

Appendix VII

ADDITIONAL VIEWS ON PROCUREMENT OF TYPEWRITERS

ROYAL TYPEWRITER COMPANY, INC.,
Washington, D.C., May 23, 1967.

HON. WILLIAM PROXMIRE,
Chairman, Subcommittee, Economy in Government,
G-133 New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This company appreciates the opportunity to present its views on the recent hearings by the Joint Economic Committee (Subcommittee on Economy in Government) primarily addressing our remarks to GSA's position expressed in testimony concerning Cost Reduction by Messrs. Knott and Abersfeller. We refer in this instance to typewriters since the Commissioner of the Federal Supply Service himself used them as an example of the "savings" to be realized by advertised procurement, i.e., bidding.

We are in complete agreement with Cost Reduction in government. Our company has taken significant steps to assure that the government gets "a dollar's value for a dollar spent."

We have—

1. Established quantity discounts;
2. Consented to Consolidated Purchase Agreements with every major agency saving up to 29.8% over the major supplier;
3. Established and maintained a one year warranty on the full product line. Ninety days is offered by our competitors;
4. Established a training budget for technical training of government employees at no cost to the government, in addition to our own heavy training costs;
5. Established a substantial budget for administrative and sales training for our own employees who in turn spend a major portion of their time and effort indoctrinating government employees in maximum utilization of Cost Reduction techniques under presently established criteria;
6. Offered substantial trade-in incentives to government agencies through Federal Supply Service;
7. Continue to make available, at no cost loan typewriters which have been especially helpful to many agencies during recent expansion;
8. Tremendous inventory and distribution costs are being borne by this company in order to maintain local supply, thereby relieving the government of all costs of stocking, warehousing and shipping this equipment; and
9. Heavy expenditure for research and development of products and manufacturing techniques to provide products and services which fully meet current requirements for "identifiable cost savings."

Mr. Chairman, we offer as substantiation of this a full sized, full featured electric typewriter at a price of \$8.50 less than on the Federal Supply Schedule in Fiscal Year 1949-50.

This accomplishment becomes all the more significant when during the same period the cost of living index has risen 38.1% and average weekly wages are up 109% according to the Bureau of Labor Statistics.

In view of the foregoing we cannot agree with testimony submitted by Commissioner Abersfeller that "advertised procurement is the most desirable vehicle for government savings."

By lowering the M.O.L. to an unrealistic level, GSA eliminates the effectiveness of multiple award contracts and deprive agencies of the flexibility needed to meet their complex requirements of office communications.

An analysis of bids for domestic use this year reveals the following: GSA solicited bids on behalf of the Veterans Administration and Post Office Department. Foreign concerns received awards for both of these agencies. As a matter of fact of four bids for domestic use electric typewriters, three were awarded