

II. Goals and accomplishments

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

[In millions]

	Fiscal year 1967		Fiscal year 1968 estimated	Fiscal year 1969 estimated	Fiscal years 1967-69	
	Goal	Realized			Total	Goal
Army.....	\$1	\$3	-----	-----	\$3	\$1
Navy.....	-----	-----	-----	-----	-----	-----
Air Force.....	1	-----	-----	-----	-----	1
DSA.....	2	-----	-----	-----	-----	2
Total.....	4	3	-----	-----	3	4

B. Savings occur in this area when an item of supply is eliminated from the Federal catalog as the result of a new, improved, or intensified management action. Unfortunately, the actual elimination of the item usually occurs some years after the action is taken and the decision is made to eliminate the item. This is because it is prudent to keep most items in the system as either substitutes for standard items or, in some cases, to fill MAP or other non-DOD requirements, until stocks are depleted. This necessary delay between the decision to eliminate and the actual elimination results in very few item reduction actions which qualify for reporting in an annual-type program. Also, due to the character of the system for funding for the operation of the overall departmental/agency supply systems, of which item reduction is one of many parts, it is very difficult to establish the realized savings effects of qualifying item reduction actions and provide the required documentation. For these reasons, inventory item reduction will not be included as an area for reporting dollar savings in the cost reduction program in fiscal year 1968.

II. BUYING AT THE LOWEST SOUND PRICE

II.A. SHIFT FROM NONCOMPETITIVE TO COMPETITIVE PROCUREMENT

I. Scope and objective

Significant reductions are usually achieved in the cost of end items, spares, and services when they are procured competitively. Therefore, the objective of this area is to encourage maximum competition in procurement of end items, spares, and services.

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[In millions]

	Fiscal year 1967		Fiscal year 1968 estimated	Fiscal year 1969 estimated	Fiscal years 1967-69	
	Goal	Realized			Total	Goal
Army.....	\$10	\$10	\$11	\$17	\$38	\$25
Navy.....	25	3	2	3	8	60
Air Force.....	15	16	7	7	30	35
DSA.....	4	1	1	1	3	10
Total.....	54	30	21	28	79	130