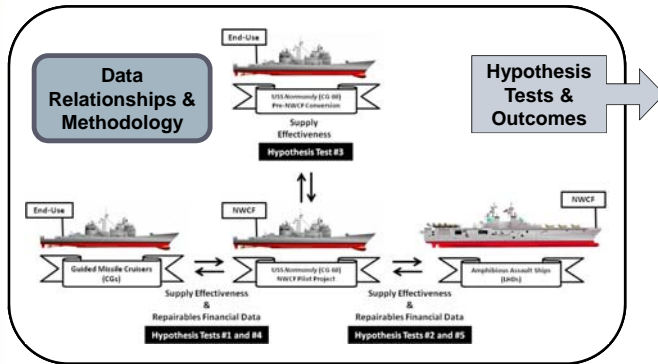


The purpose of this research was to determine the applicability of Navy Working Capital Fund (NWCF) repairable inventory on small combatant platforms in lieu of Operating Target funds. We used supply effectiveness and financial data to identify whether there is an inventory readiness gap between the two sources of funding, and then identified the advantages and disadvantages of both NWCF and end-use inventories.

NWCF: on board inventory owned by NAVSUP; reorders funded with NWCF revolving accounts. Ship purchases the part from inventory

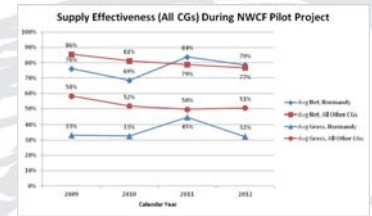
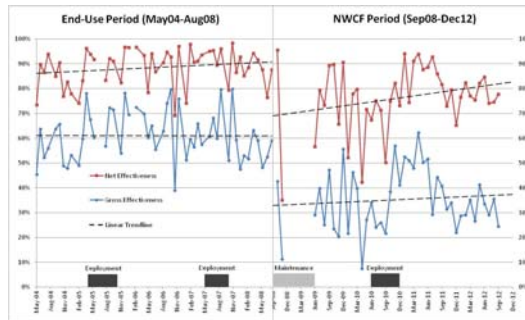
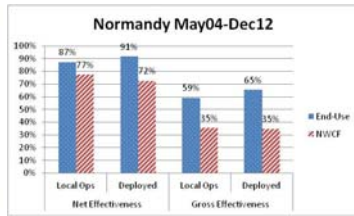
End-use Funding: on board inventory owned by the ship; reorders are funded with the ship's operating target budget

USS Normandy (CG 60) converted from end-use funding to NWCF in Sep 2008 for a pilot project (initiated by Type Commander)



	Hypothesis Test	Preconceived Hypothesis	Outcome
# 1	Supply effectiveness on Normandy vs. all other CGs during the NWCF pilot project	Normandy's supply effectiveness higher than the end-use CGs	Not supported (Lower)
# 2	Supply effectiveness on Normandy vs. all CNSL LHDs during the NWCF pilot project	Normandy's supply effectiveness comparable with the NWCF LHDs	Not supported (Mixed*)
# 3	Supply effectiveness on Normandy before and after the NWCF pilot project	Normandy's supply effectiveness higher after the NWCF conversion	Not supported (Lower)
# 4	EMRM obligations on Normandy vs. all other CGs during the NWCF pilot project	Normandy's EMRM obligations lower than the end-use CGs	Supported
# 5	EMRM obligations on Normandy vs. all LHDs during the NWCF pilot project	Normandy's EMRM obligations lower than the NWCF LHDs	Supported

* Higher Net Effectiveness, Lower Gross Effectiveness



Impact to Stakeholders

Raw tally = advantage NWCF

In reality, the factors have different weights based on the decision-makers' priorities.

		Ship	TYCOM	NAVSUP / USN
End-Use	Supply Effectiveness	Favorable	Favorable	-
	Inventory Costs	Unfavorable	Unfavorable	-
	Inventory Risk	Unfavorable	-	Favorable
	Budget Flexibility	-	Unfavorable	-
	Inventory Flexibility	-	Favorable	-
	Asset Visibility	-	-	Unfavorable
NWCF	Supply Effectiveness	Unfavorable	Unfavorable	-
	Inventory Costs	Favorable	Favorable	-
	Inventory Risk	Favorable	-	Unfavorable
	Budget Flexibility	-	Favorable	-
	Inventory Flexibility	-	Unfavorable	-
	Asset Visibility	-	-	Favorable

Other Findings:

- Cultural Issues
- Leadership Challenges
- Transfer of Materiel
- Training Issues
- Different Supply Systems
- Shore-based Support Requirements
- Inventory Redistribution & Pooling

Recommendations:

- **Type Commander to implement an expanded NWCF pilot project**
– Utilize 3-4 ships; ensure supply personnel are proficient; create buy-in from ship's leadership; identify key metrics prior to pilot.
- **Implement NWCF Inventory on the new Zumwalt-class (DDG-1000) Destroyers**
– Provides interoperability with new IT systems (ERP), increased distance support, and flexibility in shaping the ship's allowances.