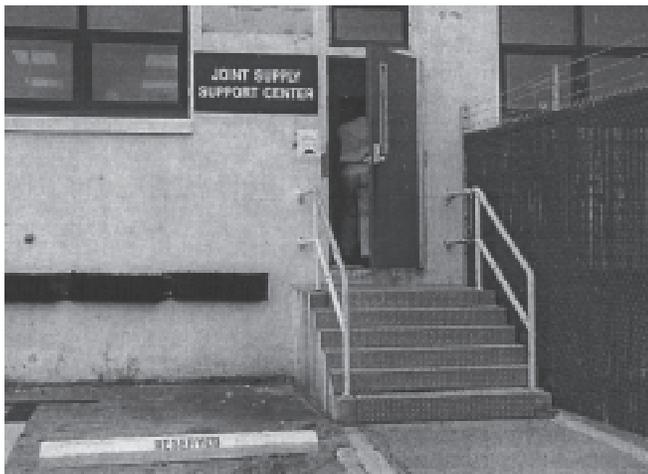


A JOINT VENTURE IN CUSTOMER SUPPORT

The standup of the Joint Supply Support Center (JSSC) on September 15, 1999 marks an important occasion of the continuing partnership between Defense Distribution Depot Norfolk, Virginia (DDNV) and Fleet and Industrial Supply Center Norfolk, Virginia (FISC NORVA) to support their customers. The division of Naval Supply Center Norfolk, Virginia into DDNV and FISC NORVA in 1992 sent each organization onto different logistical support missions. The evolution of these two organizations over the past seven years has once again brought them together to better support their customers with the standup of the JSSC.

Before the standup of the JSSC, the two organizations separately offered several supply support services to their local area customers:

- If a customer had an urgent material requirement to fill they went to FISC NORVA's Customer Service operation. They provided the requisition to the Customer Service representative. This information was put into FISC NORVA's U2 system and the requisition crossed an electronic bridge to DDNV's Defense Standard System (DSS). The material was picked from a DDNV warehouse location and then brought to FISC NORVA's Customer Service operation. A Customer Service representative then turned the material over to the customer.

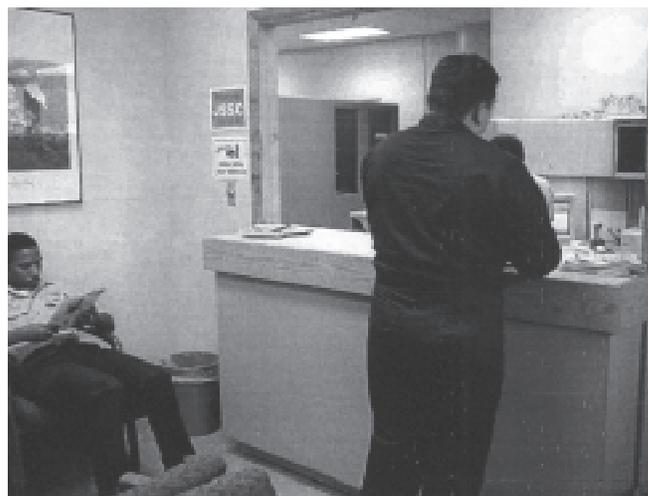


- For material exchanges, returns and RODs the customer brought the material to FISC NORVA's Customer Service operation. The customer service representative had the customer fill out the required paperwork and then turned the material and the paperwork over to one of DDNV's inventory specialists to process.

- If the customer had a transshipment requirement, they went to DDNV's Transportation Office to have their material shipped.

- If the customer had a question about a shipment, they called FISC's NORVA's Call Information Center (CIC). The CIC representative contacted DDNV's Transportation Office, got the necessary information and then provided the information to the customer.

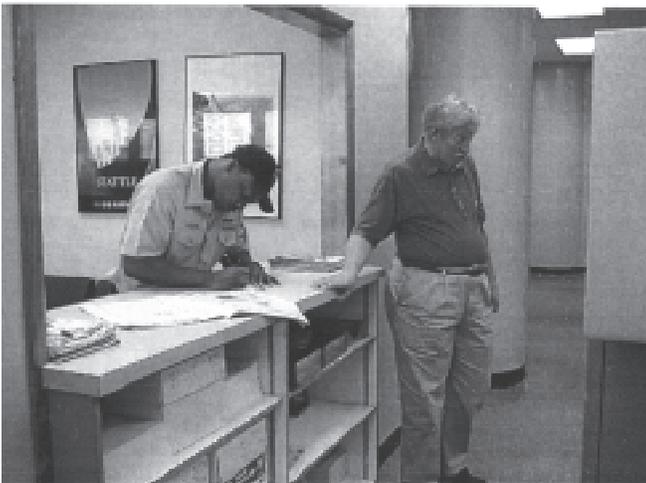
Several big problems became obvious over time. First, there was a lot of duplication of work effort in that both organizations were performing the same physical distribution functions. FISC NORVA had dedicated trucks delivering to the same customers that DDNV was already



shipping to. In fact, at times DDNV and FISC NORVA were even competing for the same customer's dock services because their deliveries coincided. Second, there was a lot of handing off of material involved in this process between DDNV and FISC NORVA. Not only did this slow the process down, but, without fail, material got misplaced. Third, there was a tremendous amount of customer confusion as to whom to go to for a specific service or who to ask a question. In fact, many customers didn't even know that DDNV existed.

In June of 1999, FISC NORVA and DDNV got together and decided to develop a combined operation that provided one-stop supply support service for its customers. The services that were going to be provided would be streamlined for the customer's benefit. The general concept would be that FISC NORVA would oversee the front end of the process by providing their inventory management expertise while DDNV controlled the entire backend of the process by managing the physical distribution aspects of the operation.

From June to September 1999 FISC NORVA and DDNV held meetings to review each of the main processes that would be provided by the JSSC. They went through in a step by step to manner to address all of the possible outcomes involved with each scenario to completely satisfy the customers needs.



As each of the main processes was completed, FISC NORVA and DDNV implemented them, in an incremental manner, into what was becoming the JSSC. Rather than trying to take on too many new processes at one time, one process was implemented at a time. As each process came on line the team evaluated how the process worked out and made corrections as required. The accomplishments to date in standing up the JSSC:



- DDNV and FISC NORVA have co-located both customer service operations into one work area. Customers now go to one area to get their supply support services filled.
- Detailed flow charts were developed for each of the main processes. They address what actions are required and identify who is responsible for those actions. This was the first time since the implementation of DSS where FISC NORVA and DDNV fully documented a process. These have become the JSSC's standard operating procedures to use in performing its operations. Everyone has gained a greater understanding of the processes involved.
- The services performed have been substantially streamlined to offer the customer improved performance while being more efficient for both organizations. FISC NORVA's Customer Service has been completely removed from the physical distribution operation of this

process. DSS maintains visibility of the material until the material is either turned over or shipped to the customer. The material that is being shipped has proof of shipment and shipment status can be accessed through the Internet via the carrier's web page.

While the general feeling is that the standup of the JSSC has been very successful, there is still a lot of ground to cover to make this operation fully efficient:

- Establish metrics to measure the performance of the JSSC. The JSSC needs to properly evaluate the processes and be able to identify the weak areas in order to improve its performance.
- Continue to remove duplicate physical distribution operations from the process. Currently, fleet expeditors receive material from DDNV. They turn it right back to the JSSC to tranship the material out to a fleet unit.



Rather than passing this material between the organizations, the material will be shipped directly out of the depot as an expedited shipment.

- Establish business rules between the JSSC and FISC NORVA's CIC so the customer hears one unified voice coming from both organizations.

Without question, the first steps in implementing the concept of the JSSC were the toughest. The mindset of how business used to be done had to be broken in order to develop an efficient operation composed of the two separate organizations that work as one. Each organization contributes its organizational core competencies to the operation of the JSSC. But to the customer, the JSSC is one organization that fills several of their high priority supply support requirements.

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