

## SINGLE MANAGER PLAN

23 November 1955

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Washington, D. C.

Mr. Robert C. Lanphier, Jr., Deputy Assistant Secretary of Defense (Supply and Logistics), spent his early childhood in Springfield, Illinois. He graduated from the Choate School, Wallingford, Connecticut in 1923 and from Yale University in 1929 with a Bachelor of Science degree in electrical engineering. He joined the Sangamo Electric Company in October 1927 as a student engineer. Five years later he was named factory manager of Sangamo Weston, Ltd., at Enfield, England. He returned to the United States in 1939 and was appointed vice president in charge of manufacturing at the Springfield plant. From 1943 until his leave of absence from Sangamo to accept his Defense Department position, Mr. Lanphier was a director of the company. Prior to joining the Department of Defense, he served on the board of the Central Illinois Light Company and was active in community affairs. During this period he served on various local boards, the Community Fund, local and State Chambers of Commerce, Board of Education, the Lincoln Library Board, and as a trustee of Southern Illinois University. In addition to his present duties Mr. Lanphier has been serving since February 1955 as Director of Planning and Review in the office of the Assistant Secretary of Defense (Supply and Logistics). This is his first lecture at the Industrial College.

## SINGLE MANAGER PLAN

23 November 1955

GENERAL CALHOUN: Probably one of the most controversial subjects before the services today is the question of a fourth service of supply. You will recall that the Hoover Commission recommended something along this line when it proposed that a service of supply be established as an agency in the Department of Defense.

Our speaker today, the Deputy Assistant Secretary of Defense for Supply and Logistics, has had a great deal to do with the proposal known as the Single Manager Plan. Its purpose is the same as that visualized by the Hoover Commission. However, there is one important difference. The Single Manager Plan would be accomplished within the resources and within the structure of the Department of Defense. The objectives, of course, of both are to improve supply management, particularly in the field of common-use items.

To discuss this concept of supply management, we are fortunate in having with us today the Deputy Assistant Secretary of Defense (Supply and Logistics), Mr. Robert C. Lanphier, Jr.

The large number of visitors in the audience, is an indication of wide interest of this subject to the Department of Defense.

Mr. Lanphier.

MR. LANPHIER: Thank you very much indeed, General.

I am afraid that I did not come here to get into the controversy with respect to the fourth service of supply, nor to present that aspect of supply management. It has been a matter of some concern to me, in fact, how best to present the Single Manager Plan for supply of common-use items. It could be submitted to you as a theoretical and academic subject for discussion, in which case I would probably not proceed in the same manner that was followed in the Department of Defense. On the other hand, it could be presented as a factual case study of an important Department of Defense policy matter concerning supply in an area which has been the object of great comment and criticism. I have chosen to take the latter course and will, therefore,

give you a factual, chronological history of the development of the Single Manager Plan. I propose to present this plan itself precisely the same as it was first explained to the senior officials in the Department of Defense.

Starting about a year ago in the Office of the Assistant Secretary of Defense for Supply and Logistics, active research and review of past proposals and present systems of supply was initiated. By April of 1955 a working group was organized in Supply and Logistics to develop a definite proposal for supply management, designed to eliminate the cause of criticisms and difficulties that occurred in the past. This working group had representatives from all of our offices, such as Requirements, Procurement, Storage, Distribution, Transportation, Cataloging, Standardization, and Inspection.

By the end of June 1955, a Single Manager Plan had been developed and was ready to submit to Mr. Wilson, the Secretary of Defense. Unfortunately, delays occurred during the summer, so that it was not until 18 August 1955, that the first presentation of the Single Manager Plan was given to a group consisting of the Under Secretaries and procurement Secretaries of the military departments. I shall now give you the plan as presented to them (chart 1, page 3).

When the Department of Defense was organized, one of the principal objectives was to provide a means for coordinating the activities of the military departments to eliminate duplication of effort and to improve efficiency in respect to all aspects of supply and services. While attaining this objective, no sacrifice was to be made in our Nation's security. The Secretary of Defense undoubtedly acquired great talent, experience, and extensive facilities with which to accomplish this goal. The problem has been how best to use these available and essential assets.

The history of the Department of Defense is full of the records of many surveys and investigations in an effort to accomplish the desired results. Congressional committees, and more recently the Hoover Commission, have addressed themselves vigorously to this subject. In many of their findings and recommendations frequently seems to be ignored the recognition of the difficulties to create a substantially different manageable organizational pattern to improve the world-wide requirements for supplies and services.

CHART 1

AUGUST 1955

**SINGLE  
MANAGER**

**SUPPLY SYSTEM**

**FOR**

**COMMON-USE ITEMS**

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
BUREAU OF SUPPLY AND LOGISTICS

We recognize that improvements are not necessarily obtained because a change in method or responsibility is made, and that changes can all too frequently cause greater difficulties than the ones they are intended to remedy. We have, therefore, felt that any proposal should be developed with a minimum disruption to existing practices and with maximum use of existing assets. You will observe that the system to be outlined follows established and proven techniques that have been in various degrees of operation for some time.

This proposal is directed to providing a solution for the problem, and in a manner which may well be the basis for a similar approach to improve logistic services or functions in other areas. Basically, the plan assigns authority and responsibility to reasonably manageable and identifiable areas and at the same time permits decentralization of operations to satisfy joint requirements. Attention has been particularly directed to the supply of common-use items, because it has been one of the subjects of most extensive investigation and comment.

The steps to be taken to achieve the proposed approach would be necessary before the suggested fourth service of supply could be achieved. On the other hand, this plan should provide the organization and techniques to do the job without the complications involved in the creation of a fourth service of supply, which might well concentrate authority and responsibility of such magnitude as to be of inefficient manageable proportions.

This presentation will consist of a review of the development of our military supply systems since World War II; an analysis of our present supply system techniques; an explanation of the Single Manager Plan for supply management, and its resultant accomplishments; and, finally, a summary of what we believe will be achieved.

Chart 2, page 5.--On this chart we go back and illustrate to you the evolution of the military supply system since World War II. In 1947 we had a situation with the War Department, which is shown in red throughout these charts, and the Navy which is shown in blue; with the Secretaries of the War Department and the Navy reporting directly to the President. Under them we have the supply systems, some seven in the Army, plus an Air Technical Service Command, making a total of eight. At this time the Navy had eighteen different supply systems including the Quartermaster General of the Marine Corps. During this period the tendency was toward a great decentralization of supply by numerous different supply systems within the same military department. So at this time there was a total of twenty-six supply systems in existence in the Department of Defense.

CHART 2

**EVOLUTION OF THE MILITARY SUPPLY SYSTEM SINCE WORLD WAR II**

**1. PRIOR TO NAT. SECURITY ACT OF 1947**

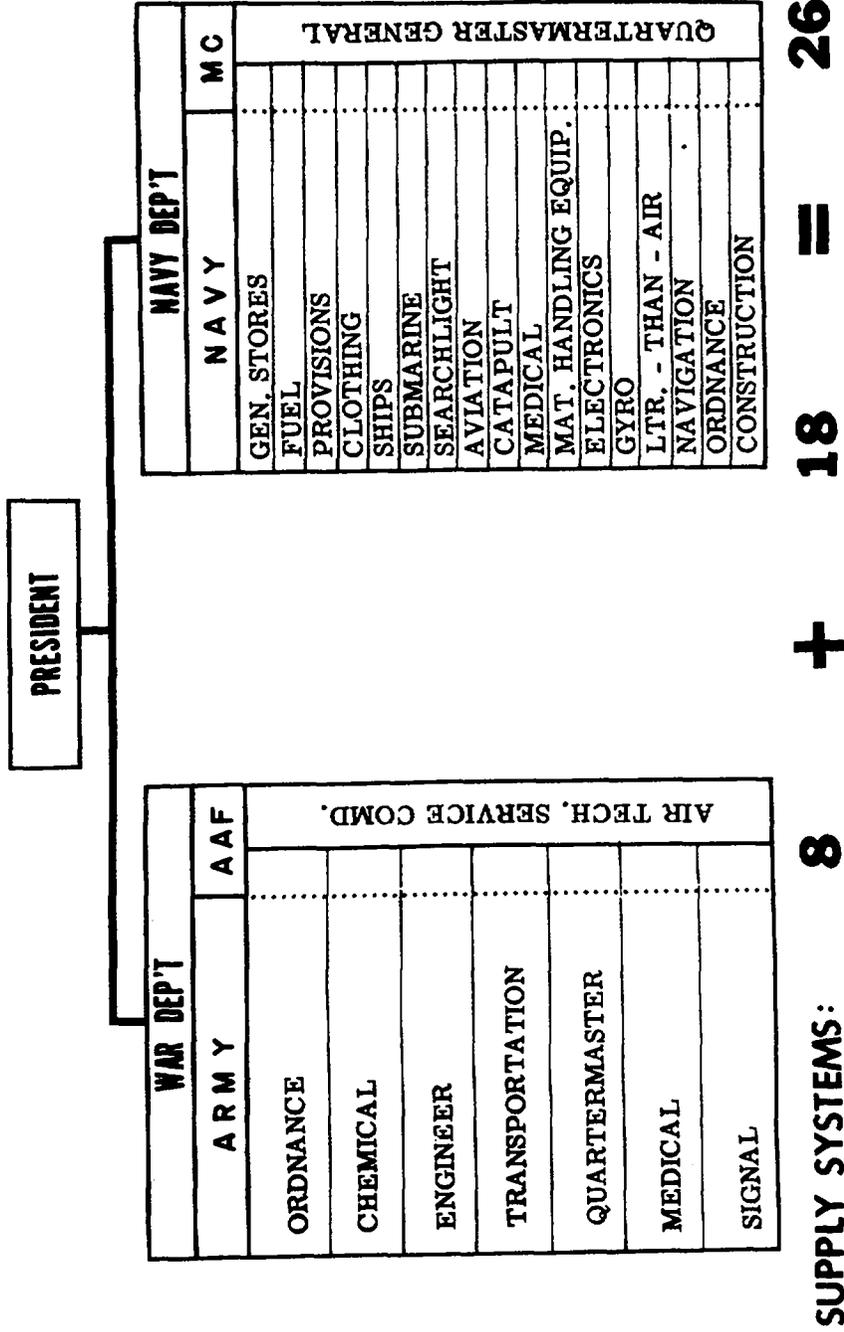


Chart 3, page 7.--By the time when the National Military Establishment was set up by the National Security Act of 1947, when the Air Force was separated from the Army and made a separate department, and the Secretary of Defense was established as a coordinating agent, with the Munitions Board in an advisory capacity, we find that our organization chart still has the Secretaries of the Army, Air Force, and Navy reporting directly to the President, and with the Secretary of Defense on a purely coordinating basis. As far as supply is concerned, we still have seven supply systems in the Department of the Army; and one, the Air Materiel Command, in the Air Force. It is significant to see that they have concentrated and retained it in one supply system over the entire supply program. In the Department of the Navy by this time we observe that we have three for the Navy and one in the Quartermaster of the Marine Corps. They have reduced their supply departments to four. That makes a total of twelve supply systems in the Department of Defense.

Chart 4, page 8.--By the time of Reorganization Plan No. 6, in 1953, we find that we have the Secretary of Defense now being put in the line of command, between the President and the Secretaries of the Army, Air Force, and Navy; and the establishment of an Assistant Secretary of Defense in place of the old Munitions Board to act in an advisory and coordinating capacity to the Secretary of Defense.

At this time we still have in existence seven technical service systems for the Army, one for the Air Force; and by this time the Navy has reduced to a total of three, including the Quartermaster General of the Marine Corps.

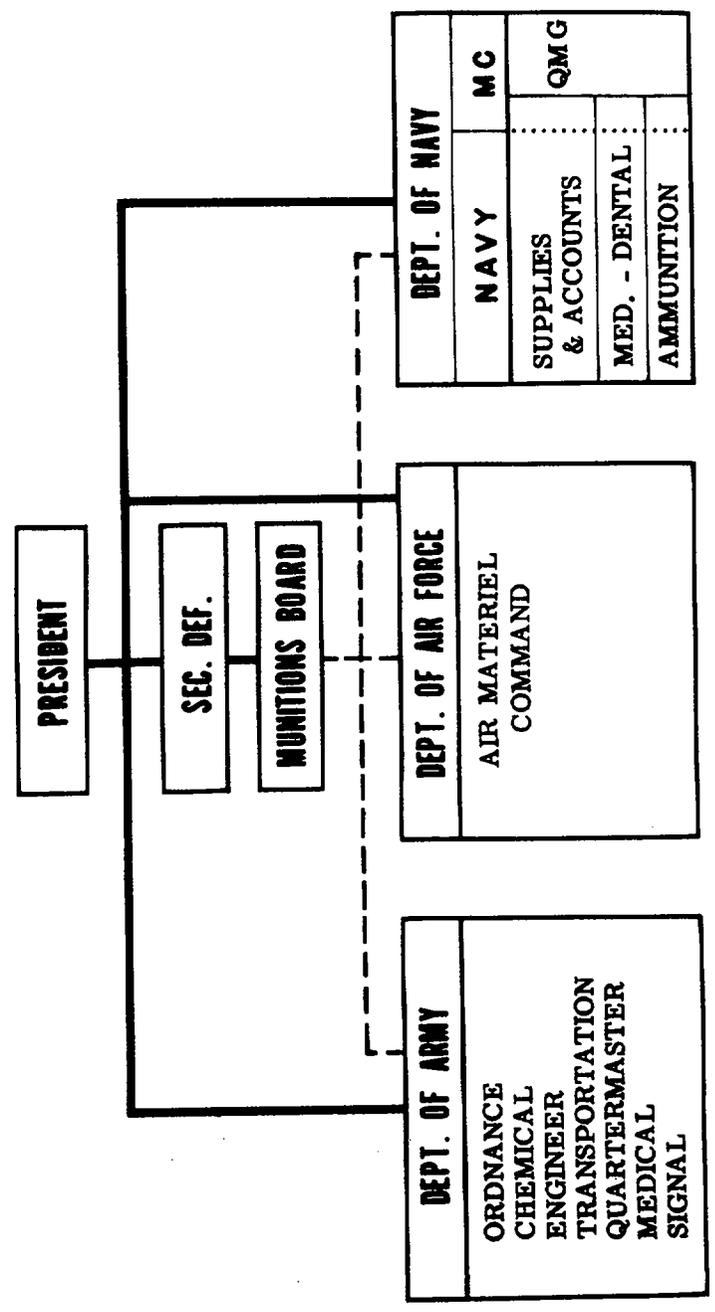
That represents quite an achievement in the Navy set up--to reduce, from 1945--when they had eighteen--down to one supply system today. Essentially what they have done is to recognize that ammunition is a peculiar service. So they have retained in the Navy a supply system for ammunition only, whereas in the case of these other supply systems, to some extent or another they all handle common-use-type items.

Chart 5, page 9.--And so, in summary, we have the three military departments, separately administered, each with its own supply system, each handling practically all items used by that department, whether common-use or technical-type.

CHART 3

EVOLUTION OF THE MILITARY SUPPLY SYSTEM SINCE WORLD WAR II

2. NATIONAL SECURITY ESTABLISHMENT ( NAT. SEC. ACT 1947 )

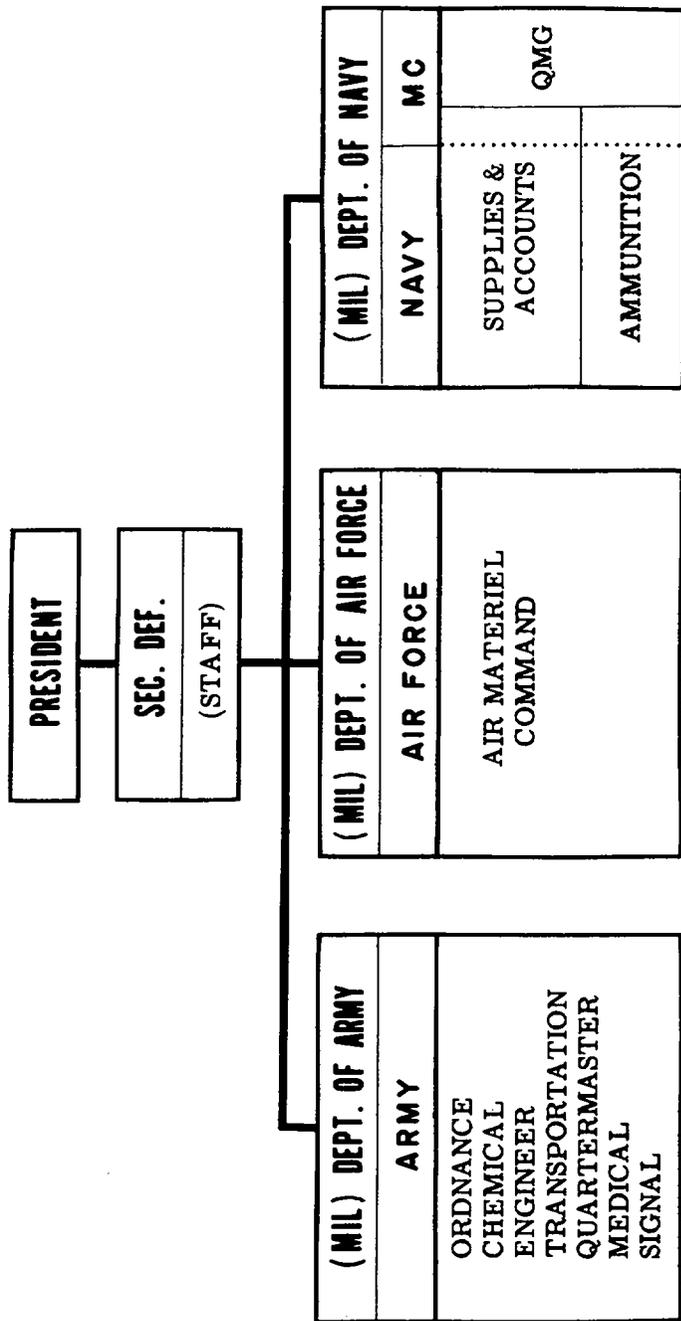


SUPPLY SYSTEMS: 7 + 1 + 4 = 12

CHART 4

EVOLUTION OF THE MILITARY SUPPLY SYSTEM SINCE WORLD WAR II

3. NAT. SEC. ACT OF 1949 & REORGANIZATION PLAN 6, 1953.



SUPPLY SYSTEMS: **7** + **1** + **3** = **11**

CHART 5

EVOLUTION OF THE MILITARY SUPPLY SYSTEM SINCE WORLD WAR II

**4. SUMMARY**

WE HAVE THE THREE MILITARY DEPARTMENTS,  
SEPARATELY ADMINISTERED,

EACH WITH ITS OWN SUPPLY SYSTEM (S),

EACH HANDLING PRACTICALLY ALL ITEMS  
USED BY THAT DEPARTMENT, WHETHER  
COMMON-USE OR TECHNICAL TYPE.

PRINCIPAL CRITICISM OF PRESENT SYSTEM, PARTICULARLY  
AS TO DUPLICATION & OVERLAPPING, HAS BEEN IN  
THE FIELD OF COMMON-USE ITEMS.

WE NOW, THEREFORE, DIRECT ATTENTION PARTICULARLY  
TO THE FIELD OF COMMON-USE ITEMS,

The essential criticism of the present system has been particularly with regard to duplication and overlapping, and has been in the field of common-use items. Therefore we are going to confine our attention in the balance of this presentation to the field of common-use items.

Chart 6, page 11.--First of all, let's define our problem, which is to devise a plan for managing common-use items, Department of Defense-wide, which will eliminate any possibility of overlapping and duplication in the supply of such items.

Let us also define "supply." By that we mean that complete cycle encompassing all the functions of research and development, cataloging, standardization, requirements determination, procurement, production, inspection, storage and distribution, transportation, retail issue, maintenance and repair, and the disposal of excess.

It is also important for us to define what is meant by "common-use" --whether it is military type or commercial, technical or nontechnical. For all these purposes it is defined as: "A class or category of items, of commercial type, largely nontechnical in nature, generally used throughout the military and civilian economies." We might add, "and generally available from the civilian economy."

Chart 7, page 12.--Now typical categories of common-use items are revealed in these four cases, where there is a high proportion of common use: medical-dental, petroleum, clothing and textiles, and subsistence.

Also we have to recognize a significant portion of common-use items in such categories as general stores (hand tools, hardware, materials-handling equipment, etc.) vehicular parts, tires and tubes, lumber, bearings, etc. Those we are not considering at the moment.

First of all, they are not completely cataloged. And let me emphasize here, as I will later, that one consideration of any common system of supply that is basic is that they must be cataloged, so that all departments call them by the same name and number.

We also obtain some of these parts from local purchases and from GSA.

Chart 8, page 13.--In this chart we have attempted graphically to show our present supply system. That means all the supply systems from the point of view of the Army, Air Force, and Navy.

CHART 6

**THE PROBLEM : TO DEVISE A PLAN FOR MANAGING COMMON-USE ITEMS, DOD-WIDE, WHICH WILL ELIMINATE ANY POSSIBILITY OF OVERLAPPING & DUPLICATION IN THE SUPPLY OF SUCH ITEMS.**

**By "SUPPLY" is meant the complete cycle encompassing :**

- RESEARCH & DEVELOPMENT
  - CATALOGING
  - STANDARDIZATION
  - REQUIREMENTS DETERMINATION
  - PROCUREMENT
  - PRODUCTION
- INSPECTION
  - STORAGE & DISTRIBUTION
  - TRANSPORTATION
  - "RETAIL" ISSUE
  - MAINTENANCE & REPAIR
  - DISPOSAL

**What is meant by "COMMON - USE" ? - -  
Military type ? Commercial type? Technical? Non-technical?**

**Definition: A CLASS OR CATEGORY OF ITEMS, OF COMMERCIAL TYPE, LARGELY NON-TECHNICAL IN NATURE, GENERALLY USED THROUGHOUT THE MILITARY & CIVILIAN ECONOMIES.**

CHART 7

**TYPICAL CATEGORIES OF COMMON-USE ITEMS**

**HIGH PROPORTION OF COMMON-USE.**

● MEDICAL - DENTAL

● PETROLEUM

● CLOTHING & TEXTILES

● SUBSISTENCE

**SIGNIFICANT PORTION OF COMMON-USE ITEMS.**

● GENERAL STORES (Hand tools, hardware, materials handling equipment, etc.)

● VEHICULAR PARTS

● TIRES AND TUBES

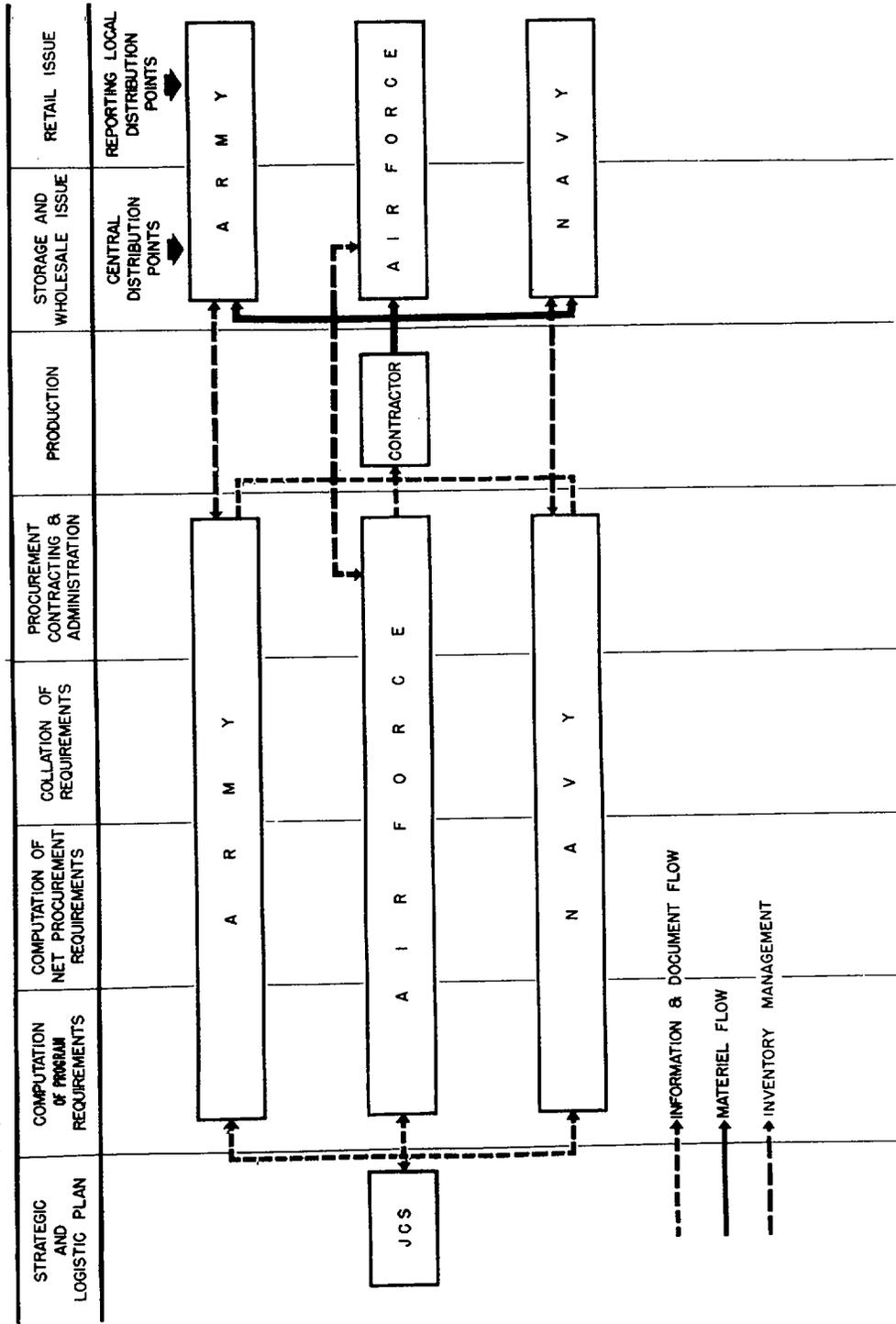
● LUMBER

● BEARINGS

● ETC:

CHART 8

# THE PRESENT SUPPLY SYSTEM



We have broken it down into vertical sections, which represent the different steps in what we call supply operation. We have put them so you can read downward. This first block is titled "Strategic and Logistic Plan." This comes from the Joint Chiefs of Staff as a directive to all the three departments. In the next block we have "Computation of Program Requirements," stemming from the Strategic and Logistic Plans. The next block is "Computation of Net Procurement Requirements," based upon the program requirements and the assets in the system. Next is "Collation of Requirements," which is to be used in connection with multiservice supply. Then the block of "Procurement Contracting and Administration." I believe that is self-explanatory by its title. It encompasses, obviously important functions in the supply chain. Finally we have "Production," which is represented by the contractor in the act of producing.

Next is "Storage and Wholesale Issue," The central distribution points are the depots. Finally, the individual retail points of issue and storage are in this block.

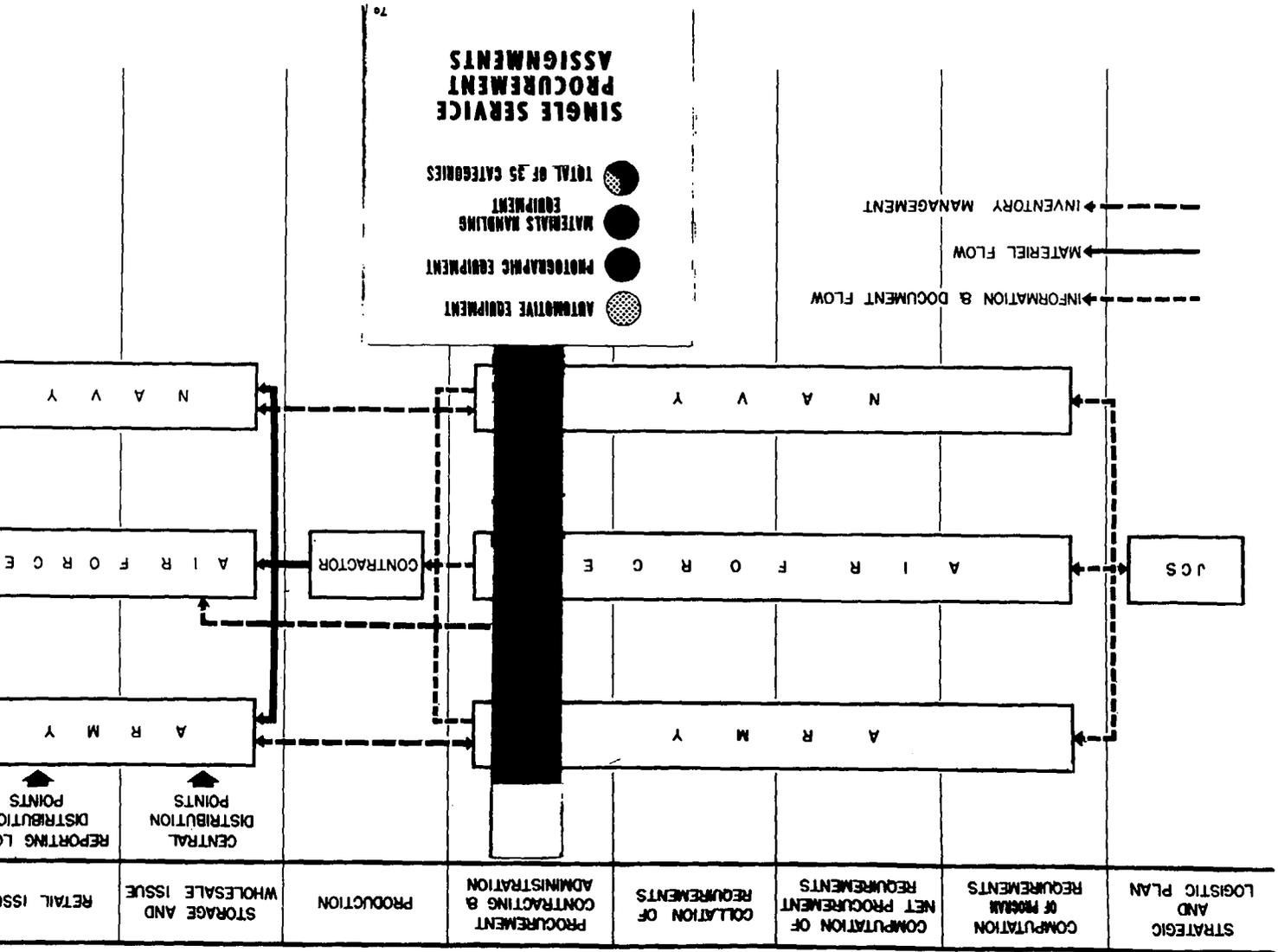
Now, this chain, or this supply system, starts basically from the Joint Chiefs of Staff guidance in the Strategic and Logistic Plan and goes to the departments. Each one individually computes its own program requirements, and computes its net requirements, what it needs, based upon its assets, without regard to the other departments. It proceeds with its own acts of procurement and contracting. The contractor receives the order and ships to a depot of that particular service, a wholesale depot. From that wholesale depot it goes to the retail installations of the particular service.

The same is true for each of the departments. They have their own inventory management control, their own distribution system, but not with relation to the others.

Chart 9, page 15.--Now, there are some variations in this basic supply system procedure, such as, first of all, is indicated by what some of you are familiar with as single-service procurement assignments. That is accomplished by what is known as military interdepartmental procurement requests. In this case one service is assigned the responsibility to buy for all of the services their requirements. That is true, for instance, where Army buys all automotive equipment, the Air Force buys all the photographic equipment, and Navy all materials-handling equipment, and so on, for currently some 35 categories of such items.

# THE PRESENT SUPPLY SYSTEM

CHART 9



Now, in this process it should be noted that each department still formulates its own program and its own net requirements, and sends the information to the department making that procurement. But this department has no responsibility whatsoever to determine the assets from the other departments. It merely does the act of procurement. Delivery is made from the contractor to the different departments who requested the product to be purchased.

This procedure is a system that came about during the war and subsequently in an effort by the services, under Munitions Board guidance, "to improve procurement and eliminate duplication in the act of procurement between the departments."

Now, in the next chart (chart 10, page 17) we see a precise example in the case of subsistence, in which the Army has an assignment as single procurement agent, and, through the Army's Quartermaster Marketing Center in Chicago, buys all subsistence on demand from the Navy or Air Force; does the act of procurement, contract administration, and the contracting.

From that point, from the contractor, the subsistence items are distributed directly by the Navy in their wholesale-retail system. In this one case, as a result of a change in 1947, when the Air Force was separated from the Army, the Army has continued to distribute subsistence to the Air Force retail points. So we find the Army in this case as the single procurement agent and as the wholesale distribution agent for the Air Force.

Chart 11, page 18.--A further example of this dual assignment is in the case of clothing and textiles, in which we have at the moment an informal coordination of requirements in which an effort to collate requirements is made on some items. In this case the Army again buys all clothing and textiles for the Air Force; but, different from subsistence, the Air Force wholesales and retails its own clothing and Army does its own. Navy contracts to purchase its own clothing and textile requirements and distributes them the same as the other commodities.

Chart 12, page 19.--In the case of petroleum, we again find that we have what is known as the Armed Services Petroleum Procurement Agency. This joint agency collates the requirements from the three departments, so as to put them into a common procurement requirement. It performs the act of procurement for all three departments.

CHART 10

# THE PRESENT SUPPLY SYSTEM

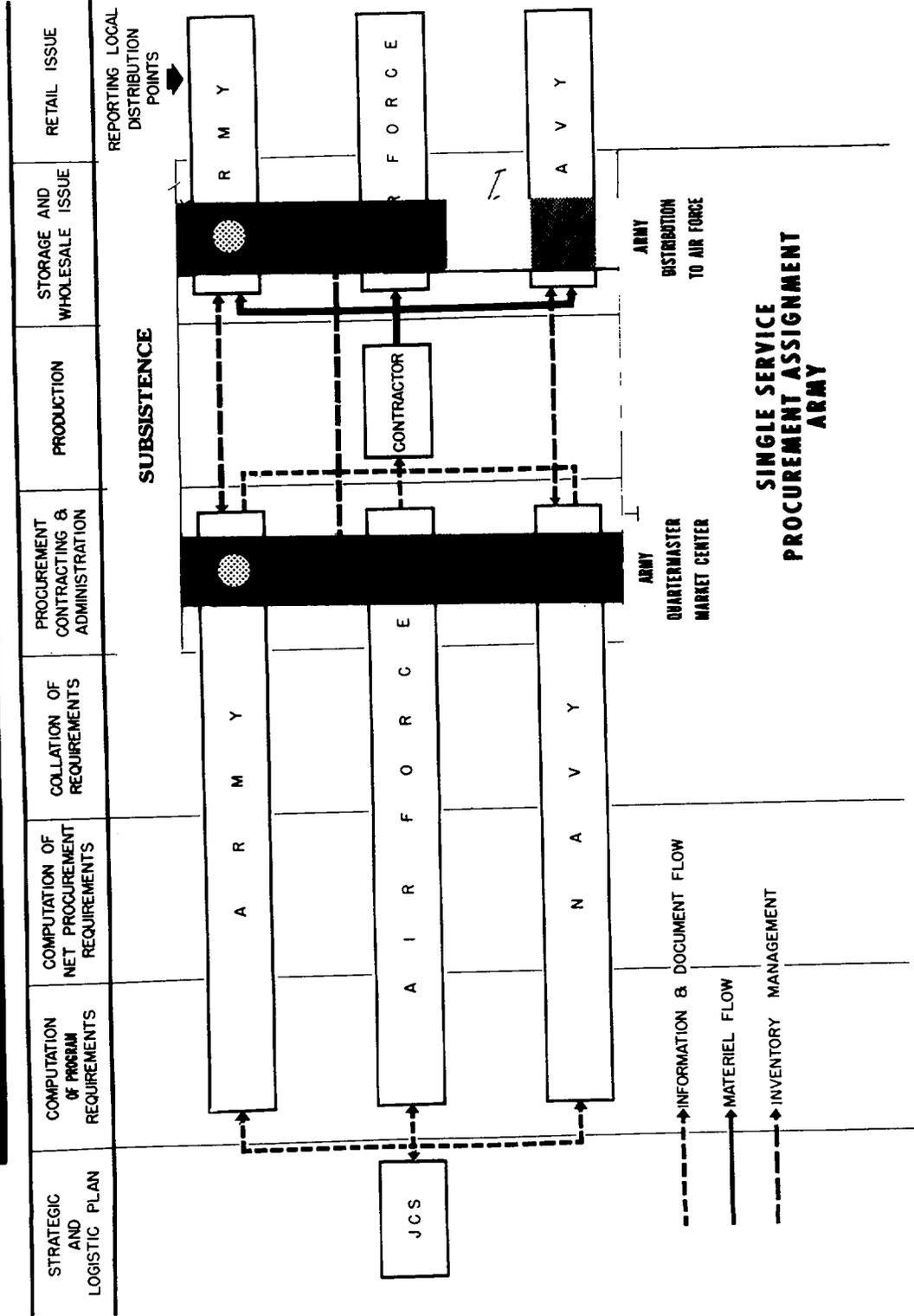
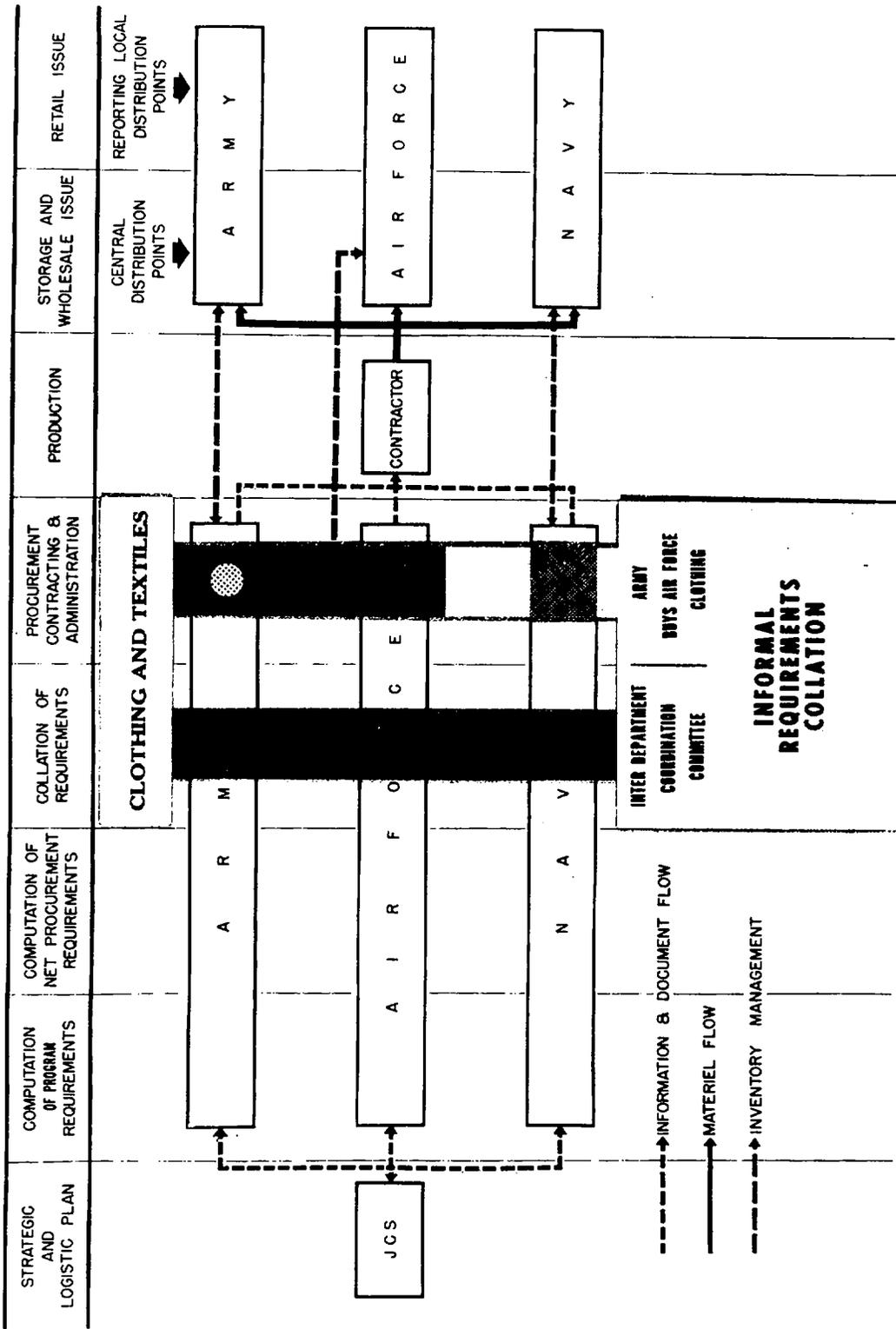


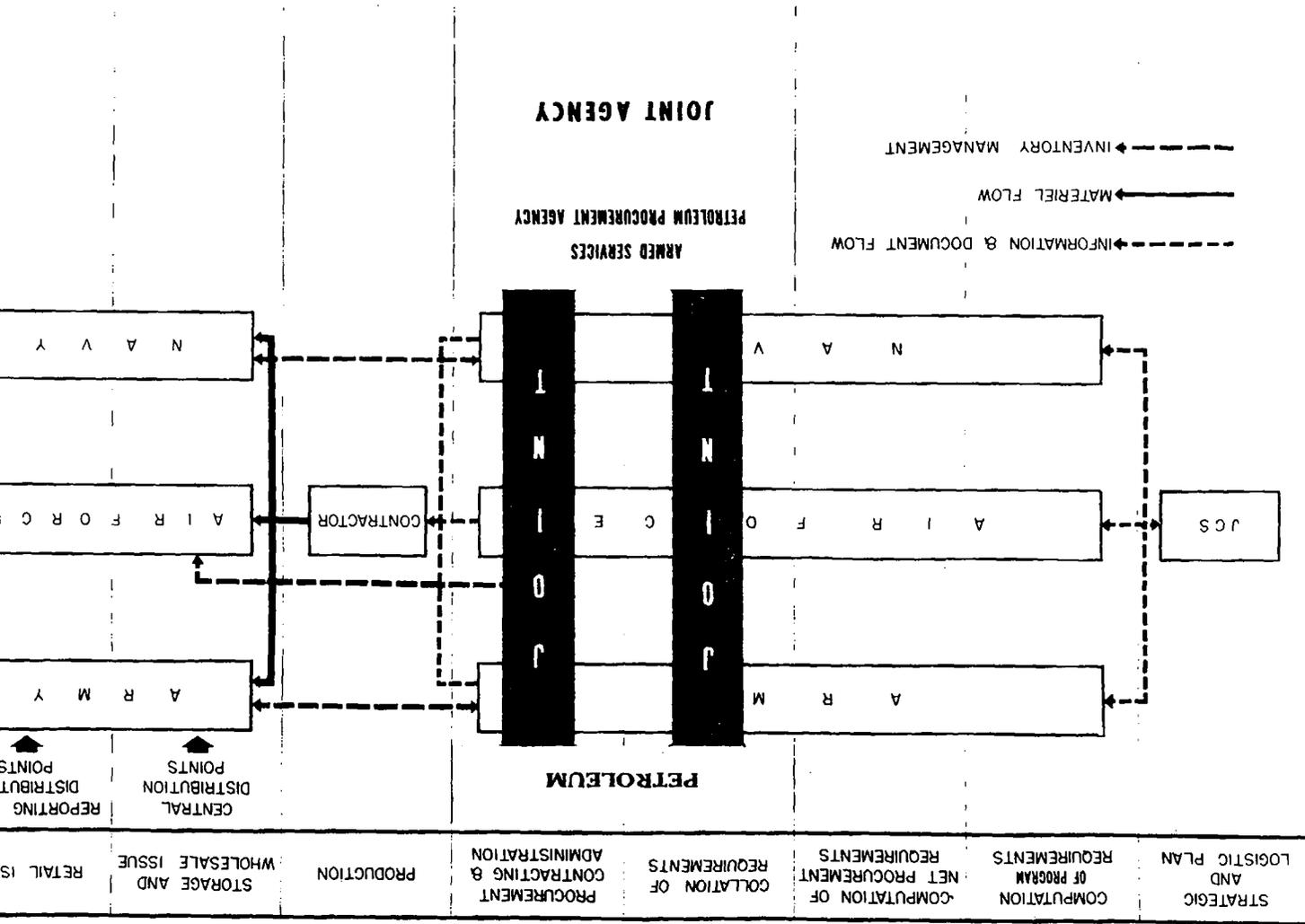
CHART 11

# THE PRESENT SUPPLY SYSTEM



# THE PRESENT SUPPLY SYSTEM

CHART 12



From the contractor the requirements of each department are again distributed separately through the wholesale-retail system; and there is no cognizance of the assets in each of these systems back to this procurement agency.

Now, it is interesting to note that this petroleum procurement agency was originally established during World War II as a result of the confusion that existed in the purchase and allocation of petroleum under war conditions. It has continued ever since that time as a central agency for petroleum procurement.

Chart 13, page 21.--In the case of medical and dental supplies, again we have a joint agency--the Armed Services Medical Procurement Agency. And, as in the case of petroleum, there is joint collation of requirements. You have the supply-demand control points of all three departments located physically together in one procurement agency. The agency performs the act of procurement and contract administration.

Again, from the contractor the Navy's medical and dental supplies go to their wholesale-retail system independently. But, as in the case of subsistence, the Army wholesale-stocks the Air Forces's requirements for medical and dental supplies, and distributes from Army wholesale points both the Army and Air Force retail requirements.

And so in this group of various degrees of coordination and joint activity and centralized agencies we have a number of proven and successful variations of our basic supply procedure.

Chart 14, page 22.--I have mentioned this question of distribution on several occasions. We have taken, for example, the distribution of medical and dental supplies and let this chart show the Army's distribution pattern. We find that at Schenectady, Louisville, and Stockton, California, the Army has three wholesale distribution points. Each of these lines goes to some Army camp or post, and it shows where it is supplied from. Here again this covers all of the continental United States Army installations and shows where they get their medical supplies.

Chart 15, page 23.--I mentioned that the Army also supplies the Air Force's medical supplies. So here you see these same three basic points, in green. We show that the Air Force bases get their supplies from these same points. As the pattern develops, we find ourselves with very long hauls from here as compared to from there. In fact,

# THE PRESENT SUPPLY SYSTEM

CHART 13

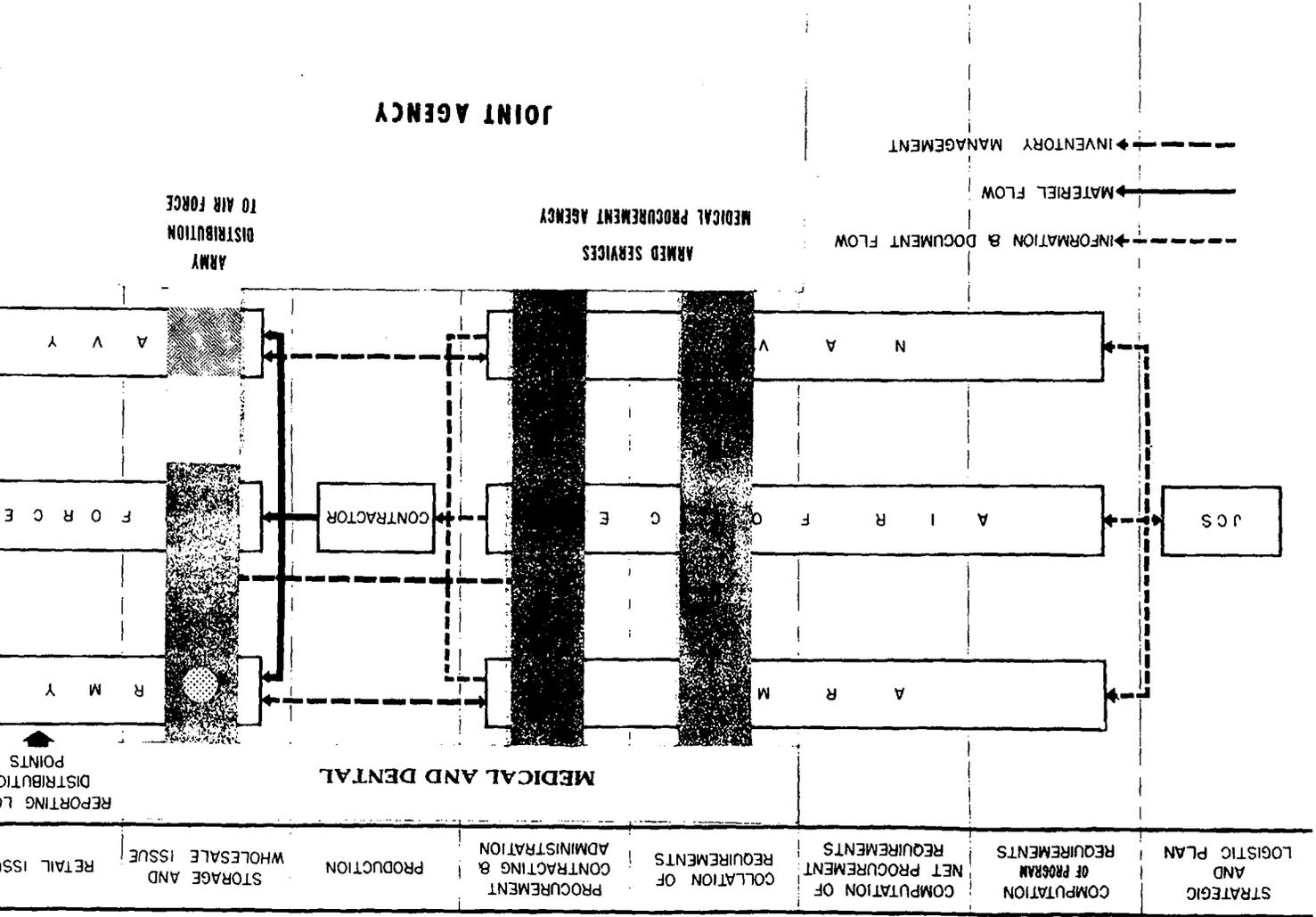


CHART 14

THE PRESENT SUPPLY SYSTEM

MEDICAL DISTRIBUTION

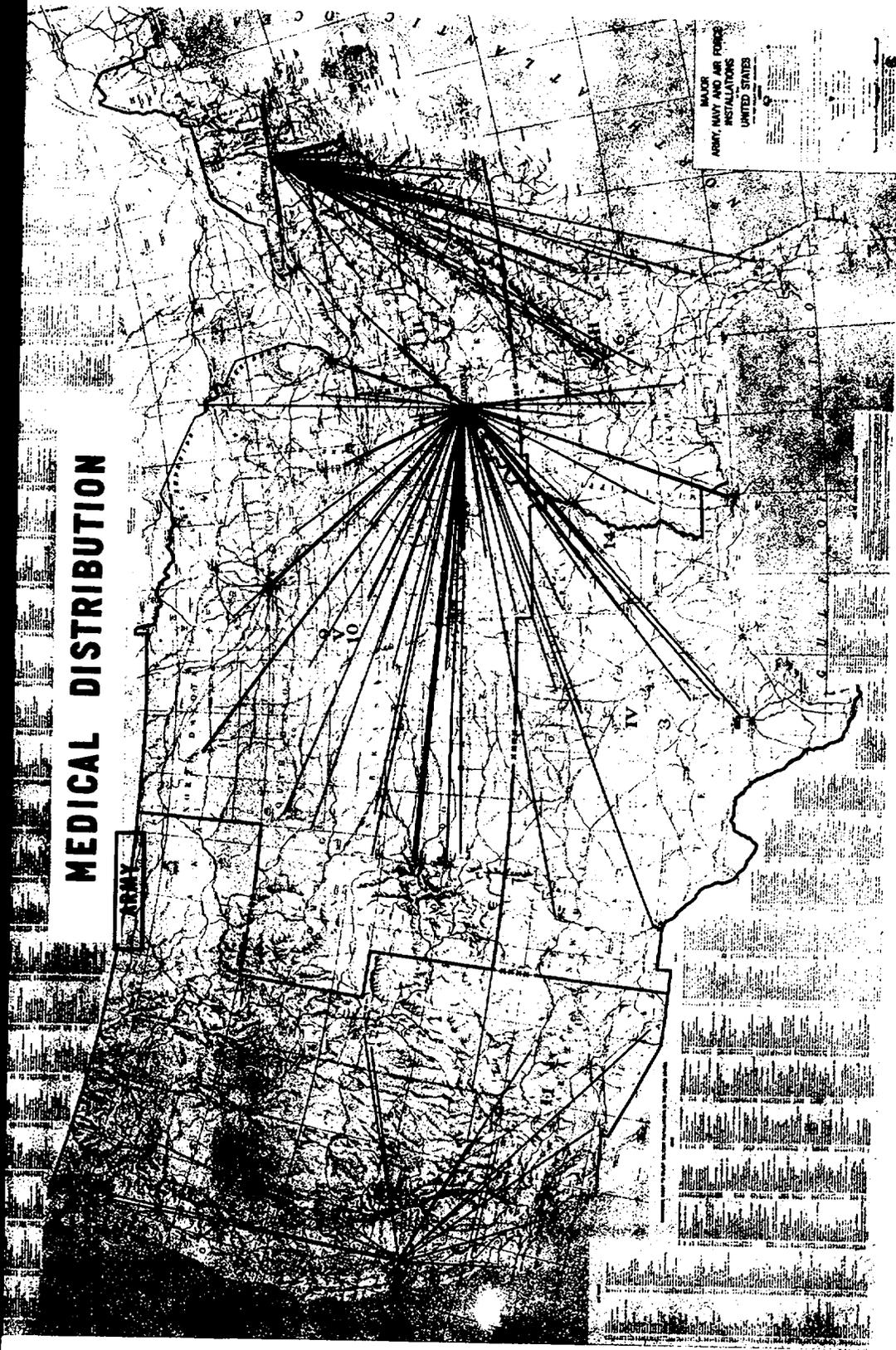
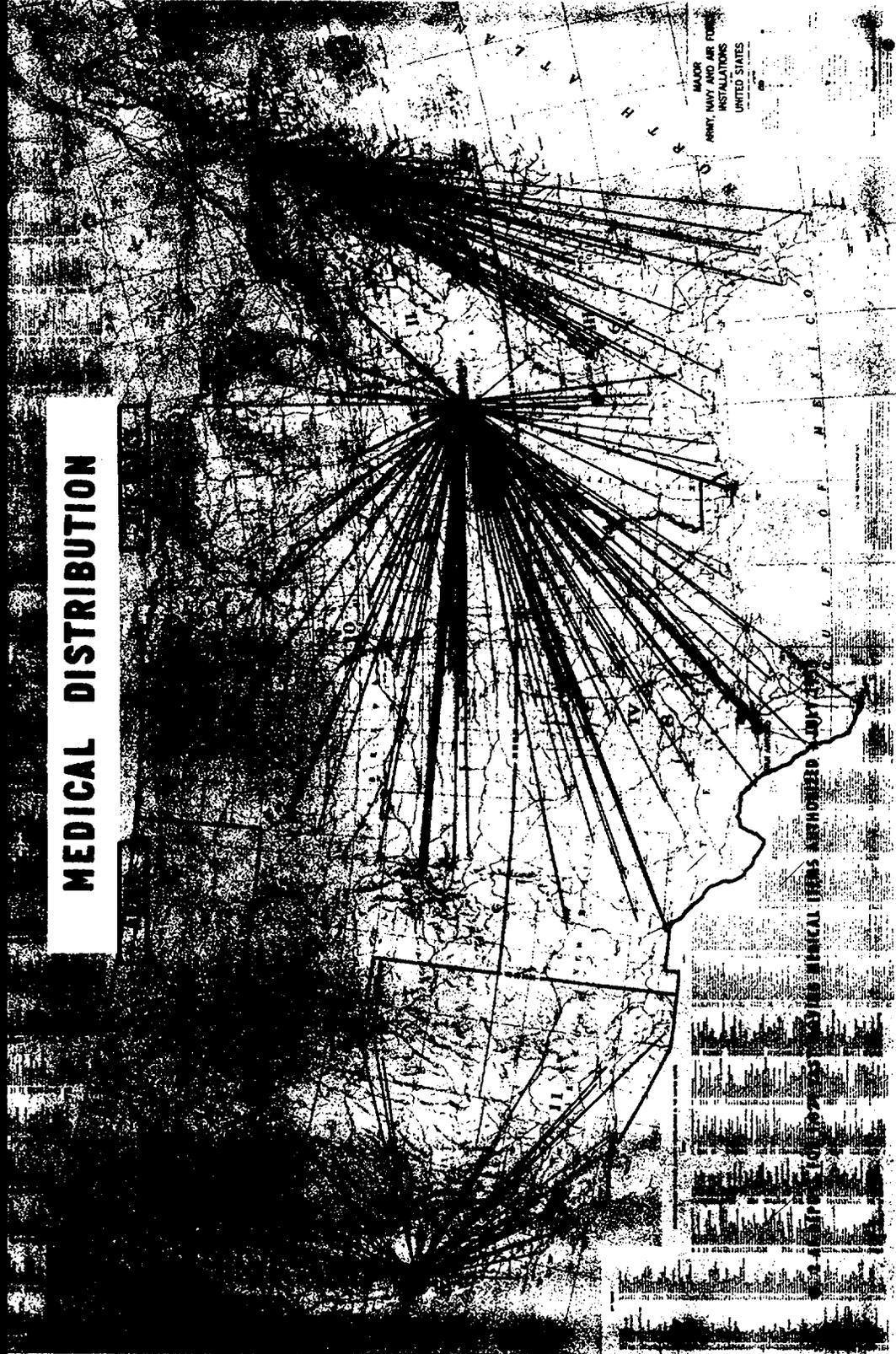


CHART 15

THE PRESENT SUPPLY SYSTEM

MEDICAL DISTRIBUTION



the concentration of Air Force bases in here has resulted in, as of the first of July 1955, approval being given to the Air Force to establish at Gadsden, Alabama, and San Antonio, Texas, submedical wholesale points, where they carry some 1030 items, fast-moving ones, for the Air Force's own medical distribution.

Actually we have superimposed this. It is interesting to note that the Air Force do not supply, for instance, from that same point this Army base here. They only do it for Air Force bases.

Now, on this chart (chart 16, page 25) we have superimposed the Navy's distribution pattern. You will recall that that is separate from the Army. In the case of the Navy they also have a wholesale base at Schenectady. They have one at Newport. They have one at Bayonne, one in Norfolk, over here in San Diego, and Oakland, and one up in Seattle. So from those points, by the blue lines, you see how the Navy distributes its medical supplies.

It is obvious that there are long cross hauls from Bayonne and from Louisville. The same thing is true where the Navy has a base up here and it is supplying this one. The Army is distributing clear to Seattle and to other Army bases from Stockton. I believe the confusion of the map speaks for the confusion in the distribution pattern.

Chart 17, page 26. --Here we have the criticisms of the present system in the common-use field. One, it is alleged to be contrary to law, particularly the O'Mahoney Amendment. Second, the departments jealously guard their separate autonomies. Third, they continue to expand their supply systems in the common item fields. Fourth, this is duplication and overlapping of effort. Fifth, in determining net requirements, the separate departments do not make use of each other's assets.

So we come to the proposed Single Manager System (chart 18, page 27). I shall now review the evolution of our present system. From that we have proposed the Single Manager Plan, which is now presented to you in this next chart.

Chart 19, page 28. --We have exactly the same major divisions of the supply operation. You see "Strategic and Logistic Plan, Computation of Program Requirements, Computation of Net Procurement Requirements, Collation of Requirements, Procurement Contracting and Administration, Production," and the wholesale and retail distribution.



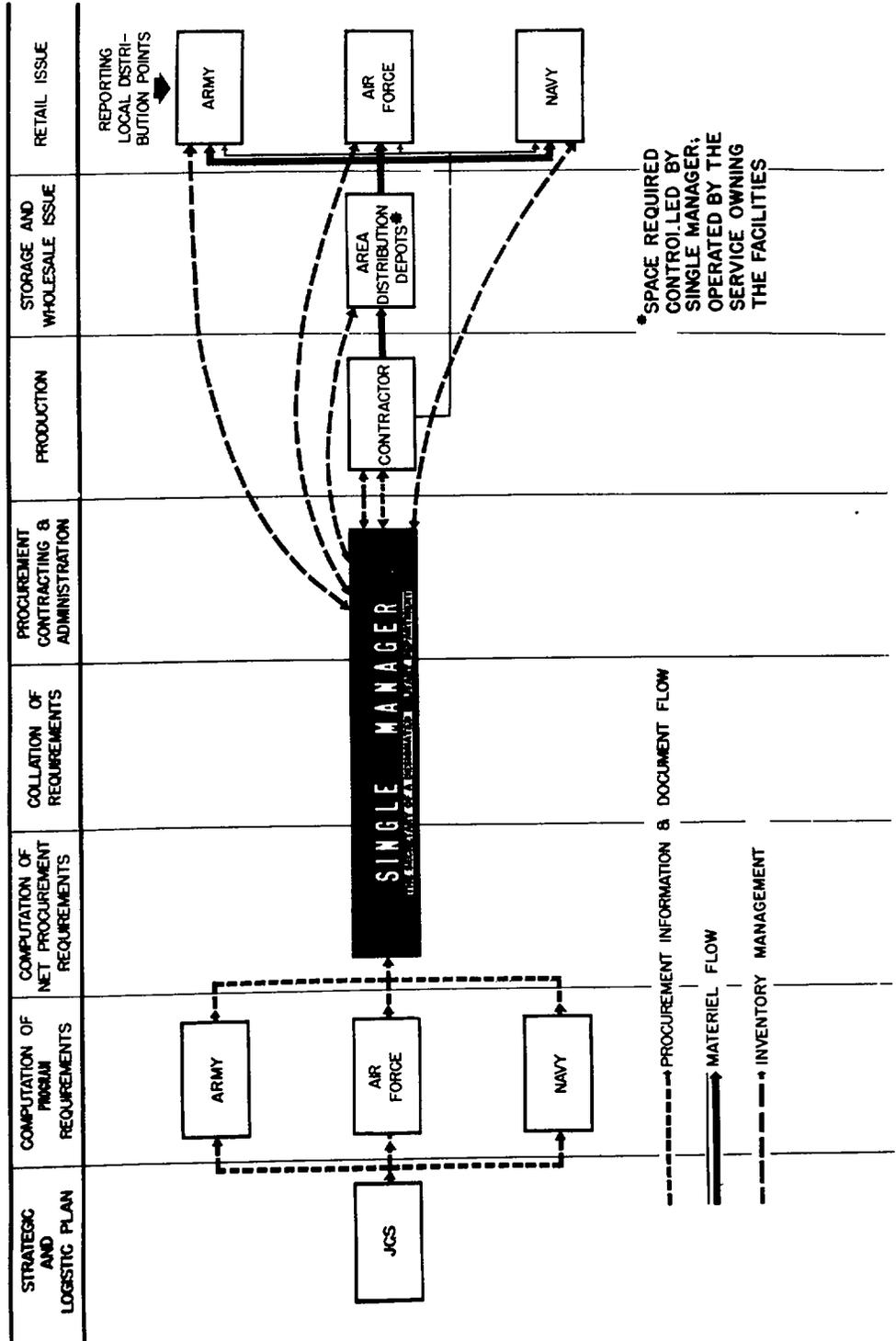
**THE PRESENT SUPPLY SYSTEM**

**CRITICISMS OF PRESENT SYSTEM.**

1. Alleged to be contrary to law. (O'MAHONEY AMENDMENT)
2. Departments jealously guard their separate autonomies.
3. They continue to expand their supply systems in the common item fields.
4. This is duplication and overlapping.
5. In determining net requirements, the separate departments do not make use of each other's assets.

CHART 19

# PROPOSED SINGLE MANAGER SYSTEM



As in the present system, we also start with the Joint Chiefs of Staff's Strategic and Logistic Plan. Each military department--Army, Air Force, Navy--would compute their program requirements based upon their tables of organization and so on. This information would then be given to the single manager.

Now, the single manager would be the secretary of the designated military department. He would be responsible for all of the functions which we are about to describe. He would receive these program requirements, and from those compute the net requirements, taking into consideration what one department needed and the other didn't need, the assets in the system and in the pipeline, lead time, and so on to a determination; and, in that act he would collate all of these requirements and come out with what is his net procurement.

He would do this act of procurement and contracting. He would send an order to the contractor, who would then deliver the finished material to what we are calling the area distribution depot.

This area distribution depot can be a depot of any one of the departments, selected because of its most effective geographical location with respect to all Army, Navy, and Air Force retail establishments in that area.

Assume that was assigned to the Secretary of the Army for this commodity. This could be a Navy base, a Navy depot. The Navy would operate with respect to supplies that it receives from the contractor in exactly the same way that a commercial warehouseman receives supplies and delivers them on instructions from a private industry. From those wholesale points it would distribute those products to the retail establishments of the Army, the Air Force, and the Navy. So we might find this area distribution point in any one or all three of the departments operating the most strategically and economically located wholesale points for the other two.

The single manager would receive from these area distribution points, and, as needed, from the retail points, all stock and inventory information necessary to maintain a complete supply-demand record of the entire requirements of the three departments. And so he would be in a position to exercise the necessary judgment as to what procurement to proceed with, considering the assets in the system, and identifying those that might tend to become obsolete, and thus maintain the minimum amount of effective inventory. I am speaking particularly for operating inventory as contrasted with mobilization reserves.

Chart 20, page 31. --Now, in this chart we have the same ones we have shown you before, but down here we tried to summarize those four previous overlays, where clothing and textiles are shown as a band of informal collation or partial procurement by the Army of clothing and textiles for the Air Force, but the Navy did its own individual distribution, and so on. In the case of petroleum we have joint collation, with one agency to procure and individual distribution. In the case of subsistence, you have one department doing all the procurement, the Army doing the distribution wholesale for the Air Force, and the Navy doing its own. In the case of medical and dental, similar to petroleum exactly up to the point of distribution, where it is a little different.

So in effect what the single manager does is extend the band of responsibility and authority back here to this net requirements computation, through the whole band of collation, procurement, and distribution to this point, where it becomes the retail consumption responsibility of each department. And there is in essence what his control is, with the military departments, of course, individually acting as warehousemen for this act of area distribution.

Now we revert to this chart that I showed you a minute ago (chart 16, page 25), on medical distribution. I am showing it again just to remind you of its confusion.

Our next chart will take a portion of the system and give you an example of its operation (chart 21, page 32.) This chart shows the eastern part of the United States. Hypothetically we have said we will retain Schenectady as a wholesale depot. We will retain Bayonne. We will retain Louisville. We will open a new wholesale depot at Atlanta, Georgia. This will make four depots instead of five, as in this case.

If we put in radial lines showing all the Army, Navy, and Air Force retail establishments in their geographical areas, we get a pattern of distribution which is not overlapping as in this case, which is closer from the standpoint of service.

It is interesting to note that as the crow flies we will also reduce from 59,000 miles to 33,000 miles total distribution, or a matter of 44 percent. I have to recognize that that is not true. It doesn't reflect necessarily a saving in transportation cost, because these different distances would have to be weighted by the tonnage--this distance for instance from the original contracting supplier to this point. But it is



CHART 21

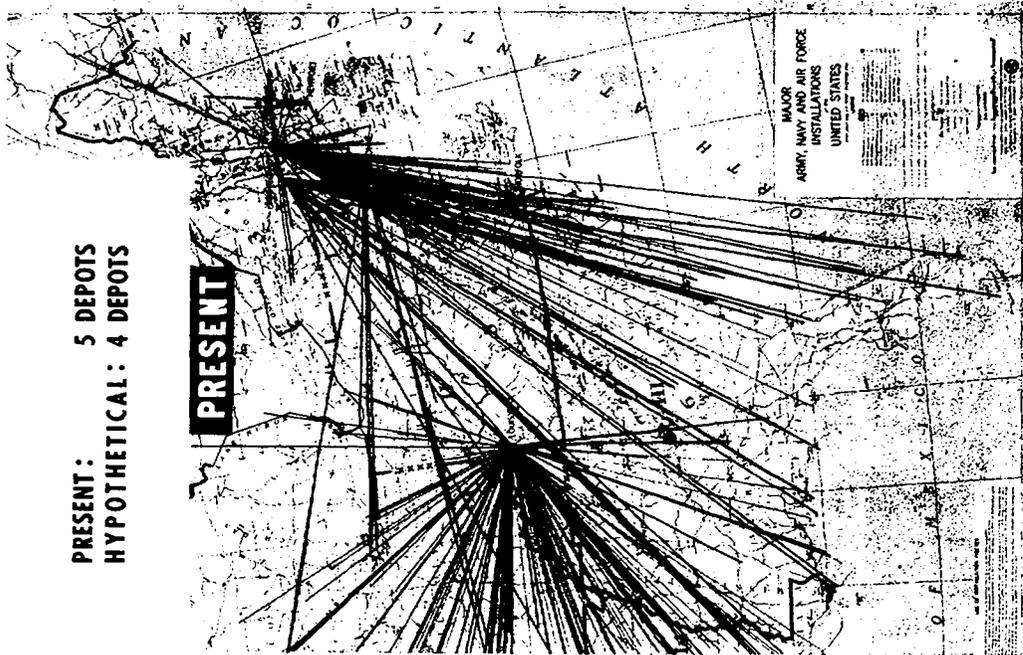
# MEDICAL SUPPLY DISTRIBUTION PATTERNS (EASTERN STATES)

TOTAL MILEAGE "AS THE CROW FLIES"  
DEPOT TO 130 STATIONS HERE SHOWN

PRESENT: 59,290 MI

HYPOTHETICAL: 33,280 MI

DIFFERENCE 44%



very obvious that there are great savings and reductions in less-than-carload shipments to those points when they come from closer points. This is an example of what we mean by wholesale-retail distribution under the Single Manager Plan.

Chart 22, page 34.--This chart shows that the single manager will direct, within his assigned commodity area, world-wide inventories, research--by "research" I mean coordination of directing and monitoring--stock fund operation, screening excesses--that includes screening of personnel for handling special supplies--training, net requirement computation, cataloging and standardization, inspection and quality control, distribution and redistribution, storage and transportation, and major maintenance and repair.

It is important to remember that he can rely on the departments for program requirements--regardless of any supply system, we start with that as the heart of everything we have to deal with--for technical advice through advisory groups in the department, and the operation of these area distribution depots. He would have the optimum utilization of existing departmental skills and facilities in his own commodity area.

Chart 23, page 35.--Does this Single Manager System meet the recommendations of the Hoover Commission for central agency control? We believe that the answer is "Yes" with respect to such important recommendations as making all purchases in one central place, keeping central inventory records, controlling storage space most economically, accomplishing inspection, establishing training programs, and standardization of items of supply.

Does the Single Manager System meet the criticisms of certain elements of Congress with respect to, for instance, multiple systems for the same articles? We believe again the answer is "Yes." Also with respect to unnecessary duplication and overlapping, costly cross hauling, duplication of pipelines, and duplication of storage facilities.

Chart 24, page 36.--We consider the most appropriate categories for single manager assignment are in this medical-dental field, where we have 7,062 different items, some used by one department and some by two and some by all three; in petroleum, with 1,046 items; in clothing and textiles, with 34,295 items; and subsistence, with 1,861 items, or a total of 44,264 items.

**PROPOSED SINGLE MANAGER SYSTEM**

**THE SINGLE MANAGER WOULD . . .**

**DIRECT ( within his assigned commodity area ) :**

- WORLD-WIDE INVENTORIES ● NET REQUIREMENT COMPUTATION
- RESEARCH ● CATALOGING AND STANDARDIZATION
- PROCUREMENT ● INSPECTION AND QUALITY CONTROL
- STOCK FUND OPERATION ● DISTRIBUTION AND REDISTRIBUTION
- SCREENING EXCESSES ● STORAGE AND TRANSPORTATION
- TRAINING ● MAJOR MAINTENANCE AND REPAIR

**RELY ON THE DEPARTMENTS FOR :**

1. PROGRAM REQUIREMENTS
2. TECHNICAL ADVICE THROUGH ADVISORY GROUPS
3. OPERATION OF AREA DISTRIBUTION DEPOTS
4. OPTIMUM UTILIZATION OF EXISTING DEPARTMENTAL SKILLS AND FACILITIES

**PROPOSED SINGLE MANAGER SYSTEM**

CHART 23

**DOES THE SINGLE MANAGER SYSTEM MEET THE RECOMMENDATIONS OF THE HOOVER COMMISSION FOR CENTRAL AGENCY CONTROL?**

**WITH RESPECT TO:**

- MAKING ALL PURCHASES? YES
- KEEPING CENTRAL INVENTORY RECORDS? YES
- CONTROLLING STORAGE SPACE? YES
- ACCOMPLISHING INSPECTION? YES
- ESTABLISHING TRAINING PROGRAMS? YES
- STANDARDIZATION OF ITEMS OF SUPPLY? YES

**DOES THE SINGLE MANAGER SYSTEM MEET THE CRITICISMS OF CERTAIN ELEMENTS OF CONGRESS?**

**WITH RESPECT TO:**

- MULTIPLE SYSTEMS FOR THE SAME ITEMS? YES
- UNNECESSARY DUPLICATION AND OVERLAPPING? YES
- COSTLY CROSS HAULING? YES
- DUPLICATION OF PIPELINES? YES
- DUPLICATION OF STORAGE FACILITIES? YES

**PROPOSED SINGLE MANAGER SYSTEM**

**THE MOST APPROPRIATE CATEGORIES FOR SINGLE MANAGER**

**ASSIGNMENT ARE:**

MEDICAL - DENTAL .....	7,062 Items
● PETROLEUM .....	1,046
CLOTHING & TEXTILES .....	34,295
● SUBSISTENCE .....	<u>1,861</u>
TOTAL .....	44,264

**THESE CATEGORIES:**

- ✓ ARE LARGELY COMMON-USE ITEMS.
- ✓ ARE COMPLETELY CATALOGUED.
- ✓ HAVE HAD SOME COORDINATING ATTENTION.
- ✓ CONTAIN MANY OF THE DUPLICATING-STOCK, CROSS-HAUL TROUBLEMAKERS.
- ✓ ARE 2% OF TOTAL SUPPLY SYSTEM ITEMS BUT 20% OF LINE ITEM RECEIPTS AND ISSUES INVOLVING EXPENDITURES OF ABOUT \$2.6 BILLION PER YEAR.

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Now, it is important again to note that these are all largely common-use items under our definition.

It is absolutely essential to recognize that they are completely cataloged. They have been converted in all of the departments, so that they are known by the same name and number.

They have had some degree of coordinating attention and central agency review.

They contain many of the duplicating-stock, cross-haul trouble-makers.

Very important, they are 2 percent of the total supply system items, out of a total of some 2,800,000 that we expect to have when cataloging is complete. But they are 20 percent of line item receipts and issues, involving expenditures of about 2.6 billion dollars a year of an estimated 4 billion dollars annual expenditures in what would be considered by our definition as common-use items.

Chart 25, page 38.--So it is believed that the Single Manager System would: centralize control of net requirements computation; centralize control of world-wide inventories for most economic utilization; eliminate duplication of warehousing of identical items in adjacent depots of two or more services; reduce the time and distance for serving retail consumption points from depots; make interservice supply automatic; assure coordination of procurement, procurement scheduling, and contract administration; through central control, effect maximum utilization of all services' facilities for research, training, cataloging, standardization, and maintenance and repair; centralize in one location supply demand control functions, such as requirements computation, inventory management, and procurement direction.

But it would not--and this is important--improve validity of program requirements--and that is where we start.

It would not obviate the need for stock funds. It may require changes in them. In fact, we feel that it will require additional stock funds to operate under this plan.

It will significantly eliminate duplication in overseas supply facilities where close command control of supply is essential.

# IT IS BELIEVED THAT THE SINGLE MANAGER SYSTEM

## WOULD

- ✓ CENTRALIZE CONTROL OF NET REQUIREMENTS COMPUTATION.
- ✓ CENTRALIZE CONTROL OF WORLD-WIDE INVENTORIES FOR MOST ECONOMIC UTILIZATION.
- ✓ ELIMINATE DUPLICATION OF WAREHOUSING OF IDENTICAL ITEMS IN ADJACENT DEPOTS OF TWO OR MORE SERVICES.
- ✓ REDUCE THE TIME AND DISTANCE FOR SERVING RETAIL CONSUMPTION POINTS FROM DEPOTS.
- ✓ MAKE INTERSERVICE SUPPLY AUTOMATIC.
- ✓ ASSURE COORDINATION OF PROCUREMENT, PROCUREMENT SCHEDULING, AND CONTRACT ADMINISTRATION.
- ✓ THROUGH CENTRAL CONTROL, EFFECT MAXIMUM UTILIZATION OF ALL SERVICES' FACILITIES FOR RESEARCH, TRAINING, CATALOGING, STANDARDIZATION, AND MAINTENANCE AND REPAIR.
- ✓ CENTRALIZE IN ONE LOCATION SUPPLY DEMAND CONTROL FUNCTIONS, SUCH AS REQUIREMENTS COMPUTATION, INVENTORY MANAGEMENT, AND PROCUREMENT DIRECTION.

## IT WOULD NOT

- ✗ IMPROVE VALIDITY OF PROGRAM REQUIREMENTS.
- ✗ OBVIATE NEED FOR STOCK FUNDS (IT MAY REQUIRE CHANGES IN THEM)
- ✗ SIGNIFICANTLY ELIMINATE DUPLICATION IN OVERSEAS SUPPLY FACILITIES WHERE CLOSE COMMAND CONTROL OF SUPPLY IS ESSENTIAL. (IT MAY CONTRIBUTE TO IMPROVEMENT IN SOME OVERSEAS SUPPORT AREAS NOT DOMINATED BY TACTICAL CONSIDERATIONS.)
- ✗ LESSEN THE IMPACT ON THE SUPPLY SYSTEMS OF LOGISTIC DEMANDS FROM CHANGES IN STRATEGIC PLANS.
- ✗ CHANGE PRESENT SUPPLY SYSTEMS FOR TECHNICAL TYPE ITEMS.

(We feel it may contribute to improvement in some overseas support areas not dominated by tactical considerations.)

It will not lessen the impact on the supply systems of logistic demands from changes in strategic plans.

It will not change the present supply systems for technical type items. We are talking about common-use.

Chart 26, page 40.--Our major implementation steps would be these: If the Single Manager System is approved, it will be necessary to issue a directive assigning single manager responsibilities to the secretaries of appropriate departments.

The following actions would then have to be taken by the Office of the Secretary of Defense staff and the single managers:

Establish and staff single manager offices, using all known personnel and assets that we have.

Develop and issue operating procedures.

Divert data flow to single managers.

Transfer depot assets to single managers' stock fund control.

Reposition depot stocks, as required to meet wholesale-retail distribution purposes.

Establish necessary stock funds, both for the single managers and the Department, as necessary.

Chart 27, page 41.--And so in conclusion, the Single Manager Plan is consistent with single service procurement, for interservice supply support, and for stock fund management controls. It has given us our first management tool for unified command operation.

It uses existing trained personnel; and our physical facilities, such as warehouses and so on; and our paper work--MIPR's, requisitions, etc. Our paper work is going to require standardization for its own existence at the moment.

**PROPOSED SINGLE MANAGER SYSTEM**

**MAJOR IMPLEMENTATION STEPS:**

**IF THE SINGLE MANAGER SYSTEM IS APPROVED IT WILL BE NECESSARY TO ISSUE A DIRECTIVE ASSIGNING SINGLE MANAGER RESPONSIBILITIES TO APPROPRIATE DEPTS.**

**THE FOLLOWING ACTIONS WOULD THEN HAVE TO BE TAKEN BY OSD STAFF AND THE SINGLE MANAGERS -**

- ✓ ESTABLISH & STAFF SINGLE MANAGER OFFICES
- ✓ DEVELOP & ISSUE OPERATING PROCEDURES
- ✓ DIVERT DATA FLOW TO SINGLE MANAGERS
- ✓ TRANSFER DEPOT ASSETS TO SINGLE MANAGERS
- ✓ REPOSITION DEPOT STOCKS, AS REQUIRED
- ✓ ESTABLISH DOD - WIDE STOCK FUNDS

# CONCLUSION

## THE SINGLE MANAGER PLAN IS CONSISTENT WITH:

1. Single service procurement
2. Inter-service supply support
3. Stock fund management controls
4. Unified command operation

## IT USES THE EXISTING:

1. Trained personnel
2. Physical facilities --warehouses
3. Paper work --MIPRs, requisitions, etc.

IT IS CONCLUDED THAT IMMEDIATE ADOPTION OF THE SINGLE MANAGER SYSTEM WARRANTS CONSIDERATION.

FOR ANY SYSTEM, THE MOST IMPORTANT INGREDIENT IS ..... THE WILL TO MAKE IT WORK!

So it is concluded that immediate adoption of the Single Manager System warrants consideration, but with the understanding that for this system, as for any other, the most important ingredient is going to be the will to make it work.

At the conclusion of the 18 August presentation to the Under Secretaries and Procurement Secretaries of the military departments, it was agreed that the next step was to present the plan to the senior supply officers and civilian personnel of each of the military departments, and do it at a separate session. This was done in the following week, and also to the Deputy Secretary of Defense, Mr. Robertson; and to the other Assistant Secretaries of Defense.

On 29 August the first meeting was held of a steering group appointed to discuss and evaluate the possibilities of adopting the single manager concept. This steering group consisted of senior officers of the military departments and representatives of Supply and Logistics and the Comptroller's Office of the Secretary of Defense. The steering group appointed working groups to develop directives and operating procedures for the commodities of "Subsistence" and "Medical-Dental Supplies."

By 3 October the subsistence working group had completed the draft of their directive and instructions, and it was submitted to the military departments for formal coordination and comment.

By 31 October the comments from the military departments had been received, with the Army and Air Force concurring, subject to minor suggestions, which in general were desirable improvements. The Navy dissented from the principle of the single manager concept, offered no comments regarding the proposed directive, but did offer cooperation should the plan be approved. The directive and comments were submitted to Deputy Secretary Robertson, who decided to approve the directive.

On 4 November the directive was signed, and the Secretary of the Army appointed the single manager for subsistence for all supply in continental United States. It had been agreed as an initial step that we would not attempt to go beyond continental United States until the supply procedure was thoroughly working and closer supervision could more readily be maintained.

On 8 November the steering group met again, and on the instructions of Mr. Robertson delayed further action with respect to medical supplies pending other considerations which were involved in the general medical field, with the exception that we are taking immediate steps to introduce the concept of a wholesale-retail distribution pattern under the direction of the Armed Services Medical Procurement Agency.

Further work is now in progress to examine the feasibility of making a single manager assignment for petroleum products and for clothing and textiles. It is our intention to continue going into other areas as cataloging is completed and as fast as the military departments can change over to the single manager system without disrupting their existing current supply responsibilities.

We will have copies of the directive that has been issued on subsistence, with the instructions associated with it; and also pictures of the charts that you have seen. Unfortunately, we do not have enough to make a complete distribution. I believe they will be given to you by Friday or not later than Monday of next week.

That concludes the presentation. Thank you, General.

MR. HENKEL: Ready for questions.

QUESTION: Reference was made to the fact that assignment would be made to the appropriate service. What considerations will determine the service that would be appropriate for procurement in any given field?

MR. LANPHIER: Number one, we would look at the service that probably might use the greatest amount of that particular commodity. Or in some things, as in the case of medical supplies, it might be coordination, the exercise of the most responsibility, such as having had the single service assignment. Probably also on the basis of the greatest interest.

There are going to be cases where the appropriate service is very definable on one basis or another. Also there are going to be cases where the services seem to be equal on all three bases. In such a case we are probably going to look at the work loads and divide with the others so that every service has about the same amount of responsibility.

For instance, in the case of subsistence being assigned to the Army, with the Army already for years having operated a marketing center and doing a fine job of procurement in that case, and having operated the wholesale distribution for the Air Force, it would be rather ridiculous to assign that commodity to the Navy, as an example.

QUESTION: I have a three-headed question. First, what are the Navy's objections? Couldn't the services supply each other with the present warehouses and transportation? Second, would it stand up under mobilization, or would it have to be decentralized on M-day? The third part is on the command relationships. This is a hypothetical question. Suppose the Quartermaster of the Army calls up the Navy, the Chief of BUSANDA, and says he wants a warehouse to store food for the Air Force, and the Navy says, "We don't have it," who would settle that?

MR. LANPHIER: That one is pretty easy, because, to start with, you go back in this case to warehouse allocation or space, and that is monitored through our office of Supply and Logistics at the moment, to make certain that we have optimum utilization of warehouse space.

As you gentlemen probably know, that has been the subject of another Hoover report. So that in analyzing what is the optimum location for a wholesale depot, our office, with the military departments, would be involved in determining that. We feel that that problem is going to be worked out on, if you will, Secretary of Defense orders. It is going to be done that way, not necessarily left to the military departments to agree among themselves.

The question of, Couldn't they supply each other? comes back to the interservice supply or cross-servicing. I didn't bring it up in my first comment, but I feel that the discussions that we had with the military departments on this whole subject have pointed out that one of the important factors in any supply system is to try to know clear back to the supply-demand point what you require right down to the man with the gun, so to speak. They have trouble doing that within their own system.

If that is the case, I made the observation that it was the greatest argument against cross servicing which was not done on a mandatory, controlled, organized method of requirements development and supply procurement. I think that cross servicing can operate and will operate. And the more that is done, the further it is developed--it already exists

for technical items aside from common-use--the more it is going to come back to some organized pattern for program requirements and net requirements, or it will never hold up, particularly in the event of mobilization.

Now, there have been many comments made about this plan falling down in the event of mobilization. Reference is made to World War I and World War II and Korea. I think that, whether it be this plan or any other plan, one of the most significant things we must bear in mind is that we have today, at least in this common-use field, or we will have within a couple of years, our standard language or catalog, so that each of the departments can call a thing by the same name. We will have greater dollar standardization for these common-use items.

I don't doubt that the interservice supply support in the time of World War II and Korea was very, very awkward, if not nearly impossible, under conditions imposed by the barrier of language. I think that is one of the most important things we have to bear in mind. I think it is so important that I question that this system could be condemned when it is based greatly upon that very fact.

Now, as to the Navy's objections, the Navy felt they had to have control completely within their own department, in order that their programs could be executed with reliability.

But essentially it came down to their feeling that they couldn't rely on another service. It was pointed out to them that in the field of common-use items the Air Force has gotten along pretty well with Army support these last eight years, and has no particular objection to continuing it that we have heard about. That is a pretty good example that the Army can support them. So I would say that that was their particular concern.

But also there was the possibility that in the event of mobilization the assignment of priorities might be a problem; that, while DOD did the distributing, there might be trouble. But our record on petroleum is a very good example. The procurement and allocation of petroleum is usually in such chaos in every war that we have eventually had to put it in a central bureau for allocation priority as the result of mobilization.

QUESTION: I realize that this presentation has been based on the operating supply. What about the mobilization stocks that the three

services have? How would they be fed into the supply distribution system come M-day? Would the present owners retain that ownership, or would the stocks be turned over to the central manager?

MR. LANPHIER: That particular question has, frankly, not been settled. The mobilization stocks under the concept of this plan would be held in two ways. They would be held under the stock fund of the single manager where located in wholesale depots. They also would be prepositioned in retail establishments where they could be held under either the stock fund of the single manager or the technical department.

We feel that is a matter where much flexibility is possible, according to commodities. We do not believe that you can write a directive to strike out the word "subsistence" and put in "petroleum" or strike out "petroleum" and put in "medical and dental" without recognition of some of their peculiarities. When you see such great variations as in the case of subsistence our total inventory being about 10 percent mobilization reserves, consisting of specially packed rations and that sort of thing, where, on the other hand, in the case of medical supplies, some 90 percent of our total are defense inventories or mobilization reserves, such extremes obviously require different treatment.

We also believe there are some technical aspects. In the case of medical there is no doubt but what there is a technical, a professional, and, I might say, an emotional, aspect that has to be recognized. We recognize that if subsistence can't work, nothing can work, because, as has been pointed out to all of the departments, having a certain item is not the only answer. You can still exist. If you don't have peas, you can eat carrots. If you don't have beef, you can trade with ham. But you can't trade penicillin for aspirin. You can't trade avgas for motor fuel. And so it goes. Those things must be recognized in the directives and in the operations of the Joint Chiefs as we develop the commodity assignments.

QUESTION: Has any study been made as to the saving in cost that might accrue from this plan in the way of personnel, facilities, buildings, and so on?

MR. LANPHIER: The answer is that it has not, because we would need to know the cost today. If we could find out what the true cost is, as of today, of providing the supply of any commodity you like, it would be a very interesting factor. We would like to compare, say, one service

with another for their effectiveness. But this is the same story we have constantly in connection with departmentally operated commercial industrial facilities. What is the cost? The questions of overhead are so awkward.

It is our intention to find out to the best of our ability how many people, both military and civilian, are employed at the present time, say, in this area of subsistence by the departments, how much space they occupy, and watch that to see how much it is after the system is in operation. But to come out with a direct appraisal, that is, we think, next to impossible. We only know that in the case of subsistence the joint single assignment has saved personnel and it has been effective.

QUESTION: I noticed that you indicated several items that are in a sense prerequisites to this plan. I noticed you also indicated it will be necessary to standardize the documentation. In that area I think that some action is long overdue. I have wondered why it has been left so long without any real emphasis being put on it, and just what the objections are to getting a standard shipping document and a few things like that.

MR. LANPHIER: You are indicating that you know that the requisitions and shipping documents of the three departments are of different sizes and different colors, and you wouldn't know that they belonged to the United States. We have been working on that for something around a year. But, to put it extremely bluntly, we are just meeting departmental resistance to getting any kind of change. This is forcing the program.

I repeat that with service of supply support or with cross servicing you are still going to need common paper work. This whole program is pushing us to the point where we are going to have to get modernized.

Again, before we had a common catalog, it didn't matter an awful lot. Maybe it was better to know each item by the same number in all the services; but if you had a code book, you could make reference to the number in the book.

It is an interesting angle that even where this question of paper work has been such a nuisance, there still has been no change. Where you have a wholesale depot and you want to draw something out of it, it is good to be able to draw it for the Army, the Navy, or the Air Force without figuring out which form to use, or how to make out the shipping papers, with all the confusion that exists there. That has been another pressure point.

QUESTION: Your presentation has put quite a number more questions in my mind than I had before on this Single Manager Plan. I would like to get more specific. You mentioned that the DOD does the allocation of warehouse space and inventories. If the Army happened to be the manager and they wanted an item in an Air Force depot to be distributed to a Navy base, they might have the room there, but they couldn't handle it without some lukewarm bodies to ship it and account for it and a few things like that. Where is the Air Force base or depot going to get those lukewarm bodies to handle the materiel?

MR. LANPHIER: No doubt you are going to have a problem there and are going to have to do some work on it. That is one reason why I don't think you can do the whole thing at one time. It is going to be an evolutionary process.

We are hopefully assuming that there will also be changes in that pattern so far as operation is concerned. It has even been suggested that we might solve that problem like this: At an Air Force base the Army might have a hundred thousand square feet where they could keep some Army personnel. But that won't work.

QUESTION: As more and more of these commodities come under the single manager system, is there any plan to create a manager of single managers, so as to make sure they are all singing off the same sheet of music?

MR. LANPHIER: When you have that fellow, you have your fourth service of supply, don't you?

We feel that monitoring to the degree that is necessary already exists in the Office of the Secretary of Defense through the existing channels of responsibility in the Comptroller's Office, our Supply and Logistics Office, Health and Medical, and Property and Installations. Those offices which have monitoring responsibility are getting more into the responsibility for overall program review and analysis of requirements.

Some of the examples I have mentioned are typical of what we have. We want to stay out of the business just as much as we can. The more business you do between the services that we are notified about, the better we like it.

QUESTION: I have noticed from time to time that a number of the services seem to feel that they don't get enough money to take care of those things which are their principal interest, such as the Air Force seems to think it doesn't get money for enough wings, the Army thinks it doesn't get enough personnel, and the Navy thinks it doesn't get enough ships. I have seen some indication on the part of the services that they would like to reduce the amount of support given to some other service. I wonder if you are going to have any difficulty because of the cost of supplies coming out of the budget of the department supplying them.

MR. LANPHIER: In this question of support you have at the present time the cost of distribution, for instance, and the cost of procurement. That cost of warehouse handling is already being put into the cost of the commodity, on the basis of agreed amounts per ton or type of commodity. That is, it would be put into the price when one department sells to another, very like in the case of the Army and the procurement of subsistence or medical supplies, or in the case of cross servicing. That money goes into their budget and will take care of that angle. Of course, they are still going to claim that they need more personnel.

QUESTION: I noticed in the presentation that it was essentially directed toward the standard single manager plan on common-use items, but in your opening remarks you made some reference to the fact that this same plan might be extended to other fields. Now, where in this extension do you believe that the bounds of the Single Manager Plan are, where it becomes more feasible to do things within the service itself?

MR. LANPHIER: I can't give you the boundaries. I would certainly like to see it in operation on the simplest item, subsistence, where you have the least mobilization reserves and the greatest interchangeability. If it won't work there, I think that we can discard it for other fields. There we might find out what our boundaries are.

In the case of other areas, we have a very specific example of how it is working at the moment. There is a single agency for transportation. I spoke, as you doubtless recall, of supply and servicing. You recall that the Hoover Report doesn't speak of a fourth service of supply. It says "supply service." Just how far some single agency can take over the functions of all three services we believe is a matter on which we should proceed very carefully.

The Hoover Report goes as far as to say that the fourth service of supply, that is, as a service, should operate all the hospitals. The operation of hospitals is for the services. But I won't get into that.

QUESTION: Would you care to comment on stock ownership in the case of the mobilization reserves?

MR. LANPHIER: Under the subsistence directive, all stocks in the wholesale depots will be owned by the Army under a separate single manager stock fund. When deliveries are made to the retail stocks, they will be charged to a stock fund for each of the three departments, much as with their consumable stock.

We feel that, because of the high rate of turnover of subsistence, ownership on the part of the single manager is probably not necessary. I have also agreed in the case of that commodity that periodic reporting or broad reporting of excesses or slow-moving items would be sufficient, so that the single manager might move those from Navy to Air Force at any time, so that we keep supplies turning over.

In the mobilization reserve, it can be held under a single manager stock fund. Or it can be prepositioned, if desired, in Navy working stocks at ports. If the Marines want to carry their supplies for mobilization at their own depots, that would go into their stock fund. They would have it apportioned to their stock fund. The magnitude of their stock fund would be adjusted by the Comptroller recognizing the amount required for mobilization requirements, plus the amount to carry for the regular turnover.

When you come to the other commodities, the question of ownership, I think, will have to be adjusted according to the character of the commodity. It would be different where you have only 10 percent mobilization reserves in subsistence than it would be in medical, with 90 percent.

In the case of medical, we encounter another problem that is part of our concern, and that is the extensive dispersal of those stocks. We will impose in the case of medical a dispersion that is not as nice as this pattern on the wholesale, because of the vulnerability of those stocks in the event of enemy attack. We will do that not only so we won't lose them for military purposes, but so those stocks will be available for the benefit of the civilian population.

We will no doubt inject a further dispersion in the medical pattern which we are working on now. We don't consider that hospital beds or spare operating tables--expensive and slow-moving items like that--need to be carried in what we might call active warehouses. We think they could be put in rather dispersed locations so we can keep that material.

The problem I want to emphasize is that it is not intended to have rigidity that doesn't recognize the peculiarities of the commodities. So I think we can still operate within this general framework.

MR. HENKEL: Mr. Lanphier, I am sorry we haven't time to go on. On behalf of the students, the faculty, the Commandant, and the visitors, I want to thank you for a very excellent presentation of the Single Manager Plan.

(18 Jan 1956--4050)B/mmg