

Mr. MORRIS. Quite true.

Mr. ROBACK. So that even though you have the demand in one place and the availability in another, you couldn't necessarily match them.

Mr. MORRIS. I might add one other dimension to what we call intensive management. In the very high category we expect this to be daily review, like the Air Force system for recoverable items. In the high category we expect this to be quarterly review. In the medium and lower categories it may be 6 months to annual review, with deliberate economic order quantity buying of large quantities so that we don't need the intensive review.

Dr. Brooks has just prepared an analysis of the degree to which Army inventory investment is intensively managed, and it might be appropriate to ask if he would comment on this.

Mr. ROBACK. Please do, but I am making the point here that in the intensive management, since it is service-oriented, you don't get the exchangeability that you would require. After all, the purpose of visibility is to redistribute stock as required; isn't it?

Mr. RILEY. That is only one of the purposes.

Mr. ROBACK. One of the purposes.

Mr. MORRIS. Yes.

Mr. ROBACK. And that is an important purpose, to keep from generating undue excesses and to move stock to points of need.

Mr. MORRIS. Probably the most important purpose is to be sure we do not deadline important equipment, that we support the troops.

Mr. ROBACK. Yes.

Mr. MORRIS. That is the reason for the Red Ball service.

Mr. ROBACK. The deadline problem is separate. You have already taken care of that in your special items. We are talking about secondary now; are we not?

Mr. MORRIS. They include the spare parts, \$9 billion of aircraft parts, for example, \$6 billion of other vehicle and end item parts, so two-thirds of our secondary items are in parts.

Mr. ROBACK. Dr. Brooks.

Mr. BROOKS. Just dealing with the problem that you raised of secondary items, Mr. Roback, the Army's total procurement in 1968 of secondary items, and this includes the components and assemblies, the major repairable components of end items, it includes the bits and pieces, spare parts and supplies, our total procurement was \$1.8 billion in 1968.

As the previous Army witnesses have testified, we have toward the end of the fiscal year inserted an intensive management system test for AMC's ownership worldwide of a limited number of these items. The number is about 1,800 at the present time. That is less than one-half of 1 percent of the items that the Army is responsible for.

However, the procurement value of these items in 1968 was \$800 million, so that we are covering with that very small group of items about 44 percent, we figure, of the total procurement value of Army items in that year. This is just a beginning, I should say.

We do plan to extend this coverage, and our goal is to cover in the secondary item area about the total percentage of procurement that we are covering in the principal item area, which is now between 70 and 80 percent. We want to get up to that level.