

SUPPLY MANAGEMENT

28 November 1950

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Rear Admiral Morton L. Ring, SC, USN, was born in Athens, New York, in 1894. He graduated from the U.S. Naval Academy in 1915 and resigned a few weeks after graduation, but in 1916 re-entered the naval service as an Ensign in the Supply Corps. He was promoted through the grades to Rear Admiral, which rank he has held since 1943. Early in his career he was assigned disbursing and supply duties in various naval ships and with the Marine Corps Expeditionary Force in Santo Domingo where he eventually became officer-in-charge of the Department of Finance and Commerce with additional duty as aide on the staff of the Military Governor. He also served as assistant to the officer-in-charge of the Navy Supply Officers School in Washington and on a special assignment at the Naval Observatory, Washington, D. C. In 1930 he completed the course at the Army Industrial College and then served on the staff of the college until 1933. Later assignments included duty as supply officer of the battleship Idaho; duty at the Supply Depot, Naval Operating Base, Norfolk; and in the Bureau of Supplies and Accounts where he became head of the Purchase Division. In 1943 he saw duty as supply officer, Thirteenth Naval District and in 1944, as a rear admiral he joined the staff of the commander-in-chief, Pacific Fleet where he was charged with preparing and implementing over-all plans and schedules for supplying the combined Army, Navy, and Marine Corps forces during the Caroline Island, Iwo, and Ryukyu campaigns. In 1946 he was ordered to duty in the Material Division, Office of the Assistant Secretary of the Navy and in September of 1947, he became vice-chief of Naval Material. In October 1949 he assumed the duties of Director of Supply Management of the Munitions Board, his current duty assignment.

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GENERAL HOLMAN: Gentlemen, at the beginning of our course in Procurement we assured you that the presentations would be made at the policy level and not at the administrative or paper-work level. We intend to keep that promise. We believe that good planning and sound policies will in themselves be conducive to good administration. Conversely, I don't believe that any amount of good administration can possibly result in sound policies as a direct requirement. Our speaker this morning, Rear Admiral Morton L. Ring, will discuss with you procurement and supply management from the policy viewpoint.

Admiral Ring, through his long association in the Navy, with procurement problems of every character and description, and more recently as the Director of Supply Management on the Munitions Board staff, has a profound knowledge of this subject. I imagine that he has probably forgotten more than any of us will ever know about procurement and supply.

He is a graduate of the Army Industrial College and also has the distinction of having been the first Navy member of the faculty, back in 1930 I believe.

This will be his sixth appearance as a lecturer on the platform before the Industrial College of the Armed Forces since 1946. In fact, he is one of our principal consultants in procurement. I just wish that each of you could have the opportunity of sitting down with him, as we have been the last half hour, to hear his ideas and concepts on the way to get people together to come up with good, sound plans and sound thinking in this procurement field. You certainly would have an interesting and enlightening half hour.

Admiral, it is certainly a great pleasure to have you back with us and to welcome you to the college this morning.

ADMIRAL RING: Gentlemen, I thought I would talk to you this morning--and I am going to try to make it brief--on what I understand supply management to be, particularly as it relates to the tying together of the several functions of supply management, not only within the Department of Defense (DOD), but, of almost equal importance, as between the DOD and the rest of the Federal Government.

My specific task, as the General has told you, is that of Director of Supply Management on the staff of the Munitions Board. I was given an additional task, by Mr. Johnson's directive, to serve as the DOD working member in trying to get the General Services Administration and the DOD together, on a policy level, on the same problems of supply management.

I want to make just a brief statement as to the reason for that latter assignment. The Hoover Commission on Reorganization, as most of you know, made some recommendations that later were enacted into a law known as Public Law 152, which is the statute that established Mr. Jess Larson's General Services Administration (GSA). The Department of Defense was not too enthusiastic at the start, and when the bill was undergoing hearings, representatives of the DOD argued rather forcibly that it should be exempt, in the statute, from any application of Mr. Larson's administrative authority. The Congress wrote a measure of protection into the law by saying that the Secretary of Defense could exempt the DOD.

However, the President, in approving the legislation and thus making it law, indicated, by letter to the Secretary of Defense, that he did not desire to have the Secretary of Defense demand exemptions. As a matter of fact, he did not even want him to request exemptions. Rather, he preferred that a three-man team, composed of the Secretary of Defense, the Administrator of General Services, and the Director of the Budget, get together to work out areas of understanding as between DOD and GSA. My guess is that the Director of the Budget was intended as a referee.

The three principals quickly decided that a working group was needed. So Mr. Larson's deputy, Russell Forbes, who made a tremendous contribution to the Hoover Commission Report, Mr. Ray Ward of the Office of Management Standards at the Bureau of the Budget, and your present speaker were selected as a working group. We have made some progress in getting together. The Secretary of Defense has not as yet demanded any exemptions, nor has he requested the President to give him any.

On the first of December, Forbes, Ward, and Ring expect to submit a report of accomplishments under this task to our principals--the Secretary of Defense, the Administrator of GSA, and the Director of the Budget. They will probably, if they like the report, transmit it to the President. He may want to transmit it to the Congress; I think he probably will.

I can tell you this and I believe in it: I don't think I have sold the Department of Defense, or the military departments, down the river. Russell Forbes says he thinks that he and I are probably two of the noblest characters in Washington, because he is constantly criticized as the man who is playing a game of give-away and giving everything to the military, and I assured him that all my former friends in the Navy Department were classifying me as the man who is giving away everything to the civilians.

So I think we are probably doing a pretty good job. Actually, I don't think the agreements have hurt any one of the three military departments. I think they represent a rather considerable contribution to what the taxpayers ought to be looking for, which is some business administration sense in a field that sorely needs business administration knowledge and techniques.

I think I ought to give you just a little definition of what I mean when I use the phrase "supply management." First, out of the Hoover Commission Report comes this definition of supply: Supply is defined as "the task of providing...supplies, materials, and equipment required for the operation of the Federal Government." Bearing in mind that the DOD operations within the above definition are the materiel support of an actual or potential combat force, it may be seen that supply management involves coordination of effort in the various fields of supply operations, be they command or noncommand operations, in order to obtain the maximum materiel support at minimum cost.

Currently, I am having a bit of a debate with Major General Pierson of the Joint Staff in trying to get lined up a proper concept of Munitions Board and Joint Chiefs of Staff relationships in the field of supply management. A number of years ago some "genius," in the Department of the Navy I think it was, set up two definitions, splitting the field of logistics into two parts--the field of so-called "producer logistics" and the field of "consumer logistics." What has happened to us is that, instead of regarding the logistic support system as one integral thing, I find people on the Joint Staff are saying that the Munitions Board belongs in the field of producer logistics and the Joint Chiefs in the field of consumer logistics.

I told General Pierson that this reminded me of the story of the two boys who, being very friendly, went into partnership in a cow. They subsequently fell out, and since they were not working together any more, they decided to cut the cow in half. One boy liked the "moo" end, and the other boy liked the milk end. But after the cut had been made, neither the "moo" nor the milk was very satisfactory.

I am strongly in favor of a "whole cow" philosophy as it applies to the materiel support system of the armed services. I think it is less than smart to have the Munitions Board issuing policies that will be applicable to the requirements, to the procurement, and to the traffic management of supplies until they reach the first military depot; and for the Joint Chiefs to say that the Munitions Board has now no interest in maintenance, storage, and issue, or in those things that had to be started at the time you bought your goods, one example--such as packaging; that the Munitions Board has no interest in the consumer phase.

Packaging is a good example of that. Our industry advisory committee has told us that one of the real problems confronting us is in the

palletization of large-caliber shells; that if we can devise a good system of palletization, we will do a great deal for the stevedoring effort at the port of embarkation; that more tons can be carried more miles by a palletized load than can be carried if hooks are put on each shell and it is lifted up that way. So it is a very attractive program.

I think that the Munitions Board would be much less than smart to prescribe a packaged load for loading at the Port of San Francisco if it has to be discharged at some place in the far reaches of the world where the stevedore battalions overseas don't have the heavy equipment necessary to handle it. I don't think it is up to the Munitions Board to establish the table of organization and equipment for each stevedore battalion. I do think it is up to the Munitions Board, having an interest in the packaging problem, to be able to recommend to the Joint Chiefs of Staff, "If you can establish your receiving unit with capacity to handle a load of this size, we can do the following things for you; most importantly, we can ship more tons more miles."

I think we will resolve the problem. I am going to keep on trying until we do.

The several functions of supply management as they are generally understood in the Department of Defense encompass such things as procurement, which the General mentioned. You may or may not recall that in Public Law 413, or the Armed Services Procurement Act, the Congress required that the Munitions Board assign the procurement function, to the greatest extent practicable, on what is known as a "single procurement" basis. We have a definition of single procurement. The narrow definition of course would mean that the Corps of Engineers of the Army is to buy all the lumber for all the services. While there are many examples of procurement assignments of that type, I think the basic intent of the Congress was to avoid competition between the several technical services of the Army and the bureaus of the Navy and between departments. So that any sound form of procurement assignment that avoids overlap, duplication of effort, and competition is basically in response to the intent of the law. The last figure I saw, based on the dollars of our procurement budget, is that some 81 percent of our total expenditures are now handled under some form of coordinated buying.

Inherent in the Armed Services Procurement Act is the issuance of procurement regulations so that procurement policy as between the Army, Navy, and Air Force will be reasonably similar. I think the box score to date is that 13 sections have been issued, 3 sections are in process, and we are having trouble with those 3 sections. Obviously, the last four sections are the hardest ones. We did the easy ones first.

We are still having trouble with the accounting for government-furnished property in a contractor's hands. We are having trouble with the termination section. There the trouble is that, as you know, the

Comptroller General of the United States was not in favor of the Contract Settlement Act of 1944, and the degree of finality in settlement which the Comptroller is willing to accord to procurement officers has not yet been settled. We are having trouble with our pricing section--the establishment of a pricing philosophy for the armed services.

We are making every effort, however, to expedite the completion of the regulations. Their completion is long past due.

Yesterday I had the privilege of addressing the American Standards Association. While the Munitions Board has a Standards Agency and is busily engaged in getting out specifications and standards, it happened that yesterday the major standardization effort that those people wanted to hear about was our cataloging effort.

We have a Munitions Board Cataloging Agency, and as part and parcel of the agreement between Forbes, Ward, and Ring, Mr. Larson has delegated all his cataloging authority to the Chairman of the Munitions Board. So that Captain DeKay of the Navy, who is the Director of the Munitions Board Cataloging Agency, with power of decision, by the way, is working on a Federal catalog and not just a DOD catalog. It is a massive undertaking.

Maybe I ought to say right at the start that we are never going to print a catalog. We expect to do sufficient naming, numbering, and describing of items on five-by-eight cards so that in whatever form a bureau, technical service, or the Air Materiel Command wants to use it, each will call the same item by the same number. That is the final goal. I think we would be stupid to assume that today we can get out a card, and tomorrow every one of the Ordnance Corps 150,000 blueprints is going to be changed, or every one of its 5,000 bin tabs is going to be changed. They are not. We would completely disrupt the supply system by doing that. The end aim, however, is that wherever the thing appears, wherever it is necessary to talk about this item, someday it will be called by one name, one number, and one description. What we propose to do in the interim is to cross-reference from the existing systems to the Munitions Board Cataloging Agency's system so that there will be a cross-reference approach to the final goal.

Mr. Johnson, when he was Secretary of Defense, issued instructions that we speed the catalog program to completion. It is a big one. It is our hope that within another 12 months we will have gone through the identification phase of cataloging. We still have a lot of work to do in classification. We still have a lot of work to do considering the impact of the catalog system upon the existing supply systems. We are talking about something that would be on the order of 2.5 million cards when we get through.

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Probably the most important thing we must watch while we are going through this next 12-month period and speeding up the completion of the identification phase is this: The military departments will be busily engaged with expanded procurement dollars, buying many more new items that we have never heard of before. If we are going to have a catalog system worthy of the name, we must establish a method of introducing those new items into the catalog system with proper description and proper numbering at the time of procurement. If we don't do that, we will make the mistake that was made with the old Federal Standard Catalog, which was a fine still-camera picture of the items on hand at any given instant but did not include new current items.

This is the problem. If I number the fingers of my hand, 1, 2, 3, 4, and 5, that is pretty good, because I never expect to grow more than five fingers on that hand. But if, like a polliwog, I could grow another finger and it happened to fit between No. 1 and No. 2, obviously what I must do is either call it 1.5 or number it over here as No. 6. Consequently, our catalog system is devised to introduce an item into the system with a number that does not describe the bin stowage of that particular item. I could number the existing fingers 1, 2, 3, 4, and 5, and call the new one 6; and even though the new finger, by size, might more properly fit between 1 and 2, we have another way of telling what the thing is, and we can add more fingers into the system as fingers appear to be necessary for introduction into the system.

That is a rather important difference. And I command to those of you who are interested in cataloging a study of the problem of cataloging Federal Government supplies so that you can introduce new fingers into the system by means of accepted numbers for these other fingers, without worrying too much whether your sizes actually fit in, in sequence with the numbers.

To date, I am told, we have cataloged--that is, described and numbered--over a million items. When we get through, there will probably be somewhere between 2.5 and 3 million items.

I would like to touch now very briefly on the subject of standards and specifications. Probably the cataloging effort is the best standardization tool we have. I don't know whether it makes too much difference whether we try to standardize first and catalog what we have left, or whether it is better to catalog everything we have and then put our standardization intelligence on the business of ejecting from the system the needless variations in size. The latter approach is what we are using; I think it is sound.

We have, to date, in connection with specifications, completed about 30 percent of the job, and there are existent today some 5,500 military and Federal specifications. We have a long road ahead of us

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in this specification field, not only because we have completed just about 30 percent of the job, but basically because the whole process of getting out specifications is much too slow.

They tell a story of the Federal Specifications Board--it might as well have been the Munitions Board Standards Agency--which, after years of effort, quite recently turned out an approved Federal specification for spittoon cleaning brushes; this was several years after the last spittoon disappeared from the last government office.

It takes too long, and the reason it takes too long is that, in the Federal system, the Federal Specifications Board is composed, I think, of some 77 technical committees. And with the necessity of referring back and forth to every government bureau, agency, office, and what have you, where a man can hold up something just by refusing to answer a letter, it is not a good mass production system.

I think Russell Forbes will make a tremendous contribution to the specification system. He was, under Mayor LaGuardia, the Commissioner of Purchases of the City of New York. He was the head of New York City's Specification Committee. He is a firm believer in the fact that specifications, a perfectly wonderful thing, can be misused as well as used.

We find, for instance, that in a certain government agency--and I will not name it--even for the most minute purchases, where a runner is sent down to the nearest hardware store to buy two screw drivers, if there is a Federal specification for the screw driver, the runner will very carefully ask the clerk behind the counter, "Are these in accordance with Federal Specification "Umpty-Umpty-Umpty-1?" The clerk will probably say, "Mister, I don't know." The runner will say, "If you don't know, I'd better go to the other hardware store." If he finds somebody who says, "Yes, this is in accordance with the published Federal specification," the runner will happily buy it. He has no intention whatever of subjecting the particular tool to any test or inspection to insure that it is in accordance with the specification.

Obviously, then, we are stupid to use a printed leaflet specification, even to mention the thing, in connection with an off-the-shelf purchase. And I think we will come up with something on that very soon.

I am not trying to downgrade the importance of specifications. All I am trying to say is that whatever tool of business management you have, try to make sure that it is used with intelligence and not with stupidity.

In talking in New York yesterday, I found a tremendous amount of interest on the part of the members of the American Standards Association as to, why did we want to be so restrictive in our military specifications?

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Why don't we pay more attention to producibility and less to the military demands for specific departures from commercial standards? It is a very persuasive argument.

I was privileged to listen to a discussion between a former chairman of the Munitions Board, Mr. Carpenter, and a very important citizen from Chrysler. The Chrysler man was telling Mr. Carpenter, "Your military specifications for automotive vehicles are preventing us from really producing." And he had a wonderful argument that if we could accept commercial standard vehicles, we could pretty nearly crush the enemy under the tonnage of the vehicles that we got.

There is the opposite side of the picture. Would the vehicles work in salt water or close to it? Would they work up north where they might have to work? Would they work in the desert sands?

There is a very nice balance and a very high order of intelligence that should be applied to the military demand for those essential departures from civilian standards. The military representatives ought to be in a position to demand what they must have. They must not be so stupid as to insist to the end that we make industry's task of producing more difficult than it has to be. Industry has enough trouble, anyway, with government contracts, without giving it that burden.

As between Forbes, Ward, and myself, we are really working in the field of standardization and specifications, and I hope we will have some improvements in that situation shortly.

The Munitions Board has a responsibility in packaging, which I mentioned earlier in my talk in connection with the relations with the Joint Chiefs of Staff. We have a very effective industry advisory committee helping us in that field. I was amazed when I was given the figure some time ago--and I think this will interest you--that nearly 6 percent of the procurement dollars allocated by the Congress for procurement of hard goods goes into packaging. That is a lot of money.

Let us take the Navy. I know something about that. The Navy consistently does more overpackaging than anybody I have ever seen. Any of you who have had household effects moved and packed by the Navy know what it puts on. I think the Navy was using four-by-fours the last time it shipped my household goods. And it gets very costly. If we had smart packaging of household effects, they would arrive with a minimum of damage, and a minimum of cost not only to the Government in putting the packaging on, but to the officer in shipping weight. And when you get as old as I am, you have picked up so many attachments that you are always over your shipping weight. Consequently, every pound extra in packaging comes not only out of the Government's pocket in putting it on, but out of the traveler's pocket as well.

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It is necessary for us to keep the closest possible contact we can with a very finely organized industry, so that the most modern techniques and advances in the art will be reflected in what we are trying to do. We do have a good outfit on the staff of the Munitions Board working there.

I touched on purchase assignment and procurement policy earlier in my talk. One of the problems always confronting us has to do with those two magic words "small business." And it is quite a problem.

Small business, as I see it, rocks along pretty well in normal peacetime. The cynic might well say small business rocks along pretty well because it gets enough subcontracting business through its normal commercial channels, so it is not interested in government business. That may be true. But at a time when limitation orders are cutting out certain civilian production a smaller businessman who is used to doing business as a subcontractor finds it rather difficult to get enough work to keep going. He then turns to the Federal Government.

Somebody apparently has told most small businessmen that the only thing to do is to come down to Washington and get a government contract, and then the trouble really starts. Many of them are simply not capable of becoming prime contractors, although they can and do participate with tremendous effectiveness as subsuppliers, and they can and many of them do take smaller contracts for the simpler type of item.

One of the biggest problems that confront us, though, in a period of creeping mobilization, which this Korean incident might be called, is the fact that widespread advertisement of the Government's business, of course, tends to decrease, and negotiation of contracts tends to increase, complicating the problem. We cannot be expected to broaden the base of our negotiation by bringing in some 200 to 300 people to negotiate an important prime contract.

There is another function of industrial mobilization planning tied up with current procurement and it poses a very serious question. We have a mobilization plan whereby, in time of mobilization, certain plants are allocated to certain technical services, bureaus, or the Air Materiel Command. The question, is, are we now mobilizing, so that a given contract should be placed with plant "A" on the industrial mobilization planning basis? And if we are to place it there, can we possibly do it by formal advertisement and competitive bidding, or should we negotiate a contract outright?

Our trouble of course is that this is not all-out mobilization. The Congress has not given us a blank check for procurement of hard goods. And what we are faced with is a Procurement Act where formal advertisement

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and competitive bidding are still the law of the land; where we do want to get some of our planned producers into the business of doing it; where we don't have widespread, outright authority to negotiate; and where our small business friends are everlastingly hammering home to us that every time we negotiate a contract we are cutting out the so-called smaller concern from participation in government procurement. It is quite a problem.

In the material inspection field, we are making, and will continue to make, some efforts, hoping to avoid the overlap and duplication of wasted trips by qualified materiel inspectors. If a man is in a plant, he ought to be able to do a job for anybody, provided "anybody" is buying something he is capable of inspecting. We have had a good many examples of wasted time and wasted effort by having too many inspectors from the Navy, for instance, visit a plant in a given period of time when almost any one of them could have done the job. We have that difficulty compounded as between the Army, Navy, and Air Force.

It is not our intention to develop a single massive inspection service, but to try to evolve a system, not only within the Department of Defense, but someday as between the DOD and the GSA, so that we can avoid the wasted effort and wasted time of needless inspection trips.

The last subject I am going to touch on with you we call distribution. Consumer logistics is what the logisticians would call it. It is that subject which is currently in debate between the Joint Staff and the Munitions Board staff.

I think that a good distribution system could well be called the keystone of the supply structure. It deals with storage, maintenance, issue, and movement of supplies. Its function includes the means of applying materiel controls to assure positive coordination of plans and action necessary to provide effective materiel support for military operations.

On 17 November 1949 Mr. Johnson issued his Department of Defense Supply System directive. In it he said that he wanted each of the three military departments to man and operate a supply system. He wanted each departmental system completely responsive to the command element of that system. And when he talked of a Department of Defense Supply System, he talked about three systems so common that cross-servicing at any level of supply will be possible. So the Department of Defense Supply System is composed of an Army system, a Navy system, and an Air Force system, someday so devised that at every level of supply cross-servicing will be practicable. Everything that I am trying to do in the Supply Management Directorate of the Munitions Board is tending toward that commonness of effort in the Army, the Navy, and the Air Force supply systems.

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It is a difficult matter. During the discussion period we had prior to this hour, someone asked me whether or not the dissolution of the so-called policy councils I had working with me—Procurement Policy Council, Distribution Policy Council, Production Policy Council—helped or hurt. I think it probably helped because I have fewer papers to prepare as agenda items for the councils. I think it definitely hurt so far as getting ahead with the job is concerned, because through the creation and maintenance of those councils I was able to get the Assistant G-4—let's put it that way—for the consideration of policy matters. There is a great deal more running that has to be done now to try to go back to the departments and interest those people in doing a job for themselves that must be done. I will never, so long as I stay on the staff, attempt to have orders issued to the three departments until I have done the very best I can to persuade the people who have to live under the policies that those policies can operate under their systems. Rather than let one department continue rapidly going in one direction, with two going equally rapidly in another direction, we must do a little giving and a little taking, if the matter is of sufficient importance, to come out in the end with a Department of Defense Supply System that will work across the board anywhere.

Let me touch very briefly on traffic management and transportation. The Secretary of Defense decided some time ago to take the field of traffic management as a current operating function away from the Munitions Board and to establish what is known as the Military Traffic Service, the director of which reports directly to the Secretary of Defense. It is a very fine group headed by a most distinguished gentleman, Mr. E. G. Plowman, who has done a lot of good. The Munitions Board, then, in that field, retains only mobilization planning for transportation needs and is not concerned with current traffic management.

I have already given you a reference to the efforts with GSA. I am staggered by even trying to figure the amount of work that remains to be done. It is an interesting field of effort. I think that every step we make in the direction of getting more closely together will be useful.

I firmly believe that we in some areas have passed and in many other areas are rapidly passing from the status of a "have" nation to a "have-not" nation. I firmly believe that we cannot afford to fight another war on the basis of, "Let's order another shipload. There is plenty more where that came from." I think that in such time as remains to us between now and the next all-out war we should engage ourselves as busily as we possibly can in effecting sound business administration principles and policies in our military supply system, and do it without interference with the right of the commander to get the goods he needs, but always alerting him and advising him as to economies achievable. I think that every foot-pound of energy we can put on that problem will help us if we ever get into another war.

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I hope I have given you some food for thought. Thank you.

QUESTION: Would you explain to me, sir, the procurement functions of the Munitions Board outside policy making?

ADMIRAL RING: The Munitions Board has no procurement functions. It buys nothing, makes no contracts, has no money.

The Munitions Board has the statutory responsibility of assigning responsibility for purchase. Photographic equipment, for instance, for the three departments has been assigned to the Air Force. Lumber has been assigned to the Army; the Army Secretary, of course, reassigned it to the Corps of Engineers. Navy buys all the solid fuels--the coal, coke, and so forth. The Navy buys hand tools. Medical goods are bought by a jointly staffed procurement agency of the three Surgeons General. Petroleum is bought by an armed services Petroleum Purchasing Agency, also jointly staffed by representatives of the three military departments. The staff of the Munitions Board recommended and the Board approved the assignment of the responsibility in these cases.

The Munitions Board has an important task in connection with the final promulgation of the procurement regulations. If we find, for instance, that under the procurement regulations we get a complaint from a contractor that he visited Wright Field and got one interpretation, that he visited the Detroit Tank Arsenal and got a different one, and that he visited the Navy Electronics Supply Office in Chicago and got still another interpretation of the same policy, then it is the responsibility of the staff of the Board to bring together the procurement authorities of the three departments--not of the technical services, but the current Procurement man of G-4, a similar man in A-4, and a similar man in the Department of the Navy--to alert them to differences in application of a DOD policy. It is a policy matter; it is not a procurement function. The Munitions Board has no purchasing responsibility as such.

QUESTION: Admiral, would you care to discuss a little further the agreement between the GSA and the DOD, that is, with any particular recommendations you might have to change that agreement?

ADMIRAL RING: Agreements, Colonel, have run to a number of different fields. I don't know whether you have reference to any particular agreement, such as the agreement on cataloging, on communications, on utilities other than communications, on traffic management, and so on. Or does your mind run back to the statute?

QUESTIONER: The original agreement as a result of the statute.

ADMIRAL RING: It would really go back to the original decision of the President as a result of the statute, because the way that

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developed, as I tried to explain to you, was that a letter was sent by the President to the Secretary of Defense, saying, in effect, "Please do not ask for exemptions, but, rather, sit down with the Administrator of General Services and the Director of the Budget and work out mutually acceptable agreements as to how each of you shall operate in the same field."

I would have no desire, Colonel, to abrogate or to ask the President to change his basic instruction to the Secretary of Defense until I found that we have been hurt. I have yet to find that we have been hurt.

I think we can work out mutually acceptable understandings of the functions of the civilian and of the functions of the military in connection with any phase of the effort.

We have an agreement, for instance, which is satisfactory to General McClelland of the Joint Committee on Communications and Electronics, in the field of communications, which is something that the military commanders hold rather close to their hearts. That piece of paper was signed within the last week.

Let's take warehousing. I hope that we will have an over-all register of Federal Government warehousing availability.

I hope that when we go into a given area, instead of being in competition with the Post Office Department, or somebody else, we will have a system where the Federal Government's needs as a whole will be treated on a good, sound basis. If we have an appreciation of each other's needs, rather than just saying, if we are wearing a uniform, "That guy doesn't count; he doesn't wear a uniform." Areas of understanding can be worked out at considerable saving to the Government.

I have no hesitation in supporting the intent of the President, and so far I have failed to find that we have been hurt. I will holler as loudly as I can when I think we are being hurt, but I have not seen it as yet.

QUESTION: Sir, you mentioned that industry is interested in the progress of your catalog work. I wonder if industry is cooperating in such matters as, for instance, the numbering of ball bearings and other things that we take off the shelf.

ADMIRAL RING: It is cooperating very splendidly, as I mentioned to General Holman before this meeting.

We have had a very fortunate thing happen to us. Mr. Howard Coonley—I believe his present title is Director of Conservation of the National

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Security Resources Board—was on the platform with me yesterday, and he spent three quarters of his time talking about cataloging and how much industry could gain from participation with the Federal Government in the cataloging program.

Captain DeKay, the head of the Cataloging Agency, was in Detroit to talk to General Motors and Mr. C. E. Wilson himself came in for part of the meeting. General Motors, Eastman Kodak, Bell Telephone System, Western Electric, General Electric, and many small producers—all have participated with us beautifully.

The common-use item in cataloging does not bother us so much as does the cataloging of the part peculiar to the military. In DeKay's conversations in Detroit he found, for instance, that Cadillac, in its manufacture of some tanks for the Army, was using a part identical with that of a landing craft engine. The landing craft people of General Motors Diesel had given their part a number; the tank people were going to give it another number. The engineers found it was the same part. Either it has to be given the same number in both cases, or both numbers must be cross-referenced to a single number.

The ball-bearing story is fantastic. It is hard for me to believe these figures myself, but the reduction from 300,000 separate numbers to 9,000 really knocked me off my feet when I heard it. The answer to that one is this: I am assuming you are in the Cadillac class and I am in the Chevrolet class. If you have a bearing in your Cadillac that goes bad, you will probably go to the nearest Cadillac repair shop. It may happen to be the same ball bearing that I have in my Chevrolet. It is not to industry's best interests to adopt a standard for Cadillac and Chevrolet and call it the same thing. However, in participation with the military, and realizing what we have to do, industry will, I think, at least accept our cross-reference program, so that we will be using 9,000—whatever the number is—bearings, and we will have 9,000 bins and 9,000 cards, instead of the 300,000. The duplication that existed in ball bearings is as obvious as the relation between 9 and 300.

Industry is playing ball with us. Mr. Coonley is our greatest single advocate and has done a great deal in getting us to meet the right people in industry, to get them interested in it.

QUESTION: Admiral Ring, we have a large amount of procurement now being done by one service for another. Obviously, the contracting or purchasing officer must have his own inspection to protect his responsibilities. The using service, in many cases, I am sure, wants to inspect that item also. What is the policy on duplication of inspection by other services?

ADMIRAL RING: The only trouble with your question, sir, is your second sentence, starting "Obviously." You say obviously the contracting officer must control the inspection in order to protect himself. That is not quite true, sir. The agency having the purchase assignment is required, not to inspect, but to arrange for inspection. It may inspect with its own inspectors if that is satisfactory to the receiving agency. It may permit the inspection to be done by an inspector of the receiving agency. The term "purchase assignment," under the ground rules laid down by the Munitions Board, does not vest the purchasing agency with the sole and singular responsibility for inspection. It is vested with the responsibility for arranging for inspection.

Similarly, with regard to transportation, you could just as well have said that, obviously, the contracting officer must be responsible for transportation. Equally obviously, I would say, the man receiving it must be able to state where he wants it put.

QUESTIONER: I was really trying to get at the extent to which the services have been successful in eliminating the duplication of inspection services.

ADMIRAL RING: We have a very long way to go. One of the things we must do--and this is most important--is to get the three military departments to have the same concept of the relationship between the contracting officer and his material inspector. Is the contracting officer the complete boss? Is he advised by the material inspector? Should the material inspector report to an authority other than the contracting officer on acceptance or rejection of the item?

The same thing applies in the cost inspection field. Does the contracting officer sit up here, with the material inspector and the cost inspector down here, or do all three men sit at the same level? What is the relative position among them?

We don't have the same concept in the Department of the Army and the Department of the Navy today. Major General Jack Christmas, in charge of current procurement, has a very good statement. He says, "I want tanks, not arguments." It is a pretty good policy.

Until we can get the Munitions Board members to agree on that--we do not have agreement yet--we are not going to get a material inspection service capable of doing the same things.

Let's assume your form is a long one. A Navy material inspector, having possibly more authority than the Army inspector, may fill out every part of the form. Maybe the Army material inspector stops somewhere short of that. Then when you try to get cross-servicing in inspection between the Army and the Navy, the Navy man will say, "The Army

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inspector won't fill out the whole form and does not have that responsibility. So if I let an Army man inspect, I've got to put my own man on for the doing of the balance of the task."

That is a bit of an exaggeration, but I am truly serious in telling you that we don't yet have the same concept as regards the relationship between the contracting officer and his material inspector in the three departments. We must get it. We have not gone far enough ahead in the field of avoidance of overlap and duplication in material inspection.

QUESTION: Admiral Ring, without meaning to belabor the subject, I would like to ask, in your agreements with GSA, do you envision certain areas of purchase by GSA for DOD even during the next war?

ADMIRAL RING: The question of procurement in time of war, Colonel, is a tough one. I believe that we should not establish a purchase function in time of peace that, in our best judgment, won't be effective in time of war. I think we ought to establish purchasing arrangements which, by orderly expansion, can be expected to do a good job in time of war.

I think the best example we have is the present purchase assignment of tires and tubes, where the Ordnance Corps of the Army on single-line item purchases in excess of \$10,000 will go out and buy. Purchases under \$10,000 are ordered off the schedule.

We would hate to deny to a small post, camp, or station the right to make small purchases of tires and tubes by the simple expedient of placing a telephone order with an FSS supply point. I think that the military can gain on the smaller purchases by that participation. By the same token, I think it would be equally silly for the Federal Supply Service, if the Ordnance Corps is in the market for, say, 40 million dollars' worth of tires and tubes, for whatever purpose they are needed, to try to make other than a definite-quantity, definite-delivery, fixed-price contract for that massive delivery of tires and tubes.

Somewhere between a 25 to 30 dollar bits-and-pieces order, which ought to come off the schedule, and a 40-million-dollar order, which certainly ought to be a fixed-quantity, definite-delivery, fixed-price contract entered into by the Ordnance Corps for the whole military, is the answer to your question. I think that we may be able to work the things together by establishing a ceiling below which we will buy off the schedule and above which we will make a single purchase assignment to the Ordnance Corps of the Army for consolidated buying of military requirements.

I know that sounds like an evasive answer, but I think it is the only answer I can give to your question.

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QUESTION: Admiral, I wonder if your problem of cataloging and establishing a numbering system that would permit you to introduce new numbers between existing numbers is not quite similar to the problem of getting new books in a library. I ask that question because, as you may know, there is a rather lengthy controversy among librarians as to the best method of cataloging new books. I see, for example, that the National War College Library and the Industrial College Library are using the Congressional Library system, whereas most of the other libraries in the country use the so-called Dewey decimal system, which does permit, by adding a number after a decimal point, the introduction of new numbers between existing numbers. I wonder if the services have not considered using something similar to the Dewey decimal system to meet their cataloging problem.

ADMIRAL RING: I was afraid this would happen, because now I am going to have to get very technical with you.

What the Munitions Board and the Federal Government are using in cataloging is a 7-digit system of nonsignificant numbers. All it means is this: This package of paper matches comes out with No. 1234567. That describes an Arcade Sunshine throwaway, with white background and green stripes and so many matches, but it describes only that particular thing; at the time the cataloger was ready to consider cataloging this item it came out with No. 1234567. The next thing that the cataloger wanted to describe is my wallet. That might come out No. 1234568. The next thing that would come along would be this box of Protecto matches, and that could come out No. 1234569.

In the nonsignificant system, the fact that I have a package of matches separated from a package of matches by a number describing my wallet does not make any difference, because the numbers themselves are nonsignificant. We tie them together for supply and storage purposes by a separator, a 3-digit classification system probably, so that all matches will appear under 101 in the classification system. We will have "Matches, 101-1234567," "Matches, 101-1234569," and we will simply store them in the warehouses that way.

If we use anything other than a so-called nonsignificant numbering system for cataloging, we must pretty nearly say to ourselves, "I have here before me all the matches I am ever going to catalog," or we will depart from the 7-digit system, because under the Dewey decimal system we can add beyond the decimal as far as we want to; pretty soon we would go beyond the capacity of the business machines, which, I think, can run only to 84 spaces.

What we are trying to do is adopt the nonsignificant system, recognizing that a nonsignificant number will forever describe a particular article, and if that article disappears from the system, that number

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will never be used again. But we have lots of numbers. Seven will give us up to 9,999,999 items, I think. If we have to add another number, we can take on another 10 million.

I think the system will work all right; we hope it will.

I found that precise problem yesterday in talking with representatives of Eastman Kodak. They have a catalog, but they have used the significant system, and it is a 7-digit system. In their system two consecutive numbers describe items of the same kind. But then when an engineer came in with a split between two numbers, they were worried as to whether to go to halves or decimals. I told them to scrap that and look at it as a nonsignificant number and just take the next available number.

So, conceivably, this package of matches may be 1234567, or 1111111, and this package 9 followed by 6 more digits, but it does not make any difference so long as we tie them together in the classification system as matches. At least we hope it doesn't.

COLONEL HARDENBERGH: Admiral Ring, on behalf of the Commandant, the staff, the faculty, and the student body, I thank you for a very informative lecture and discussion period.

ADMIRAL RING: It has been a pleasure to be with you

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