

[In millions]

	Fiscal year 1967		Fiscal year 1968 estimated	Fiscal year 1969 estimated	Fiscal year 1967-69	
	Goal	Realized			Total	Goal
Army.....	\$15	\$22	\$20	\$20	\$62	\$35
Navy.....	14	34	18	24	76	32
Air Force.....	30	69	75	61	205	70
DSA.....	4	10	4	3	17	10
Total.....	63	135	117	108	360	147

(In addition to the above savings, the Defense Atomic Support Agency (DASA) took actions in fiscal year 1967 which produced savings of \$156,109 in this area DASA also reported savings totalling approximately \$92,000 in several of the other cost reduction program areas.)

B. The fiscal year 1967 goal of \$63 milion was exceeded by more than 100 percent. This high rate of achievement is indicative of the aggressive actions taken in the field to produce savings in a broad range of areas. It also appears to indicate a need for a more realistic goal in this area for fiscal year 1968.

C. Operating expense savings achieved by the Defense Supply Agency are now reported in this area. Prior to fiscal year 1967 they were reported as a separate area of the cost reduction program. DSA has been most successful in handling a tremendous increase in workload with a relatively small increase in personnel. Such accomplishments have been possible only through the continuing aggressive management actions taken by DSA personnel.

III. Examples

More than 3,000 individual cost reduction actions were validated in this area during fiscal year 1967. Approximately 125 of these produced savings of over \$100,000 each. Examples of some of the actions taken in this area follow:

A. *Purchase of ADP equipment.*—Over \$2.2 million will be saved by the Army during the period fiscal year 1967-69 through the purchase of eight pieces of ADP equipment which was previously rented.

B. *Change in school courses.*—The Army eliminated duplicate instruction, nonessential and nice to know information and consolidated several blocks of instruction. As a result of these actions, a well-balanced training program and necessary instruction is provided in a 2-week course which previously required 6 weeks. Savings of \$13.8 million will be realized over the next 3 years.

C. *Ship construction economies.*—A longstanding Navy practice on ship construction was changed with resulting savings of more than \$40 million. In the past large ship construction programs have been spread among several of the lowest competitive bidders. This practice was changed and the Navy awarded a single contract to the lowest competitive bidder on tank landing ships and destroyer escorts.

D. *Change in practice for repair of damaged cowls.*—In the past damaged magnesium cowls on Navy TALOS missiles were shipped to a contractor for repair and then returned to the Navy. During fiscal year 1967, the Navy developed a new repair procedure which permits the repair of damaged cowls on the spot at naval weapons stations. Savings of approximately \$177,000 are estimated for the next 3 years.