

Efforts toward improvement of the management and operation of the DOD disposal program are continuing. Some of the major improvements completed or in process are as follows:

(a) When DSA was established, the 34 consolidated surplus sales offices (CSSO) of the military departments and four regional sales offices became field elements of the Defense Logistics Services Center (DLSC). The CSSO were redesignated as defense surplus sales offices (DSSO). On January 29, 1965, the four DLSC regional sales offices were eliminated; and the number of DSSO has been progressively reduced from the original 34 to 12. Annual recurring savings from these reduction actions are \$2.7 million.

(b) DSA, in coordination with the military services, has been engaged in a program to eliminate holding activities of DOD wherever practical and economical. As of January 1, 1967, decisions were made to consolidate disposal functions at 79 holding activities. Sixty-five consolidations have been completed with a resultant savings of \$2.6 million. Four planned consolidations were cancelled due to announced base closure actions (three) and redetermination that consolidation was not practical (one). The remaining 10 consolidations are in process.

(c) A program to reduce costs incident to printing and distribution of sales catalogs. This has resulted in savings of \$5.9 million through fiscal year 1966.

(d) Programs have been developed for conservation or sale of special materials, e.g., silver recovery, special processes for handling copper and copper-base alloy scrap, centralization of certain commodity sales such as jeeps and bearings, and segregation of high temperature alloy scrap.

(e) DSA has developed a proposed program system which will provide meaningful and uniform operational data for managing and controlling the disposal program. The proposed system prescribes development and use of time standards, valid workload data, a uniform cost accounting structure and a selective cost and performance reporting system.

WAREHOUSING GROSS PERFORMANCE MEASUREMENT SYSTEM

On February 1, 1965, DSA was assigned responsibility for managing the warehousing gross performance measurement system, in coordination with the military departments and in accordance with instructions provided by the Assistant Secretary of Defense (Installations and Logistics). The Department of Defense Warehousing Gross Performance Measurement Office has been established within DSA to develop, monitor, analyze, and maintain the system. The objective of the system is to provide a uniform method of evaluating the effectiveness of warehouse operations and resource utilization in DOD storage activities.

VALUE ENGINEERING

Elimination of "goldplating" in specifications for commodities managed by DSA continues to make progress. The fiscal year 1967 goal for cost reductions from value engineering analysis actions has