



NAVY ACQUISITION REFORM INFO-ALERT



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BETTER COST MODELING/MANAGEMENT NEW NAVSUP PROJECT OFFICE

The Naval Supply Systems Command (NAVSUP) recently established a Project Office to deploy Activity Based Costing (ABC) and Activity Based Management (ABM) throughout the NAVSUP claimancy.

ABC is an accounting method that enables managers to identify all the costs of producing particular products and services, providing an accurate, aggregate cost of doing business. For example, the costs of requisition processing include the time and salary costs of each individual involved in the process, the training they need to perform these tasks, any routine administrative costs, computer use, and the cost of storage, packaging and shipping of the material being requisitioned. Once all costs associated with a product or service are identified, ABM is the process which monitors the costs by looking at measured work and resources used over time.

“The activity based costing management concept has been around for some years, but recent advances in information technology provide the capability to better use this approach to identify the real costs of our business practices and use that information to manage more effectively,” said Ms. Fran Dwyer, who with Mr. Bob Law will lead NAVSUP’s ABC/ABM Project Office. “Using ABC and ABM will help the NAVSUP claimancy in pricing tailored products for our customers,” Dwyer added.

The Project Office will assist all Fleet and Industrial Supply Center (FISC) Commanding Officers, some of whom are already using this method, in further development and deployment of cost models. At the same time, the office will focus claimancy expertise to support the Regional Commanders with these management tools.

NAVSUP’s primary mission is to provide U.S. Naval Forces with quality supplies and services. With headquarters in Mechanicsburg, Pa., and a worldwide work force of more than 820 military personnel and approximately 11,000 civilians, NAVSUP oversees logistics programs in the areas of supply operations, contracting, resale, fuel, transportation, security assistance, and mobile fleet hospital support. In addition, NAVSUP is responsible for Quality of Life issues for our Naval forces, including food service, postal services, Navy Exchanges, and movement of household goods.