

We believe the interest and concern with inventory controls evidenced by this subcommittee, as well as others in the Congress, is especially important in assuring that a high degree of management attention is focused on this problem. In other words, we believe the Congress and its committees can be a strong motivating factor to the departments to further their efforts in developing solutions.

For the immediate future, we intend to concentrate our efforts on study of the organizational structures, alinement of responsibilities and authority, and numbers and types of personnel involved in inventory management.

We also intend to examine more closely the policies, procedures, and practices used by the military services and DSA relative to the receipt and storage of material, and the processing of related transaction documents affecting the inventory records. In connection with this work, we intend to consider the organizational structure and methods used in commercial enterprises to determine if there are any techniques that may have application to the solution of inventory control problems in the Department of Defense.

Chairman PROXMIRE. Your investigation was made in February of 1965 and June of 1966—18 months ago. The Department of Defense is just getting ready now to do something about it. Is that right?

Mr. STAATS. As indicated here, they had not established the kind of overall study which we felt was necessary until now. They did have a number of things that were in process by the individual services and by DSA. That was their argument for not setting up the overall group at the time we made our report.

Chairman PROXMIRE. Who has been in charge of this in the Secretary of Defense's office?

Mr. STAATS. Until recently, Paul Ignatius, who is now Secretary of the Navy, was in charge. But Assistant Secretary Tom Morris has been moved fairly recently into this responsibility.

Chairman PROXMIRE. I was very much impressed by Mr. Morris. He is a most thoughtful and I know a dedicated man. I know he works 12, 14, and 16 hours a day, 7 days a week. How much experience has he had in this area?

Mr. STAATS. He has had rather considerable experience, going back to the previous administration. He was responsible for working with the Deputy Secretary, Reuben Robertson, in this area, when they were establishing the Defense Supply Agency.

Subsequently, after about a year in the Budget Bureau, he was appointed by Secretary McNamara to the present post that he holds. He served in that post for, I believe, approximately 3 years or 3½ years, and became Assistant Secretary for Manpower.

After the appointment of Mr. Ignatius to the Secretary of the Navy post, Mr. Morris was returned to the present position which he now holds. So he has had rather considerable experience.

Chairman PROXMIRE. He has been in this position for how long?

Mr. STAATS. This is his second tour in this position.

Chairman PROXMIRE. And he has been in this position for how long? When did he take over?

Mr. STAATS. I don't know whether I can give you that.

Mr. WEITZEL. It must have been about August 1967.