

Mr. ROBACK. Is this a firm plan now, I mean to develop, to extend this, or are you still testing the first 1,800 items? It was a little unclear in the record whether this was just an experimental effort or whether you are establishing this as an intensive management control system.

Mr. BROOKS. The answer to both questions is, "Yes," Mr. Roback. It is now a test, and yes, we do intend to go further with it.

Mr. ROBACK. Do you have a descriptive paper or memorandum on this that you can submit?

Mr. BROOKS. On the test?

Mr. ROBACK. Yes.

Mr. BROOKS. Yes, sir; we can submit that for the record.

(The information referred to follows:)

On May 1, 1968, the Army initiated the test of an intensive management system to determine the feasibility and worth of Army Materiel Command—AMC—ownership overseas of a limited number of super high dollar value secondary items. The test began on May 1, 1968, and is scheduled to run for approximately 1 year. The stated objectives of the project are:

- a. More responsive, efficient and effective supply support to overseas commands.
- b. Total asset visibility and control.
- c. Improved inventory management.
- d. More precise definition of requirements.
- e. Better budgetary data.
- f. Basis for Department of the Army decision on extension of concept.

The test is being conducted in the two major overseas commands—USAREUR and USARPAC—and AMC. It encompasses only secondary items, excluding principal items entirely. The secondary items selected for this test are both PEMA and stock funded and have been selected from the high-dollar value category based upon operational significance criticality and cost value.

A total of 1,783 items are included in this test, 909 of which are PEMA funded and 874 are stock funded; 1,532 are recoverable items and 251 are expendable; 995 are prime items and 788 are substitute items. The selected items represent less than one-half of 1 percent of the items the Army is responsible for; however, the procurement value of these items in fiscal year 1968 was approximately 44 percent of the total procurement value of Army items in that year.

The scope of the test is currently being expanded to include aviation items in Vietnam. A goal has been established to place under AMC visibility and "control," approximately 70 to 80 percent of the procurement dollars expenditure in the secondary item area. Current plans are to increase the range of items at such time as the AMC-NICP's are capable of assimilating and using the data.

Mr. ROBACK. You mentioned "Red Ball," which is a system designed to keep equipment from being deadlined.

Mr. MORRIS. Yes.

Mr. ROBACK. And we had some discussion with earlier witnesses about it. Now, the Red Ball concept, I am advised, also has been followed by the Red Ball Extended. Have you ever heard of the Red Ball Extended?

Mr. BROOKS. Yes, sir.

Mr. ROBACK. The Red Ball Extended, as I understand it, is designed to anticipate breakdowns and prevent them by ordering equipment when it looks like you are going to need the replacement; is that right?

Mr. BROOKS. That is correct; yes, sir.

Mr. ROBACK. The theory of that would be to decrease the Red Ball requirements?

Mr. BROOKS. That is correct.

Mr. ROBACK. If you order in advance, anticipating, then you won't need so much Red Ball?