

revalidation and requisitions outstanding for 90 days or more in the case of domestic users, and 120 days or more for oversea users.

The first application of this new procedure in fiscal year 1967 resulted in canceling unnecessary requests having a dollar value of \$191 million. During fiscal year 1968 to date, 105,000 requisitions have been canceled, with a value of \$266 million. We consider this program to represent a breakthrough, which has been made possible by the proper application of continuous computerized analysis of outstanding requisition.

(b) *Purging of inventory lists.*—A second longstanding problem results from the fact that as old equipments are phased out, supporting parts become inactive but continue to remain on our shelves, needlessly consuming warehouse space and the time of inventory managers. DSA has developed a system of systematically screening inactive items for elimination and as a result dropped from inventory 16 percent of the items which were transferred to its management by the military departments. The residual stocks are substituted wherever possible for other active item requirements, or made available for prompt disposal.

Based on this successful experience, we have inaugurated a DOD-wide inactive item review program which, during the past 2 years, has resulted in screening out over 690,000 items from DOD inventories.

We have concluded that this must be a continuing program and plan to give it increased emphasis during the coming year.

(c) *Intensive management of selected items.*—Early in the Vietnam buildup we established the objective of assuring that our commanders were fully supported with equipment and supplies they needed; but that at the same time we take special action to minimize the generation of excesses. The initial program of intensive management was applied to ammunition requirements by the institution of frequent reports to the Joint Chiefs of Staff and the Secretary of Defense, revealing by item:

- (1) Actual consumption.
- (2) Inventories onhand and intransit.
- (3) Planned production schedules.

As a result, we have been successful in maintaining an optimum balance between production, inventories and consumption. The Army in Vietnam has, for example, recently been able to reduce its fiscal year 1968 ammunition requirements by more than \$50 million. This intensive management technique has now been extended to 284 ammunition, aircraft and equipment items, representing 60 percent of our major equipment procurement program; and it is currently being extended to secondary items having an annual procurement value of \$1 million or more (representing 40–50 percent of annual procurement programs). Worldwide accountability is being installed on these items at the central inventory control points.

A companion step in this program is intensive management of pipeline intransit time (the time required to order, pack, ship and receive). In the Pacific area a reduction of pipeline time of 27 percent (40 days) has been made, permitting a one-time inventory reduction of \$170 million in fiscal year 1968. Further reductions in overseas pipelines will permit budget reductions of over \$65 million in fiscal year 1969.

Fourth: The problem of short shelf life items.