

	[In millions]					
	Fiscal year 1967		Fiscal year 1968	Fiscal year 1969	Fiscal year 1967-69	
	Goal	Realized	Estimated	Estimated	Total	Goal
Army.....						
Navy.....	\$10	\$16	\$16	\$7	\$39	\$20
Air Force.....	10	15	5	2	22	20
Total.....	20	31	21	9	61	40

B. Savings reported by the Navy and Air Force exceeded their fiscal year 1967 goal by more than 50 percent. However, as in past years, the Army failed to achieve significant savings in this area.

III. Examples

There were more than 30 actions reported in this area during fiscal year 1967, 13 of which produced savings of over \$100,000 each. A few representative examples follow:

A. *Fleet logistics support improvement program (FLSIP)*.—Savings of \$13.3 million were achieved in fiscal year 1967 by a change in the method of calculating initial on-board ship requirements for ships scheduled for conversion. The change, effective in August 1966, resulted from studies and analysis made under the FLSIP.

B. *Phased provisioning*.—Savings of more than \$3.4 million in initial provisioning were achieved by the Air Force through the application of phased provisioning on the C-141 aircraft program. Reductions of varying quantities on 27 selected high-cost items were made without adverse effect on mission support.

C. *Reduction in aircraft engine procurement*.—The Air Force reevaluated the methodology for computing spare engine requirements. As a result, selected factors were changed and a reduction of 11 TF 33-P9 engines, costing approximately \$2.7 million, was made in fiscal year 1967.

I.A.3. SECONDARY ITEMS

I. Scope and objective

A. Secondary items consist of equipment and materiel not included in the scope of area I.A.1. major items of equipment. Secondary items include: (1) Spare components, subsystems and assemblies; (2) repair parts; (3) bulk items and material such as sheet aluminum, welding rods, gasket material, etc.; and (4) minor end items such as furniture, office equipment, shop equipment, etc.

B. The primary objective of this area is to initiate management improvement actions which will reduce the amount of appropriated or revolving funds expended for secondary items. To achieve this objective, actions must be taken to: (1) Decrease the quantity of items procured; or (2) reduce their cost.

II. Goals and accomplishments

A. A summary of savings already realized and those expected to be realized during fiscal year 1968 and fiscal year 1969 from actions taken during fiscal year 1967 is as follows: