

DISTRIBUTION PLANS -- NAVY

14 October 1946

L47-27

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 General and Chief of the Bureau of
 Supplies and Accounts, Navy Department 1

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Distribution Plans -- Navy.

14 October 1946

CAPTAIN WORTHINGTON:

Gentlemen, this morning we are particularly fortunate in having Rear Admiral W.A. Buck with us. Admiral Buck was graduated from Kansas State College of Agriculture and Applied Science in 1913, with the degree of Bachelor of Science. He received the degree of Master of Science from that college in 1916. He was commissioned an assistant paymaster with the rank of ensign in the Supply Corps, U.S. Navy, on 30 July 1917 and was promoted through the various grades to Rear Admiral on 31 March 1943. He is a graduate of the Army Industrial College, class of 1933, and until 1936 served as an instructor at that school. Therefore, he is no stranger to this institution.

On 7 December 1941, when the Japanese attacked Pearl Harbor, Admiral Buck was serving as Force Supply Officer on the staff of Vice Admiral Arthur L. Bristol, Commander, Support Forces, Atlantic Fleet, USS PRAIRIE flagship; and for his services in that assignment he was awarded the Legion of Merit.

On 30 July 1946 he was nominated by the Senate of the United States "to be Paymaster General and Chief of the Bureau of Supplies and Accounts in the Department of the Navy, with the rank of Rear Admiral, for a term of four years." That nomination was confirmed by the Senate on 1 August 1946. He assumed this duty on 1 October 1946.

His subject is: Distribution Plans -- Navy. I take great pleasure in introducing Admiral W.A. Buck.

ADMIRAL BUCK:

Thank you, Captain.

Members of the class and guests: It is a pleasure to appear again at this College, although I must admit, I don't enjoy public speaking.

ORIENTATION

I interpret my assignment this morning, "Distribution Plans of the Navy," to require an explanation of the Navy's procedural and operational plans for the delivery of needed materials at the point of need. In Navy Department language this subject is commonly called the Navy Supply System, and I probably shall use these latter terms frequently throughout my talk.

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Procurement, that is the purchase or contract operation, will not be included as a part of my discussion this morning except that it be mentioned when necessary to the explanation of some phase of the supply operation. I understand that Navy procurement is to be covered in a later lecture here at the college.

Nothing that I say will apply with respect to ammunition and explosives. These materials are handled through a special supply system, and in general the supply operation for these items neither overlaps nor parallels the system I will discuss. The governing principles of control are, of course, as applicable with respect to ammunition and explosives as for other categories of material, and they are observed.

The material distribution system of the Marine Corps is also excluded from my coverage. Again this should not be understood as meaning that the plans and procedures of that part of the Navy are radically different from those obtaining throughout other branches. The Marine Corps is maintained as an autonomous organizational unit, self-sufficient to a considerable degree, although dependent to some extent on the principal material supply system of the Navy and the War Department. An adequate treatment of this phase of the subject would complicate my talk needlessly. Neither will I discuss the problems of freight transportation - shipment, except to note that shipment is a primary element in a supply system. I exclude it for the reason that the management of this phase is a major subject in itself. Another exclusion I have made is that covering fuel. This latter because of time limitation.

Even with these topics omitted I find my subject a large one, too large in its many details and complexities for more than a quite generalized treatment in the time at our disposal. I should warn you, therefore, that almost any statement I may make is subject to exception.

I note that my subject is "Plans." I can not at this time present to you a concrete and final plan for the Navy's supply system that bears the approval of the Navy Department. A number of officers within the Department have been studying our recent war experience for some time, and these studies are continuing currently. We have not as yet adopted a plan which embodies the lessons of the war. I can only, therefore, present a personal analysis of the supply problem and indicate what now appears to me to be the probable solution. It is freely admitted that the supply operation as it developed for the Navy during the war was quite different from any system contemplated prior to the war.

I do not feel that any apology need be made for the war time operation of supply. More than any other thing in time of war, it is results that count rather than economy or complete observance of business-like routine. What was done in matters of supply within the Navy during the war may be criticized in many particulars, but we may be very proud of the fact that the largest naval force of all time was well and adequately supplied. The fact that we were able to do this is a credit to the Navy and to the War Department.

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ly supported in active operations that were world wide. This accomplishment is all the more commendable when we consider the tremendous expansion that took place in personnel and materiel. We did have numerous problems of material supply that had never been imagined or planned before, and we handled many of them by improvisation. Our real task now is to study that war experience and develop from it a plan for material supply that will support the operating forces adequately and yet keep the demands on the country's economic strength at a minimum.

If I may digress a moment, I would like to congratulate the faculty and student body of this college on the opportunity now afforded you to perform an important part - I should say a pre-eminent role - in this most necessary work. Those of us on duty in operating assignments have far too little time to sit aside from the daily routine to appraise or judge our work as a part of the whole and plan carefully and thoroughly for the future. You have that opportunity here for at least the period of the college course. May I urge strongly that you not concentrate your interests entirely on the problems of procurement and industrial mobilization. I know they are many and complex, but proper organization and procedure within the material distribution system is also an absolute essential and needs attention.

BASIC FACTORS

Returning now to my subject, as I view it, a material distribution system, after the elimination of the exceptions I have made, comprises two principal elements. Those are:

First: A physical plant. I mean by this term the depots and other storage facilities where the material in the system is received and warehoused and from which it is delivered for use. Exhibit (B).

Second: A system and procedure for inventory control to assure knowledge of inventory and requirements so that stocks may be controlled as to quantity and distribution and procurement can be initiated to exactly meet requirements. Exhibit (C).

Perhaps I should add a third element - the stock of material itself, but I have chosen somewhat arbitrarily to organize my talk this morning around these two elements alone.

I believe I should next bring to your attention certain basic factors that have a major influence on the material distribution plans of the Navy.

As the first of these I list the great importance of highly special and technical equipment in modern naval operations. This fact makes it

necessary that the Navy's supply system handle a tremendous variety of special technical material, not only as primary items of equipment but as spare parts. The complexity of the material distribution operation and the wide range of material to be handled is illustrated by the table that has been distributed to you, marked Exhibit A. You will find in that table that the Navy's material requirements are grouped in 18 principal types totaling at present approximately 2,400,000 individual items. This table presents the picture as of recent date, and we hope that we may find it possible through certain inventory control operations that I will discuss later to effect a radical reduction in the number of items now shown. It is of interest to note that there is but one type of material of 75,000 items included on the table under the caption "General

Stores," which represents standard common items of general use throughout the Navy within the field of responsibility of all of the Navy's material bureaus. Aside from this one type, all of the categories of material listed are special and the number of items listed are presumed to be peculiar to the need and responsibility of the material bureau with primary cognizance.

As a second basic factor of primary importance in the development of a supply system, I would list consideration of the various points of need that must be served. In my introductory statement I said that I would cover the procedural and operational plans to provide needed materials at the points of need instead of for the operating forces. This wording was by design. I do not wish to imply that the Navy's supply system is not designed to supply the needs of the operating forces, but I wish to emphasize that there is another considerable requirement which must also be served. The Navy maintains and operates a large industrial establishment for the manufacture, repair and overhaul of its materiel. This industrial establishment comprises many units such as shipyards, repair bases, naval ordnance plants and air stations in the continental United States. We also have similar activities outside the continental limits, and we may expect that in time of war we shall have to establish advanced bases to perform repair and overhaul as the needs of the operating theaters dictate. So in our system or in our plans for war time we must include the material requirements of these activities as well as the direct material requirements of the operating forces. I should mention also the fact that we often find it necessary for one reason or another in time of war, and to some extent in time of peace, to supply material to civilian manufacturers in order that we may obtain needed production from them.

Another basic factor, the third for consideration in the design of the supply system, is the size of stock to be maintained. I note from your schedule that you have had a discussion of the determination requirements at an earlier date. I shall not analyze this factor in detail here, but merely wish to point out: First, that there are numerous factors to be evaluated in any determinations as to the size of stock; and Second, that the problem of distribution and control are

further complicated as the amount of material to be maintained in the supply system is increased. It is commonly considered that for military requirements we must maintain in stock ready for issue the quantity of material that will suffice to cover our working needs, at least during the length of time necessary for procurement of the items from commercial sources. By procurement time we mean the total length of time necessary to secure delivery at the point of need. Furthermore, since emergencies come without warning, it is highly desirable that we have a reserve of material that will meet remobilization requirements. In addition to this it is essential that we have, within our peace time supply system, stocks of material sufficiently in excess of these two needs to fill an expanded distribution system or pipe line. In view of the fact that the early days of war will probably require an extension of the physical plant to theaters of operation not served in time of peace, this material readiness factor is of considerable importance.

Currently, the question of the size of maintenance of stock is complicated by our ownership of a considerable quantity of special material that is peculiar to Navy needs left over from the war. The proper decision as to the quantities of these items to be retained is not an easy one. In making such a decision we must evaluate costs of storage and preservation as against probable obsolescence factors, possible realization value if sold, and the probable war time procurement lead time. Another very important influence on any decision on size of stock to be maintained is, of course, the financial one. This phase of the problem is so important, especially so at the present time, that I chose to consider it separately as another basic factor governing the material distribution plan.

As a fourth basic factor influencing the structure of the Navy's supply system, I list the Navy Department organization itself. You have studied the organization of the Department previously and have learned that primary responsibility for the provision of necessary materials is divided among each of the several Navy Department bureaus. I do not think it necessary here to list the categories and types of materials for which each bureau carries this primary responsibility, but it is necessary to point out that the responsibility of an individual bureau is derived from Article 393(8) of Navy Regulations which states as follows:

"Each bureau shall determine upon and require for or have manufactured all material, apparatus, tools, stores, fuel, transportation, office supplies, and appliances of every kind needed in carrying out its duties as hereinafter defined. Each bureau shall be charged with the preservation of public property under its cognizance."

Furthermore Article 393(11) assigns the following duty to each bureau:

"Each bureau shall estimate for and defray from its own funds the cost necessary to carry out its duties as hereinafter defined."

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It is significant to note in connection with our study that the provisions of the quoted regulations do not charge the individual bureaus with responsibility for the delivery at the point of need of the material over which it has primary cognizance.

Before the war our material requirements were not so extensive as to variety and quantity, and the Navy under these conditions had developed a supply system which would, with some exceptions, assign the responsibility for storage and distribution of material to one bureau, the Bureau of Supplies and Accounts. This Bureau in this respect was responsible for the supply function for all Navy material. It is important to note the distinction implied as to responsibilities for various phases of the over-all operation of procurement, distribution and issue of material. Each bureau under the quoted regulations exercised the functions classified as technical, that is they determined requirements both as to quantity and specification. They provided funds to finance their procurement or they arranged for their manufacture. At this point a single bureau stepped in and performed the supply functions of procurement, distribution, storage and issue for all material requirements, the principal exceptions to this being with respect to medical supplies and equipment and ammunition.

Under the stress of war conditions and the very considerable expansion in material previously noted, the individual bureaus developed a much stronger feeling of complete responsibility covering supply, as well as technical phases. As a result of the war the pre-war system underwent considerable change and at the end of hostilities we did not have a single supply system but had many systems each handling a special category of material, each system controlled directly and financed completely by the material bureau with technical cognizance. It cannot be said, of course, that the methods and procedures used did not work, for the war was won. Neither can it be said that the methods used possessed no advantages, particularly when appraised from the point of view of the technical bureau or the group or division within the bureau having cognizance of the special type of material. However, there were many weaknesses and disadvantages in the systems and in the types of operations developed. Current thinking in the Navy Department seems to favor the development again of a supply operating procedure which integrates material distribution into a single system with the operating responsibility lodged in the Bureau of Supplies and Accounts.

I have previously mentioned the matter of financing, and I list it now as the fifth basic factor influencing the development of a supply system. In this respect the Navy now uses two financing methods. One involving the use of a revolving fund; the other an investment of current appropriations in material to be held in store for future needs.

Returning to Exhibit A, it will be noted that the first type of material listed is described as "General Stores" and that in this category of material there are some 75,000 items. The material in this category is

financed by a revolving fund known as the Naval Stock Fund. Some other types of material listed on Exhibit A, namely, fresh and dry provisions, special clothing, ship's store items, fuel, and athletic and welfare material are also financed from this fund for initial procurement and maintenance in store while awaiting issue. Clothing and small stores items are similarly financed from a revolving fund known as the Clothing and Small Stores Fund.

Since the use of this financial method is, so far as I know, unique to the Navy and further because it has numerous operating advantages, I think it desirable to explain the operation in some detail. Basically these funds constitute an appropriation to Navy use of a sum of money, which money may be expended for the procurement of stocks of material. This material having been procured, its cost is charged to the fund and the material is taken up in the Naval Stock Account for stores accounting purposes. The material on issue is charged to the appropriate one of the current operating or construction appropriations available to the Navy, and at that time, the time of such use, the balance available in the operating appropriation is reduced and the fund is credited in like amount. The money then becomes available in the fund again to finance another purchase of material for store. To the extent of availability of money in the Naval Stock Fund, it permits contracting for material to meet future needs without regard to availability of annual appropriations. It permits consolidated purchase and stocking of materials that are common to the requirements of more than one bureau. Insofar as the individual bureaus are concerned, availability of material in this Naval Stock Account facilitates their budgetary and fiscal control since they, in their current annual appropriations, need only provide money for material to meet actual use rather than to finance stock which may or may not be used during the period of availability of the appropriation. From an administrative standpoint there are certain difficult problems related to such an operation. It is most difficult to control procurements of material so that there will not be losses to the fund by obsolescence or because of the purchase of quantities that are not drawn from stock. However, the method is business-like in that it requires an operating statement and balance sheet type of accounting for material which focuses attention on any losses. Prevailing opinion in the Navy Department appears at this time to favor the expansion of the use of this financing plan to other categories of material than those listed. The fund at present has a monetary balance on the books of the Treasury of approximately \$350,000,000, and there is an inventory of material in the Naval Stock Account financed from the fund of approximately \$1,300,000,000. About \$300,000,000 of this has been declared surplus but is still retained in the account pending disposal.

All of the other types of materials listed in Exhibit A are financed directly from an operating appropriation of the bureau having primary cognizance of the material. For stores accounting purposes this material is carried in what the Navy calls the Appropriation Purchases Account.

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The money value at present is approximately \$10,000,000,000, and this is expected to increase as the Navy refines its stores account and inventory in the postwar period.

This concludes my list of major factors and brings me to the next topic, namely, a discussion of the two principal elements of the Navy material distribution plan. These two elements I have previously listed as; first, the physical plant or facilities, and second, the inventory control systems.

PHYSICAL PLANTS

Exhibit B presents in summary form a picture of what I have called the physical plant of the Navy's supply system. It is descriptive of that plant as of current date, and in general it represents the facilities we had at the end of the war although we have been able to dispose of, as surplus to our needs, a small number of storage facilities. The general plan under which these facilities have been developed is indicated to a certain degree by the classifications that have been used on the first sheet.

First we have as the central nucleus of the supply system, the inland supply depots in the continental United States. These, it will be noted, represent approximately 20 percent of the storage capacity, and in general their mission is that indicated by the fact that they constitute the nucleus or back bone. Next we have the coastal supply depots which contain about 31 percent of the total storage capacity. In general the mission of these depots is to supply fleet and off shore requirements although they also have the mission of supplying other naval activities in the immediate vicinity. Next come the off shore supply depots and supply centers which, at present, account for 8 percent of the total capacity. Their mission is that of supply to the fleet units and naval activities within the area. These three categories of supply depots and centers comprise almost 60 percent of the total storage capacity and are under the direct cognizance of the Bureau of Supplies and Accounts and are the principal field facilities available to that bureau for the discharge of its responsibilities with respect to Navy supply.

In order to complete the picture the Exhibit lists also the storage capacities of the shipyards, air stations and other activities having in excess of 2,000 gross square feet of storage. Since the shipyards are coastal activities, this shipyard storage capacity has certain fleet and dependent activities supply responsibilities in addition to its primary mission, supply for the shipyard. It will be noted that the shipyard capacity is approximately the same as that of the inland supply depots and that it is the largest category except for the coastal and inland depots. Under current naval organization shipyards are administratively under the Bureau of Ships. However, the storage operation of those yards is a technical responsibility of the Bureau of Supplies and Accounts, and

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to a considerable extent that bureau utilizes the shipyard storage capacity for other purposes than support of the yards themselves.

The distribution of material that obtains currently is far from satisfactory for future operations particularly with respect to the distribution among the inland and coastal depots. The reason for this is that during the war material often had to be sent to the point where storage capacity was available rather than in accordance with an overall carefully thought out plan of distribution designed to accomplish the maximum economy both from the standpoint of investment in material and cost of shipment to points of need. The Bureau of Supplies and Accounts is currently making an extensive analysis of this problem with a view at least of having a plan for eventual distribution which may be accomplished if money is available for the rather expensive operation of redistribution.

The Exhibit lists in general terms the missions of the various activities, but I do not believe that I need go further into this subject now. I do wish to point out that there is an important element of the required physical plant not listed in the exhibit.

This element is the floating facilities comprising stores ships and tenders, stores issue barges, and the storage capacities of the combatant types of ships themselves. This element is most important and it was the development of a high degree of efficiency in material distribution to operating forces by these means that permitted our fleets and aircraft to operate with the requisite mobility during the war. Experience proved during the latter months of the war that it was much more advantageous in many instances to move stores ships and stores issue ships forward to new island bases as they were captured rather than to attempt to establish material supply facilities ashore. The development of supply at sea while underway was also brought to a high degree of proficiency. It is to be hoped that the types of vessels and the procedures essential to this mobile support will be retained and further developed in time of peace. It is feared, however, that stringent economy and reduction of funds will result in severe curtailment or complete elimination of this type of operation. We shall at least retain a record and plans for operation in this essential of a supply system.

INVENTORY CONTROL

Let us turn our attention now to the problems of inventory control. In the days before World War II, the Navy largely contented itself with stocking supplies as distinguished from equipment or repair parts. Even as regards large categories of materials which might be classified as supplies, the Navy depended on the ready availability of materials in civilian warehouses rather than maintaining its own stockpiles. The range of items required by the Navy was relatively small in comparison with today's needs. Most of the items required by the prewar Navy were contained in the Federal Standard Stock Catalog.

With the advent of the National Emergency and the quickening of the construction program, and subsequently, the War, Navy requirements for supplies all kinds so hugely increased as to variety and quantity and so multiplied as to points of required delivery that dependence could no longer be placed upon supplies maintained in the hands of the dealers. In order to insure prompt and adequate supply, the Navy had to stock the great bulk of its multitudinous requirements. Further, with the rapidly expanding shore establishment and fleet, the quantities of equipment required were so huge as to necessitate stocking of numerous items of equipment. With the increase in the numbers and types of equipment required to support the naval establishment, it was necessary to shift to a policy of stocking large quantities of repair parts for the thousands of different types of equipment in use by the Navy. The introduction of repair parts into the Navy Supply System immensely expanded the number of items in the System. Itemwise, it is estimated that repair parts account for 75% of the items in the Navy Supply System.

As a result of the introduction of new equipments and their repair parts into the Navy Supply System under the pressure of War, there, of necessity, developed numerous systems of distribution and control. Some in the Navy fully realized that this was not desirable, but it was not until 1944 that it was possible to make a determined effort to correct the evils which had developed during this period of pressure. Since that time, the Navy has continuously striven to develop adequate systems of control. Progress has been made and plans for an effective system of control are now partially complete. These plans, part of them already approved and promulgated, provide for dividing the Navy's material into seventeen categories, each category to be controlled by a Supply Demand Control Point. (Exhibit (A)). Plans are, at the moment, under study which will provide for the greatest possible integration of these systems into a standard and unified system.

This is the historical background of the Navy's present day Inventory Control Problem. Its final solution will require continuous study and implementation.

Before material can be controlled, it must be identified, classified, assigned a standard name, assigned a standard stock number - all of which information must be promulgated by means of a catalog to the lowest user's level for any given type of material.

In a country of free enterprise and intense competition such as ours, the burden of cataloging falls of necessity upon the user. To assure parts sales and to gain certain information needed by themselves, difference manufacturers assign different identifying numbers to the same components of a similar or identical product. Even within the same company, parts which make up a new model of the equipment which that company produces will be given a new series of identifying numbers despite the fact that in many cases, 95% of the parts used are the name as were used in the earlier

model. This situation, of course, presents a difficult problem in identification, insofar as control of Navy stocks is concerned. The Navy, therefore, for good Inventory Control, must not only identify any given item, but must also ascertain how many identical items are used in other applications.

This problem is being solved by a technique of cataloging which we call top-down analysis. By this system of top-down analysis, similar types of material are broken down into all of their basic components. By means of standard description patterns similar types of items in one group are compared with those of other groups to determine which items are identical and which are interchangeable. That this system is effective is attested to by the fact that (1) 225,500 different stock and reference numbers assigned to anti-friction bearings were reduced to 4,200. These examples, of which there are many, are indeed astounding. They are significant to the extent that they show us how non-standardized American industry is, and how expensive it is to stock identical items under different stocknumbers, thereby necessitating more purchase orders, more shipping orders, more stock cards, more total stock and more warehouse space. Each of these operations, of course, calls for the employment of personnel who are needed elsewhere. Worst of all, it actually meant that during the war, machines on the fighting front were demobilized for lack of parts which were actually in stock but were not recognized as the part being requisitioned since it was carried under a different manufacturer's number.

It can truthfully be said that cataloging is the very crux of Stock Control. Control can never be attained until everyone speaks the same language and understands each other. After attaining a common language, it is then possible to attain Navy-wide control - real Inventory Control, where stocks can be regulated to meet actual requirements, where duplicate items will not be stocked in different bins because they have been assigned different numbers. This is the objective, and real progress has been made toward its attainment.

Control is effected through what we call a Supply Demand Control Point. Exhibit (A). The basic objective of a Supply Demand Control Point is to assure a proper balance between the supply of, and the demand for the individual items which it controls. By summarizing periodic Stock Status Reports received from directly supplied activities, the Supply Demand Control Point can, after making adjustments for future Navy Plans, correctly direct procurement, redistribution, or disposal.

The Navy plans to control material through seventeen of these Supply Demand Control Points. The number is determined by categories of material such as electronics, general stores, aviation spares, ships repair parts, etc. The actual adjustment of Supply to Demand is accomplished by what we term a Supply Demand Review.

These Reviews normally are made on a three months basis; however,

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the interval between successive scheduled Supply Demand Reviews is longer for the types of material which are not repetitive in issue but are held primarily for insurance purposes. The components of the information required to make a Supply Demand Review are obtained from two sources - from the Stock Status Report, which is rendered quarterly by the actual stocking activities to the Supply Demand Control Point, and by the operating plans furnished the Supply Demand Control Point by the Navy Department.

The operating plans furnished by the Navy Department provide operating and planning information, such as how many aircraft and how many ships will be operated, how many additional ships will be built, how many new bases will be established, etc. With all of this information available, the Control Point is able to accurately compute Supply and estimate Demand.

This system of Control permits maintaining a minimum physical inventory at stocking activities. It prevents duplication, provides interchangeability, abolishes a country store type of business, and saves the Government millions of dollars in peacetime, and billions of dollars in wartime. As an example of such savings, the Aviation Supply Office (a Supply Demand Control Point) made its preliminary efforts in cataloging in 1944. As a result of this initial effort in cataloging, which perforce provided interchangeability, action was taken which resulted in a direct saving of more than \$275,000,000 as follows: (a) Terminated \$175,000,000 from open engine parts contracts, (b) Reduced initial spare parts procurement from an authorized \$300,000,000 to \$200,000,000, or a reduction of \$100,000,000, (c) Recommended disposition by sale of 10,000 obsolete parts and 5,000 surplus parts, (d) Established a cannibalization program which stopped procurement of large dollar value parts; (e) Corrected maldistribution. While the number of combat engines increased to meet the increased plane production from July 1943 to January 1945 by approximately 58%, the number of requests for items decreased by approximately 88%.

An estimate of savings for a new Supply Demand Control Point, activated within the last eight months, shows that a net savings of over \$18,000,000 will be realized in the next five years. To date only one-seventh of the first Stock Status Report has been received by the Supply Demand Control Point from the stocking activities and a savings of \$339,510 has already accrued.

There is no way to determine precisely the savings on such things as the reduction of anti-friction bearings from 225,500 to 8,500 as previously stated. It is, however, known that the saving will be very substantial as a lesser number of bins, a reduced amount of storage space, reduced stock records, reduced typing invoices and shipment papers, etc., result.

The Navy learned much about Inventory Control during the war. Techniques of cataloging, which permit the maximum knowledge of interchangeability and standardization, have been developed. Use of description

patterns for initial classification and reduction of the number of items needed is in a high state of perfection. Standards of performance to determine what a Supply demand Control Point can and cannot do efficiently and at a savings are under continuous development and review. With these and other tools too numerous to mention at this time, the Navy intends to complete its program and to maintain a Materials Control System that will be fully effective and permit immediate expansion in time of national emergency.

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Type of Material on Exhibit A-1,250,000 Items

Exhibit "C" is an attempt to chart for you the various elements of an inventory control system using the present plan of the ships parts, (hull machinery and internal combustion Engine Spares) control as an example typical of the seventeen systems planned or in being. Explain chart.

A most important phase of the control operation is that of elimination of duplication of items in the various systems. Accomplishments in this field are the responsibility of the Navy Inventory Control Office in the Office of the Assistant Secretary. The accomplishments to date are not large when related to the possibilities. This is due to the fact that the first essential of control - proper cataloging is not complete.

CONCLUSION

I have in fact, but scratched the surface of my most important subject. The work entailed in the development of a proper system with adequate facilities and systems of control is dull and prosaic and impossible to glamorize. We are cognizant of its importance and hopeful that we may be able to develop our supply system so that it will be ready if war should come our way again.

(5 Nov. 1946 — 350)L.

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EXHIBIT "A"
 PRINCIPAL CLASSES OF MATERIAL IN THE
 NAVY DISTRIBUTION
 SYSTEM

Approximate Number of Items	Name	CONTROL OFFICE	
		Location	Bureau Cognizance
Total	BuSandA	Washington, D.C.	BuSandA
Miscellaneous unclassified	Naval Supply Depot	Scotia, New York	BuSandA
Subtotal	BuSandA	Washington, D.C.	BuSandA
Athletic & Welfare Mater	BuSandA	Washington, D.C.	BuSandA
and Equipment	Ships Store Office	New York, New York	BuSandA
Medical Surgical & Dental	BuSandA	Washington, D.C.	BuSandA
Yards & Docks Spare Parts	Ships Parts Control Center, NSD	Mechanicsburg, Pa.	BuShips-BuSandA
Aeronautical Materials	BuShips	Washington, D.C.	BuShips
Type of Material	Submarine Supply Office	Philadelphia, Pa.	BuShips-BuSandA
	Naval Shipyard	New York, New York	BuShips
	Naval Shipyard	New York, New York	BuShips
	BuShips	Washington, D.C.	BuShips
	Electronic Control Center, NSD	Bayonne, N.J.	BuShips-BuSandA
	Ordnance Stock Office, Naval Gun Factory	Washington, D.C.	BuOrd-BuSandA

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EXHIBIT "A"

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PRINCIPAL CLASSES OF MATERIAL IN THE
NAVY DISTRIBUTION
SYSTEM

	Approximate Number of Items	Name	CONTROL OFFICE Location	Bureau Cognizance
	450,000	Aviation Supply Office	Philadelphia, Pa.	BuAer-BuSandA
ss	130,000	Advance Base Depot	Hueneme, California	BuDocks
al Supplies at	5,000	Material Division BuMed	Brooklyn New York	BuMed
erial	7,000	Ships Store Office	New York, New York	BuSandA
	<hr/> 2,378,552			
ified items	<hr/> 21,273			
	2,399,825			

U. S. NAVY COVERED STORAGE SPACE AT SHORE
ACTIVITIES HAVING 200,000 GROSS SQ. FT. OR MORE STORAGE

Inland Supply Depots, Continental U.S.	24,036,000
Coastal Supply Depots, Continental U.S.	38,854,000
Naval Supply Centers and Depots, Outside Continental U.S.	10,577,000
Naval Shipyards, Continental U.S.	24,118,000
Naval Air Station, Continental U.S.	10,726,000
Other Large Activities, Continental U.S.	12,964,000
Other Large Activities, Outside Continental U.S.	<u>3,807,000</u>
TOTAL COVERED STORAGE AT LARGE NAVAL ACTIVITIES	125,082,000 sq. ft.

INLAND SUPPLY DEPOTS, CONTINENTAL U.S.

<u>Station</u>	<u>Mission</u>	<u>Gross Sq. Ft.</u>
NSD Scotia	Bulk storage of GSK, C&SS, Ships Store Stock, Dry Provisions, Landing Craft Spares, Electronics, ICE Spares, Hull and Machinery Spares, Equipment for Naval Reserve Armories, Automotive and Material Handling Spares; Overall control and retail distribution of automotive and material handling equipment spares.	3,120,000
NSD Mechanicsburg	Global Control and Distribution Center for Ships Spares; Also bulk storage of GSK, C&SS, Dry Provisions, Machine Tools, Medical Supplies and Equipment, General Ordnance Spares and Automotive Equipment, Equipment for Naval Reserve Armories, Storehouse Aeronautical Material and Aviation Ordnance, Budcocks spares for equipment, Automotive and Mechanical Handling Equipment Spares, and Electronics.	7,938,000
NASD Philadelphia	Houses Aviation Supply Office, which controls procurement, distribution and storage of aviation materials; bulk storage of Aviation Materials; distribution of items to certain major points and few local activities.	1,279,000
NSD Clearfield	Bulk Storage of GSK, C&SS, Ships Store Stock, Dry Provisions, Landing Craft Spares, Electronics, ICE Spares, Hull and Machinery Spares, Medical Supplies and Equipment, General Ordnance Spares and Automotive Equipment, Athletic and Recreational Gear, Equipment for Naval Reserve Armories, Aviation Spares including Engines and Aviation Ordnance; Retail distribution of ships spares as directed by SPCC Mechanicsburg.	8,619,000
NSD Spokane	Bulk Storage of GSK, C&SS, Landing Craft Spares, Electronics ICE Spares, Hull and Machinery Spares, Medical Supplies and Equipment, General Ordnance Spares and Automotive Equipment.	3,080,000
TOTAL AT INLAND SUPPLY DEPOTS		24,036,000

COASTAL SUPPLY DEPOTS, CONTINENTAL U.S.

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<u>Station</u>	<u>Mission</u>	<u>Gross Sq. Ft.</u>
NSD Newport, including Davisville Annex	General Supply, less technical items, to Fleet Units; Support local activities east side Narragansett Bay.	1,216,000
NSD Bayonne	General Supply to Fleet Units, to Atlantic Ocean Area, and to Local Shore Activities; Transshipment Point for Overseas Cargo; Electronic Control Center; East Coast Ordnance Primary.	4,103,000
NCD Brooklyn	Manufacture, storage, and distribution of items of Uniform Clothing.	1,988,000
NSD Norfolk, including Cheatham Annex	General Supply, less ships' parts and electronics, to Fleet Units and to 6th, 7th, 8th, and 15th Naval Districts; Transshipment for overseas cargo.	6,869,000
NASD Norfolk, including South Annex	Supply aeronautical material to Fleet Units and indicated aviation shore activities.	2,369,000
NSD San Diego	Supply, less technical items, to Fleet Units and local shore activities.	1,855,000
NSD San Pedro, including Torrance Annex	General supply, less technical items, to Fleet Units and local shore activities.	1,949,000
ABD Pt. Hueneme	Storage and shipment of materials and equipment for con- struction and maintenance of advanced bases.	2,109,000
NSD Oakland, including Stockton Annex and Pt. Molate annex	General supply, less ships' parts and medical supplies, to Fleet, Pacific Ocean Area, and local activities; transshipment point for overseas cargo.	12,891,000
NSD Seattle, including Tacoma An.	General supply, less technical items, to Fleet, Alaska, and local activities.	3,505,000
	TOTAL COASTAL SUPPLY DEPOTS	38,854,000

RESTRICTED

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RESTRICTED

NAVAL SUPPLY CENTERS AND NAVAL SUPPLY DEPOTS OUTSIDE CONTINENTAL U.S.

Pa

<u>Station</u>	<u>Mission</u>	<u>Gross Sq. Ft.</u>
NSD Trinidad, B.W.I.	Limited general Fleet Supply, less technical items	602,0000
NSD Guantanamo Bay, Cuba	Limited general Fleet Supply, less technical items	217,000
NSD Balboa, C.Z.	Limited general Fleet Supply, less technical items	522,000
NSC, Pearl Harbor, TH	General Supply, including all technical items, to Fleet and Central Pacific Ocean Area.	6,077,000
NSC Guam-Saipan	General Supply, including all technical items, to Fleet and Western Pacific Ocean Area.	<u>3,159,000</u>
TOTAL NSC's AND NSD's OUTSIDE CONTINENTAL U.S.		10,577,000

LARGE SUPPLY ACTIVITIES OTHER THAN DEPOTS

Naval Shipyards, Continental U.S.	Supply Department supports shipbuilding and ship repair activities of the Industrial Department of the local Yard. Retail supply of technical items to vessels.	24,118,000
Air Stations, Continental U.S.	Supply Aviation and other stores for local consumption. Larger stations are indicated as distribution points for smaller air stations.	10,726,000
Other Large Naval Activities, Cont. U.S.		12,964,000
Other Large Naval Activities, Outside Continental U.S.		3,807,000

EXHIBIT "C"
 CONTROL ORGANIZATION OF SHIPS PARTS
 (less submarines)

SHIPS PARTS CONTROL CENTER,
 NAVAL SUPPLY DEPOT, MECHANICSBURG, PA.

al Supply Depot Mechanicsburg, Pa.	Ships Parts Distribution Center, NSD, Clearfield Utah	Ships Parts Distribution Center, Adak, Alaska	Ships Parts Branch, Naval Supply Center, Pearl Harbor, T.H.	Ships Parts Branch, Naval Supply Center, Guam, M.I.
al Shipyard, Boston	Naval Shipyard Bremerton, Wash.	Minor Repair Activities in Alaska- Aleutian Area	Naval Shipyard Pearl Harbor	Naval Repair Base, Guam
al Shipyard, New York	Naval Shipyard, Mare Island, Calif.	Tenders and Repair Ships, Alaskan Area	Pacific Fleet Service Divisions in Eastern Pacific	Naval Repair Base, Saipan
al Shipyard, Philadelphia, Pa.	Naval Shipyard, San Francisco			Naval Repair Base, Manacani, P.I.
Shipyard, Folk	Naval Shipyard Terminal Island			Industrial Dept., Naval Station, Subic, P.I.
Shipyard, Boston	Industrial Dept. Naval Station, San Diego			Pacific Fleet Service Division in Western Pacific
Repair Base Orleans	Naval Landing Force Equipment Depot, San Diego			
ers and Repair Ships Antic Fleet				

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