DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
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FORT BELVOIR, VIRGINIA 22060-6221

REPLY
REFER TO DLSC-LEI

JUL 26 1999

MEMORANDUM FOR DSCC-V, DSCR-V, DSCP-IL

SUBJECT: Updated Cost Savings/Avoidance Figure for Item Reduction Study (IRS) Program

Based on the January 1999, Defense Logistics Agency Office of Operations Research and Resource Analysis (DORRA) Draft Report, the new cost associated with eliminating items from the DoD system (coding items Item Standardization Code (ISC) 3/E) is now identified as $1495.

The $1495 cost savings/avoidance figure replaces the existing $832 cost savings/avoidance figure established in November 1990, and can be used to calculate and reflect your ROI (Return on Investment) savings when conducting an IRS.

The use by DLA Defense Supply Centers of the updated $1495 cost savings/avoidance figure has been coordinated with the DSP, IRS program office.

Therefore, your Defense Supply Center is authorized to use the updated $1495 cost avoidance figure, for eliminating an existing National Stock Number (NSN) from the DoD Inventory.

The point of contact for this subject is Mr. Willis Drake, DLSC-LEI, DSN 427-2651.

for Willis L. Drake
CHRISTINE METZ
Chief, Business Improvement Team
Technical Services Group

cc: DSCC-VSI
DSCR-VBE
DSCP-ILTA

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