrated with the following extraordinary accomplishments:

- Achieved the first global optimization of the entire $32 billion Naval conventional ordnance stockpile, becoming the Navy and Marine Corps' primary ordnance point of contact, directing the movement of 30,000 critical items and delivering unprecedented ordnance in-theatre visibility;
- Orchestrated timely diverse solutions to substantial logistics challenges from the rapid build-up of forces, including the development of bunkering contracts at remote ports and

the release of technical advisory messages defining compatibility and restricted use of commercially available fuels and lubricants in theatre, thereby ensuring 24/7 support;

- Expanded innovative Performance-Based Logistics (PBL) support for aviation components, driving a combination of reduced costs and improved performance that impacted a wide range of combat support components (e.g., on time fill rate for tires was 97.96 percent versus contract metric of 95 percent with 16,570 tires shipped and 7,833 retrograde tires returned; EA-6B Tailpipe PBL with NUWC Keyport covering repairs and spares at a minimum 95 percent fill rate within 48 hours and including 25 percent surge capability; H-60 dynamic component PBL covering 14 rotor and drive train components with a $3 million savings and an overall SMA increase from 60 percent to a minimum of 85 percent; F404 PBL with GE Aircraft as sole source for support of 36 components with an availability of 85 percent vs. historical 43 percent, zero backorders over 30 days vs. today's average of 204 days and a cost avoidance of $79 million over traditional support, making it the largest fixed price PBL awarded to date);
- Increased repair productivity by 251 percent with the assistance of Raytheon; average monthly repair shipments rose from 85 to 338;
- Supported 16 CVBGs/ARGs in the combined theatres, sustaining readiness across the Fleet, despite demand surge peaking at 150 percent in the forward-deployed arena and 400 percent in CONUS;
- Provided supply support to aviation depots, which accepted surge of 16,252 units, representing a 25 percent increase to average quarterly requirement. Additional FY03 OA funded induction/ production enabled depots to increase production by 7 and 13 percent in 2nd and 3rd Quarter, respectively;
- Deployed Integrated Weapons Systems Teams and contractors to meet warfighter demands; decreased backorders and increased Supply Material Availability (SMA), now within 0.5 percentage points of pre-9/11 levels. During January – April 03, carrier monthly demand surged 35.1 percent, yet all platforms exceeded CNO readiness goals;
- Improved visibility of assets in transit and reduced carcass losses through use of the Electronic Retrograde Management System; certified over 25,000 assets afloat and ashore (200 percent more than DESERT STORM) and reduced transportation times by 40 percent;
- Established in-theatre ATAC nodes, producing the fastest movement of retrograde repairables ever recorded for both carcass express items and non-critical carcasses;
- Certified over 14,400 repairable components and 220 engines, reducing Global Advanced Traceablility and Control (ATAC) handling time and increasing visibility with standardized guidance from Technical Assistance for Repairables Protection representatives;
- Increased material throughput in Bahrain by an average of 134 percent for February-April 03;
- Upgraded and expanded communications with state-of-the-art secure fixed voice and e-mail capabilities, established encrypted mobile e-mail and SECRET mobile voice potentials for on-demand global operational connectivity, and executed the purchase and installation of secure global video teleconferencing for combatant commands, supporting around-the-clock secure coverage of urgent and emergent fuel issues from the battlefield and forward-deployed commands;

- Expedited crossdecks of NMCS/PMCS and CASREPs with real time communications and resolved other logistics requirements with minimal reliance on message traffic and Combat Information Center involvement;
- Improved visibility of pulse points to include retrograde with additional information provided via the Aviation Maintenance Readiness Report;
- Deployed NAVSUP personnel in support of OIF and various JTF–led contingencies, providing subject matter experts and functional expertise in contingency contracting, log-plans, fuel and ordnance logistics, specifically: (1) Placed a logistics specialist onboard USNS MERCY; (2) established a special DHL account to expedite material shipments; (3) awarded urgent $140K contract for life-saving equipment to support USS KITTY HAWK, shipping material in 48 hours; (4) shipped 6 truckloads of material to Inshore Boat Unit 12's deployed unit in the Persian Gulf; and (5) implemented blanket "extended deployment" authorization on Household Goods storage for those members currently overseas;
- Provided 5000 $20 prepaid phone cards for delivery to USNS COMFORT to hand out to injured service personnel; also provided BUMED 10,000 ten-minute cards for use in CONUS hospitals;
- Mobilized more than 300 supply reservists to serve throughout the Navy providing immediate force protection, expeditionary, contracting and logistics operation cell support.

With increased contractor support, tiered workloading and innovative use of available Reserve manning, the claimancy sustained a superb level of performance throughout this period of dynamic change and challenge. In addition to Transformation and support for OEF/OIF, NAVSUP achieved the following:

- Developed the Provisions On-Load program which provides direct contract personnel support to operational units in eleven Fleet concentration locations, producing a savings of 284,000 Sailor labor hours in the loading of over 4 million cases of provisions;
- Took charge of the ATAC Most Efficient Organization implementation, producing a 25 percent reduction in cycle time and savings of over $1.2 million and winning the Military Traffic Management Command's Quality of Service award;
- Developed and deployed the Joint Munitions Report, the definitive tool adopted by the Joint Staff for all services to track munitions expenditures during combat operations;
- Implemented the Military Paper Check Conversion (MPCC) at 22 prototype sites with a success rate of 99.7 percent. This initiative virtually eliminates bounced checks and the associated check processing workload;
- Implemented SMART Web Move at FISC Pearl Harbor, the first OCONUS installation; FY04 implementation schedule includes sites in Japan (Yokosuka, Atsugi, Sasebo), Spain (Rota), Sicily (Sigonella), Italy (La Maddalena, Naples), Guam and Puerto Rico;
- Initiated the Supply Maintenance Aviation Reengineering (SMART) Enterprise Resource Planning (ERP) program, incorporating maintenance, supply and financial operations into a single software and process solution for E-2C Hawkeye aircraft and LM-2500 Marine gas turbine engines. The system "went live" on 3 January 2003, allowing users to access the system for conducting normal business; when fully implemented, SMART ERP could

reduce inventory costs and lower inventory management-related infrastructure expenses by an estimate $100 million annually;

- Reduced engine backorders and bare firewalls with an increased production from NADEPS and acceleration of supplier base to expedite deliveries/increase repairs for historic degraders; total backorders dropped 44 percent from October 2002 to August 2003;
- Reduced backorders on F-14 components, focusing on top readiness drivers like AWG-9/APG-1 radar components; efforts have paid enormous dividends, with a drop in total backorders of 60 percent from May 2002 to July 2003 with only 13 fewer aircraft in service;
- Fully integrated fuel operations in the Northwest Region with the Army's transportation battalions and the Naval Reserve, ensuring fuel support for any contingency;
- Completed FISC Jacksonville and FISC Pearl Harbor Retail Supply A-76 study cost comparisons with tentative decisions to award to Government Most Efficient Organization;
- Provided assistance and resources to disaster recovery efforts after Hurricane ISABEL; damages to FISC Norfolk totaled $4.9 million. Additionally, expedited property identification and claims processing on stored household goods damaged in contract warehouse to mitigate impact on service members;
- Improved the contingency transportation billing process to provide Fleet Commanders better visibility, freeing up critically needed funds previously withheld to pay these bills;
- Published an effective Information Assurance (IA) policy, initiating external security reviews and implementing electronic communications monitoring, resulting in near zero corporate impact during numerous highly publicized "hacker" attacks. NAVSUP is recognized throughout the Navy for its leadership in developing and implementing Public Key Infrastructure (PKI) technologies;
- Successfully completed feasibility test of hand-held Table of Allowance Replenishment capability for the Naval Construction Force, demonstrating that an off-the-shelf PDA can be used to transfer logistics and operational data over AN-PRC 119, with additional software providing functionality beyond e-mail including video images, digital signature and formatting capability.

5. Metrics:

SEE NAVSUP Enterprise Executive Metrics Dashboard at Tab 01.

6. Cost and Performance Benefits:

SEE NAVSUP Transformation/Post-Transformation charts at Tab 02.

7. Support for Organization Objectives:

The Navy Supply Systems Command claimancy demonstrated unparalleled accomplishments in the past year that have proven of enormous significance to both the Navy's combat effectiveness and its pursuit of the CNO's Sea Power 21 vision throughout a volatile and challenging period characterized by severe resource constraints and the Global War on Terrorism. In short, NAVSUP leadership ensured mission accomplishment under extremely stressful conditions while simultaneously transforming the organization to drive down future investment costs… and ensuring a virtually seamless transition throughout its execution. NAVSUP's innovative approach to logistics and organizational management placed it at the forefront of the Navy's transformation efforts.

To help achieve the Sea Power 21 vision and provide resources to recapitalize the Fleet, NAVSUP executed a plan to realign the existing claimancy of 14 commands, 871 military, and 23,860 civilian personnel into a single enterprise, targeting logistics support functional personnel. A key element of this initiative was the establishment of seven Assistant Chiefs of Staff (ACOS) with clear lines of responsibility and accountability to NAVSUP's major customer categories are: Navy family, acquisition, industrial, international, operational commanders, regional commanders and operating forces. This direct customer alignment is already yielding benefits by focusing mission attention on ground based operating units, outfitting support to PEOs, consolidation of end-item inventory management, and improved material support to the SYSCOMs (NADEPS and Shipyards) and CNI (regional supply function support). To achieve its customer realignment, NAVSUP implemented structural changes to combine three commands into one and disestablished a fourth focused on operational logistics support.

Another example of innovative transformation came in September 2000, when the Secretary of the Navy signed the charter establishing the eBusiness Operation Office to champion technology infusion to improve business processes across the DON and DoD and aligned it with NAVSUP. Since the inception of DON's eBusiness Operations Office, the funding streams for investments and savings have a positive net present value of more than $246 million. Pilots executed in fiscal years 2002 and 2003 yielded returns on investment averaging 6:1. The office forecasts returns on investment in excess of 6:1 for proposals currently under review. Through focused investment in commercial and open systems technologies that are deployable across the Navy, the eBusiness Operations Office is an integral part of Navy Transformation. The eBusiness Operations Office is at the forefront of the "technological revolution" needed for Operating Forces to maintain warfighting superiority.

In an effort to assist Navy's need for $10 billion annually in additional recapitalization funds, the NAVSUP Financial Management (FM) community underwent a transformational and precedent setting centralization effort to reduce the cost of FM service delivery. NAVSUP consolidated its field comptroller offices from fourteen to four in a one-year period. This de-layering of financial services delivery yielded a 32% reduction in personnel and $72M return to Navy across the FYDP. The keystone to this centralization effort was to minimize the manual steps required while automating actions wherever possible. This was accomplished by integrating existing systems and capitalizing on web-enabled technology and proven workflow processes. Achieving

these efforts in a structured manner without significantly delaying the process or imposing undue requirements on personnel was the key to success. Some examples of the processes consolidated are: integrating systems to allow operating target management from remote sites, performing A and T duties on desktops, centralizing document control and approval and a shift from field activity operating budgets to OPTARs.

NAVSUP identified 20 initiatives in the IT functional area that could be transformed to reduce costs without impacting customer service. Significant initiatives include: Consolidating and streamlining the IT staff enterprise wide; Consolidating Web presence under a single enterprise web site; consolidating legacy help desk activities; implementing a portfolio management process for future IT investments; implementing enterprise architecture and governance; and consolidating application hosting support at a single location. All these initiatives are underway with savings totaling approximately $29M/year beginning in FY04.

On 1 October, 2003, the Naval Operational Logistics Support Center (NOLSC) was formally established. Headquartered in Norfolk, Virginia, NOLSC is a Naval Supply Systems Command field activity whose primary mission is to serve as the focal point for enhancing operational commanders' material readiness by providing innovative solutions to logistical challenges, and to serve as NAVSUP's supply chain manager and service provider for transportation, petroleum and ordnance logistics services for the Navy, Marine Corps, Joint and Coalition Forces. NOLSC combines the functions of the former Naval Petroleum Office (NAVPETOFF), Naval Transportation Support Center (NAVTRANS) and Naval Ammunition Logistics Center (NALC) to provide a comprehensive operational logistics support command. The consolidation of these activities enhances our ability to control costs, reduce infrastructure, streamline processes, improve inventory management, and support the CNO’s recapitalization of the Fleet.

KNOWLEDGE TRANSFER

1. To Internal Organizations:

Daily contact between Headquarters and all field activities was maintained as complex issues were identified and resolved, ensuring a constancy of message while ensuring mission accomplishment. All transformation actions were communicated directly to the workforce, along with maximizing opportunities for personnel directly affected through training and information necessary for career and personal decisions. Both the Commander and the Vice Commander maintained an aggressive travel schedule to ensure that the "word" was passed to all members. The command produced numerous videos which were promulgated to field activities, as well as a weekly "Transformation Update" newsletter and "Flashes from the Commander" as new phases were begun. Briefings which covered "now" and "future" were also provided to all of our external supply chain partners, including the Secretary of the Navy, Chief of Naval Operations, Defense Logistics Agency, and Regional Commanders.

2. Transfer to Other Organizations:

The "Transformation" so successfully implemented at NAVSUP has become the model for the other Naval Systems Commands and the Navy as a whole. Additionally, that expertise is being sought from International arenas. For example, Fleet and Industrial Supply Center (FISC) contracting was restructured to a more efficient, coordinated and focused network by establishing a Lead FISC (COMFISCS) at FISC San Diego. Lead FISC, through its Lead Contracting Executive (LCE), now brokers workload between field contracting offices while allowing the field offices to focus on production work and other key activities. Also as part of transformation, the Naval Inventory Control Point (NAVICP) became the principal point of contact for support to PEOs and weapon system program managers for acquisition support, the hardware SYSCOMs and organic industrial activities for industrial support, and to NAVSUP's foreign military sales customers for international logistics support. This networked arrangement reduces the number of individual contracts NAVSUP writes as well as better leverages the buying power of enterprise-wide contracting. NAVSUP will realize reduced layers of overhead by developing and employing standardized operating procedures and policies across all contracting offices, improving utilization of e-business capabilities, and optimizing use of the specialized contracting expertise resident in many field contracting sites. The effort continues with a goal of further reducing the number to 27 by FY05, paying dividends in opportunities to leverage buying power. Results are lower prices and acquisitions tailored to customer's need. End product is a proactive streamlined acquisition system that provides faster, better, cheaper products to the warfighter. Payroll reductions/savings are estimated at $10 million.

Another example of transformation transference is through the Cooperative Logistics Supply Support Agreement (CLSSA) that allows FMS customers to have same level of access to U.S. Navy wholesale inventory that U.S. Navy users have (i.e. safety level) in support of U.S. Navy weapon systems procured via an FMS case. The FMS customer makes initial investment in the Navy's wholesale to support the agreement. Advantage is the customer receives all benefits in

availability and response time that leveraging the Navy's Supply system offers, and associated increase in combat readiness and reduced in-country inventory investment requirements. The Repairable Item Replacement Option (RIRO) offers the FMS customer the U.S. Navy option of turning in carcasses in exchange for the next available asset out of inventory. A major benefit is the increased logistics interoperability generated for support of Coalition Forces using USN weapon systems.