



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
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WASHINGTON, DC 20350-2000

OPNAVINST 4441.12D

N4

12 Apr 2012

OPNAV INSTRUCTION 4441.12D

From: Chief of Naval Operations

Subj: RETAIL SUPPLY SUPPORT OF NAVAL ACTIVITIES AND OPERATING FORCES

Ref: (a) DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, May 2003
(b) OPNAVINST 4000.57G

Encl: (1) Supply Support Goals for Naval Activities and Operating Forces
(2) Retail Supply Support Definitions
(3) Detailed Elements of Retail Supply Support Policy

1. Purpose

a. To provide basic Navy policy governing the management of Navy-owned retail maintenance related inventories at Navy activities and Marine Corps aviation units and specify minimum supply system performance goals, found in enclosure (1).

b. To incorporate Department of Defense (DoD) retail inventory management policy prescribed in reference (a).

c. This instruction has been revised significantly and must be reviewed in its entirety. It incorporates the retail inventory management guidance provided in reference (a), commonly referred to as the 'super-reg,' and establishes goals for wholesale fill rate, retail effectiveness, and first pass effectiveness.

2. Cancellation. OPNAVINST 4441.12C.

3. Scope

a. This instruction applies to the following activities (exceptions are listed in second subparagraph):

(1) Those that maintain Navy-owned retail secondary item inventories, regardless of funding source of the inventory;

(2) Those commands and activities participating in, or responsible for, the development and maintenance of allowance lists; and

(3) Contractors that hold Navy-owned material through a material management contract or maintenance contract.

b. The policies of this instruction do not apply to the following, which are specifically governed by separate policy guidance:

(1) Fleet ballistic missile (FBM) submarines, which are governed by reference (b);

(2) Material owned by a contractor providing supply support services to the Navy;

(3) Management of wholesale inventories, which is governed by reference (a); and

(4) Requirements determination for principal end items (such as vehicles and aircraft), ammunition, bulk petroleum, nuclear reactor plant, inert nuclear, and design-controlled cryptographic material.

4. Definitions. The key terms that pertain to this instruction are listed below. Related definitions are listed in enclosure (2).

a. Average Customer Wait Time (ACWT). A comprehensive measure of the time elapsed between the customer requirement submission time and the receipt time by the customer. ACWT is the collective indicator of the logistics response time (LRT) throughout the entire supply chain, regardless of source of supply, for all customer demands related to readiness support and operational availability (A_o).

b. LRT. The portion of ACWT that measures the average time from the date of the requisition to the time the material is

received by the customer and reported to the Defense Logistics Agency Transactions Services (DLATS). It is made up of the response time for off-station and off-ship requirements. LRT consists of the following elements:

(1) Requisition Submission Time. The measure of time from the Julian date of the requisition to the time it is received by DLATS.

(2) Inventory Control Point (ICP) Processing Time. The time from referral by DLATS to the ICP until the ICP submits a referral to the depot for issue.

(3) Depot Processing Time. The time from receipt of the referral at the depot to the time it is shipped.

(4) Transportation Time. The period of time from the date that material is inducted into the transportation system until the material is received at the requesting activity.

(5) Receipt Take-up Time. The time it takes the customer's supply activity to receipt for the material and report that receipt to DLATS.

5. Objective. The primary objective of the Navy supply system is to provide supply support necessary to maintain and sustain the Navy's warfighting capabilities. Measuring ACWT allows assessment of the supply chain segments, including Navy wholesale and customer inventories, with Defense Logistics Agency (DLA) and other Service inventories to most cost effectively achieve a weapon system's A₀ and other established support goals. Particular support goals are listed in enclosure (1).

6. Policy. An overview of this instruction's policy is listed below; detailed elements of the policy items are found in enclosure (3).

a. Retail inventory levels are categorized as either consumer or intermediate. Navy's implementation of Defense Management Report Decision (DMRD) 901 and DMRD 981 resulted in the elimination of intermediate level inventories within the continental United States (CONUS), except for some high-usage load list (HULL) materials and local purchase items.

b. Naval Supply Systems Command (NAVSUPSYSCOM) is the Navy's agent for setting policy and developing procedures for the global Navy supply system including material positioning, distribution, and requisitioning.

c. Consumer inventory levels will be tailored to meet established site and weapon system support goals.

d. Policies that apply to both intermediate and consumer level inventories are listed in subparagraph 4d of enclosure (3).

e. All inventory models to be used in implementing these policies must be approved by the Office of the Chief of Naval Operations (OPNAV) Logistics Programs and Corporate Operations Division (N41).

f. Enclosure (3) provides: policy concerning asset visibility of all Navy cognizance assets; availability to customers of consumer level inventories managed by NAVSUPSYSCOM; ashore inventory accounts of accountable officers; excess material identification and disposition; and operating space items (OSI) and end items of support equipment.

g. All requests for deviations from the policies stated here shall be forwarded, via the chain of command, to OPNAV (N41) for approval.

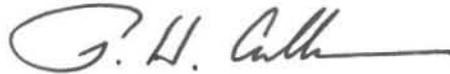
7. Action

a. NAVSUPSYSCOM shall develop the implementing procedures in coordination with other budget submitting offices (BSOs) and appropriate commands and issue and or revise procedures as necessary to ensure uniform compliance with this instruction.

b. All major commands will include a compliance review of the policies stated in this instruction in command inspection programs.

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8. Records Management. Records created as a result of this instruction, regardless of media or format, shall be managed per Secretary of the Navy Manual M-5210.1 of January 2012.



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SUPPLY SUPPORT GOALS FOR NAVAL ACTIVITIES AND OPERATING FORCES

Ref: (a) OPNAVINST 4790.2J
(b) OPNAVINST 4790.4E
(c) DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, May 2003

1. ACWT Goals. The performance measure that is a collective indicator of supply system response time for all customer demands from the time the material requirement is presented until the material is received by the customer.

a. Application. The goals specified below only apply to consumer levels supporting local customers.

(1) One Hour Goal. A 1-hour goal is established for every activity holding consumer level inventories to make issue priority group (IPG) I material requirements available to the customer. Reference (a) specifies a 1-hour goal for aviation IPG I material and reference (b) specifies a 1-hour goal for IPG I material aboard ships. This goal applies if the customer and the supporting activity are located at the same site, such as aircraft squadrons at air stations.

(2) Two Hour Goal. A 2-hour goal is established for every activity holding consumer level inventories to make IPG II material requirements available to the customer. This goal applies if the customer and the supporting activity are located at the same site such as aircraft squadrons at air stations.

(3) Twenty Four Hour Goal. A 24-hour goal is established to make IPG I and IPG II material requirements available, if the customer and supporting activity are not collocated (on the same ship or air station), but the customer is either within a 35-mile radius of the supporting supply activity, or is in the normal daily local delivery zone.

b. LRT Goals. LRT measures the off-station and off-ship response times, including maintenance related, direct turnover (DTO) requirements, and stock replenishment requisitions. The Navy goal for LRT is 23 days.

c. Uniform Material Movement and Issue Priority System (UMMIPS) Time Frames

(1) If neither paragraph 1a(1), 1a(2), or 1a(3) above is applicable, then UMMIPS time frames will shall be applied. UMMIPS goals are specified in reference (c).

(2) UMMIPS time frames also apply to all IPG III requirements for end use, DTO, and stock replenishment, except for activities covered by reference (a), for which the 24 hour standard exists.

d. Intermediate and Wholesale Level. The UMMIPS time frames specified in reference (c) are in effect for intermediate and wholesale levels of inventory.

2. Supply Availability Goals. The performance measures that represent how often material is on hand and available to be issued when a requisition is received.

a. Wholesale Level

(1) For systems where multi-indenture multi-echelon (MIME) readiness based sparing (RBS) is used to compute wholesale and retail allowances, a supply material availability (SMA) goal that ultimately supports a weapon system's A₀ and the enabling site and weapon system support goals will be reviewed and established annually by NAVSUPSYSCOM Weapon Systems Support (NAVSUP WSS).

(2) For all systems not covered in paragraph 2a(1), the goal for wholesale SMA is 85 percent.

b. Retail Level

(1) Unless otherwise specified in the table below, the goal for consumer level (shipboard, air station, etc.) gross effectiveness is 65 percent. Type commanders are authorized to specify higher effectiveness goals after obtaining approval from OPNAV (N41) via the chain of command.

Ship Type	Gross Effectiveness Goal
Fast Attack Submarines (SSN)	75%
Submarine Tenders (AS)	75%

(2) The effectiveness goal for activities outside the continental United States (OCONUS) holding intermediate level inventory is 85 percent.

c. First Pass Effectiveness (FPE). First pass effectiveness is defined as the percentage of time in which the average requisition is filled on its first pass through the supply system (i.e., the requisition is filled and not held in a backorder status). The wholesale SMA (85 percent) and consumer level gross effectiveness (65 percent) goals can be used to compute a FPE goal of 94.75 percent.

RETAIL SUPPLY SUPPORT DEFINITIONS

Ref: (a) DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, May 2003
(b) DoD 7000.14-R, Department Of Defense Financial Management Policy And Procedures, September 2008

1. Wholesale Level Inventory. Per reference (a), the highest level of organized DoD supply, and as such, procures, repairs, and maintains stocks to resupply the retail levels of supply. Inventory for which the designated inventory manager has asset visibility at the national level and exercises unrestricted asset control to meet worldwide inventory management responsibilities.

2. Retail Level Inventory. Inventory, regardless of funding source, held below the wholesale level. The retail level is made up of intermediate and consumer level inventory.

a. Intermediate Level Inventory. That part of the retail inventory regardless of funding source that is required between the consumer and wholesale levels of inventory. It is held for support of a defined geographic area or for tailored support of specified consumer organizations or activities. Only limited intermediate inventories are authorized at CONUS NAVSUPSYSCOM Fleet Logistics Centers (NAVSUP FLCs), consisting of HULL items, casualty and equipment repair material, gases and cylinders, and local purchase items. OCONUS Navy depots are authorized to hold full intermediate levels.

b. Consumer Level Inventory. That part of the retail inventory, regardless of funding source, usually of limited supply distribution for the sole purpose of internal consumption or utilization.

3. Mobile Inventory. An inventory in direct support of mobile operating forces and an integral part of and under the physical control of a military unit or activity whose primary mission requires the continuing geographic relocation of that inventory. To qualify, this inventory must be required to accompany the unit on a continuing basis and the unit must have the capability to achieve the mobility as a matter of routine. Mobile inventory may be either consumer or intermediate levels.

4. Demand Based Item (DBI). Items that have a relatively high issue rate. Normally, an item that experiences a demand frequency of two or more in a period of 6 months and continues to have at least one demand every 6 months afterwards. The DBI quantity is that portion of the requisitioning objective (RO) that supplements the allowance and or load list quantity; if a DBI is not an allowance or load list item, the entire quantity of that RO is not considered to be DBI stock. DBIs are stocked based on forecasted usage; for limited demand items, stocking is based on financial or military essentiality considerations. Averaging or calculation of demands for similar equipment or organizations to establish stocking criteria does not qualify for identification as a DBI. However, demand forecasts may be a factor of program data.

5. Non-Demand Based Item (non-DBI). The two types of non-DBIs are insurance items and program based. A non-DBI is one that has no previously recorded demands, but qualifies for stocking based on other criteria. Typically, the decision to stock is based on program related data or weapon system essential data rather than previously recorded demands. Inventory levels for non-DBIs are usually developed and monitored by NAVSUP WSS and are reflected in allowance or stock lists.

6. Allowance Lists. A list or document specifically tailored to an activity for support of maintenance and or supply mission. Examples include:

a. Aviation Consolidated Allowance List (AVCAL). A consolidated listing of consumable, aviation depot level repairables and field level repairables fixed allowances required for afloat and deployable activities (ashore or afloat) to perform aviation organizational and intermediate level maintenance in support of assigned aircraft.

b. Shore-Based Aviation Consolidated Allowance List (SHORCAL). A consolidated listing of components, repair parts, consumable items and depot and field level repairable items required to support planned operational and maintenance missions at designated Naval and Marine Corps air stations.

c. Coordinated Shore Based Allowance List (COSBAL). A consolidated listing of components, repair parts and consumable

items tailored to the requirements of shore activities to support organizational level maintenance for authorized equipment.

d. Shore Intermediate Maintenance Stock List (SIMSL). A consolidated listing of material tailored to support the corrective and planned maintenance missions of a regional maintenance center (RMC).

e. Coordinated Shipboard Allowance List (COSAL). A consolidated listing of the equipment, components, repair parts, consumables and operating space items required for an individual ship to perform its operational mission.

f. Operational Support Inventory Stockage List (OSISL). An allowance list, provided to the NAVSUP FLCs, that combines quantities from the SIMSL, tender load list, regional COSBAL, geographic support considerations and other special project computations. The OSISL is normally updated annually.

g. Tender and Repair Ship Load List (TARSL). A consolidated listing of equipment, components, repair parts and consumables required to support the mission of an individual tender. As tenders and repair ships have been decommissioned, responsibility for maintenance has shifted to RMCs, which hold the supporting consumer level inventories ashore. The RMCs have their inventories positioned near the point of consumption and are managed by the supporting NAVSUP FLC.

h. Fleet Issue Load List (FILL). A consolidated listing of items positioned on Naval Fleet Auxiliary Force ships to provide supply support of deployed fleet units, less items peculiar to submarines and Navy-managed aviation cognizance material.

i. Table of Allowance. A specially prepared list of equipment, components, repair parts, consumables and operating support items to support Navy mobile activities, other than ships and aircraft, such as Navy cargo handling battalions, naval mobile construction battalions, fleet hospitals, P-3 mobile maintenance facilities, Navy sea-air-land teams and other special combat units.

j. Provisioning Lists. A list of newly provisioned items that may be stocked, as documented on a preliminary allowance list, for an interim period (normally prior to the Navy material support date by specifically designated retail level inventory activities prior to receiving actual demands.

k. Installation and Checkout Spares List. A list of items required to support the installation and checkout of a new equipment or component.

7. Allowance Models. Mathematical techniques for determining stocking quantities specifically tailored to an activity for support of the maintenance and or supply mission of that activity. Three types of allowance models have been developed for computing Navy activity allowance lists:

a. Fixed Protection Level. Computes allowances on the basis of a single factor demand. This technique provides the same level of protection to all items having the same demand rate. Current FILL, TARLL, SIMSL and COSBAL range and depth computations are based on specific effectiveness goals.

b. Variable Protection Level. Computes allowances on the basis of several factors (e.g., demand, item price and item essentiality). This technique provides higher protection levels for more essential items having low unit prices while providing lower protection levels for less essential, high cost items. This technique is constrained by the availability of variable essentiality data.

c. Optimal Sparing Methodology. Computes allowances to achieve a given level of performance at least cost; or conversely, to achieve a maximum level of performance at a given cost. These allowances will be developed to meet A₀ goals. An optimal sparing methodology is implemented in RBS.

8. Gross Availability. The percent of total demands, for both stocked and allowed items and non-stocked items, received and satisfied from stock on hand at any given echelon of inventory.

9. Net Availability. The percent of total demands received for stocked items and satisfied from stock on hand at any given echelon of inventory.

10. Operational Availability (A_o). Per reference (b), A_o is the probability that a weapon system or individual equipment will be ready to perform satisfactorily in an operating environment when called for at a random point in time. A_o depends on reliability as measured by mean time between failure; maintainability (i.e., mean time to repair); supportability, as measured by mean logistic delay time; and operating time (e.g., flight hours, steaming hours, or equipment operating periods).

11. Readiness Based Sparing (RBS). RBS is a process to determine range, depth, and location of spare parts to support required readiness objectives at least cost given the reliability and maintainability characteristics of a system or equipment. RBS is designed to achieve Chief of Naval Operations designated full mission capable readiness objectives set for each type, model and series of aircraft and A_o set for each weapon system. RBS techniques will be applied for all new non-nuclear and non-FBM major systems (acquisition category I, II, III). Projected response times from the provider (i.e., NAVSUP WSS, DLA, performance based logistics) or forward deployed site should be used for each item. While RBS does not set wholesale inventory levels, MIME RBS extends RBS principles to wholesale inventory by not only determining what should be stocked, but at which level(s) of inventory spares should reside.

DETAILED ELEMENTS OF RETAIL SUPPLY SUPPORT POLICY

- Ref: (a) DoD 4140.1.R, DoD Supply Chain Materiel Management Regulation, May 2003
(b) OPNAVINST 4400.9C
(c) DoD 7000.14-R, Department Of Defense Financial Management Policy And Procedures, September 2008

1. Retail inventory levels are categorized as consumer or intermediate. Navy's implementation of DMRD 901 resulted in the elimination of intermediate level inventories within CONUS (except for some HULL materials and for local purchase items). Intermediate levels are authorized at overseas NAVSUP FLCs in Yokosuka, Japan, Pearl Harbor, Hawaii and Sigonella, Italy. Any proposed changes to intermediate level authorized activities will be forwarded to OPNAV (N41) for approval. NAVSUPSYSCOM must approve development of consumer level inventories.

2. NAVSUPSYSCOM is the Navy's agent for setting policy and developing procedures for the global Navy supply system including material positioning, distribution and requisitioning. Requisitioning channels are instituted by NAVSUPSYSCOM. Changes in requisitioning channels must be approved by NAVSUPSYSCOM. Requisitioning channels will generally be between the consumer level and the wholesale system. However, customer requisitions can be filled from any consumer, intermediate, or wholesale level inventory depending on the availability of material, criticality of the requirement and the urgency of need. Customer requisitions will normally be filled from the closest source of supply to reduce supply system costs. All requisitions will be electronically submitted via DLATS to the designated point of entry. Sourcing logic within Navy Enterprise Resource Planning (ERP) will determine the closest source of supply for afloat units.

3. Consumer inventory levels will be tailored to meet established site and weapon system support goals. These levels may consist of readiness-based, demand-based, limited demand and non-demand-based items. As specified by NAVSUP WSS, AVCALs, COSALs, SIMSLs, COSBALs and SHORCALs are updated to ensure optimal allowancing. Aviation retail requirements and allowance lists for mobile units will be reviewed following schedules

developed jointly by the fleet commanders and NAVSUP WSS via the Aviation Allowance Working Group. Maritime requirements will be reviewed by the Maritime Allowance Working Group.

4. The following policies apply to both intermediate and consumer level inventories:

a. Wholesale and retail inventories may be collocated or commingled provided separate line item records are maintained.

b. Levels of inventory for demand-based items will be computed by Navy standard inventory policies approved by the Office of the Secretary of Defense as specified in reference (a).

c. Mission essentiality will be the primary criterion used in the selection and approval of the non-demand-based items stocked on a continuing basis.

d. Requests to carry items not authorized (i.e., by range or depth) by standard demand based and non-demand based stocking policies, OPNAV (N41) approved inventory models or other OPNAV (N41) approved special support initiatives, must be justified in writing. Additionally, the request must be favorably endorsed by the BSO and submitted to NAVSUP WSS with copy to NAVSUPSYSCOM Deputy Commander for Fleet Logistics Operations (N3/4). This includes additives to allowances funded through the centrally managed account (stores account code 207/224) funded under the Navy Working Capital Fund (Supply Management). NAVSUP WSS will liaise directly with the BSO or designated point of contact to determine specific requirements (i.e., by national stock number, quantity, etc.), plan, budget, procurement lead times and direct the requesting activity on procedures and timing for the ordering of additive requirements.

e. Consumer retail inventory range and depth of stock will be based on established site and weapon goals linked to A₀ for weapons-related items to the maximum extent possible. ACWT goals for non weapons-related items are provided per reference (a).

f. Except for authorized selected item management (SIM); demand level adjustments for consumable items; and NAVSUP WSS generated allowance and stock list updates, all new inventories

and inventory level changes must be programmed to provide for a budget and procurement lead time. These actions must be coordinated with NAVSUP WSS prior to any ordering of the wholesale level inventory. Any exceptions not concurred with by NAVSUP WSS or other deviations from this requirement must be approved by OPNAV (N41).

g. All items will have both a RO and a reorder point (ROP) established. An economic reorder policy considering the investment cost and risk of stockout must be established for demand-based items. For fixed allowances, the RO is the allowance quantity and the ROP equals RO minus one unit or one minimum replacement unit (i.e., a one for one reordering policy). For requirements computed to support specific activities (i.e., NAVSUP FLC or ship) computed requirements, a non-unit economic order quantity, or operating level (OL), may be computed so that the RO equals the sum of the OL and ROP. Repairable items will continue to be managed under a one for one reorder policy to allow NAVSUP WSS carcass tracking and to meet the repairable item management requirements of reference (b).

h. NAVSUP WSS will optimize individual non-demand based allowances for those items that exist in more than one allowance or load list for the same stocking activity or at multiple sites within a region under NAVSUP FLC management.

i. Inventory records will be coded as to their reason for stocking as specified in reference (a).

5. All inventory models to be used in implementing these policies must be approved by OPNAV (N41). SIM items afloat will have an order and shipping time (OST) level authorized. Inventory models used to develop mobile inventories will provide for a variable endurance level subject to concurrence by OPNAV (N41). No separate OST level is authorized for these endurance levels. Other parameters for all models will be developed by NAVSUPSYSCOM in coordination with affected BSOs for approval by OPNAV (N41).

6. NAVSUP WSS will be provided asset visibility of all Navy cognizance assets held at activities with transaction item reports capabilities. Additionally, retail assets managed within Navy ERP will have asset visibility; Navy ERP business rules apply for these assets available for redistribution.

7. Consumer level inventories managed by the NAVSUP FLC will be available to non-partner customers only when the NAVSUP FLC inventory level is above the RO. However, all issue priority designators (IPD) 01, IPD 02 and IPD 03 not mission capable supply, partial mission capable supply or casualty report requirements will be available to all customers. All IPG I bearer walkthroughs will be filled from available inventories including NAVSUP FLC partner stocks.

8. Except as provided in reference (c), all inventories at shore activities will be included in the inventory accounts of accountable officers. All mobile inventories maintained with automated data processing systems will be included in the inventory accounts of accountable officers.

9. Excess material will be identified and disposition made per reference (a).

10. OSI and end items of support equipment will be authorized in specific quantities determined by the appropriate weapon system manager. These items will be expended to an end-use appropriation.

11. All requests for deviations from the policies stated here shall be forwarded, via the chain of command to OPNAV (N41) for approval. Fleet commanders retain the prerogative to modify afloat and aviation allowances for a period not to exceed 6 months to meet unusual situations, but must coordinate modifications to range and depth for items with NAVSUP WSS.