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ARMY INDUSTRIAL COLLEGE.  
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THE CURRENT PROCUREMENT BRANCH,  
OFFICE OF THE ASSISTANT SECRETARY OF WAR.

(Resume of Lecture)

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CURRENT PROCUREMENT BRANCH, O. A. S. W.

I. MISSION

The Current Procurement Branch has for its main purpose the "supervision of procurement of all military supplies and other business of the War Department pertaining thereto". The prime object of all the efforts in superwising the business activities of the War Department has been to capitalize the experience of outstanding corporations and, as far as legal limitations permit, to pattern War Department policies in conformity with those recognized as sound in the business world, in order that every dollar appropriated for military purposes may be made to do its full duty. Also the coordination of separate and often conflicting desires of supply and using branches must be obtained before efficient procurement is an accomplished fact.

There are three essential and progressive steps to be taken in the supervision of procurement, as follows:

- (1) Active participation in the preparation of a program of expenditures and in the action required to obtain from Congress sufficient funds to carry out the procurement of supplies needed.
- (2) Comprehensive survey of methods of purchasing, including investigations as to (a) compliance with legal requirements; (b) prices paid by the War Department as compared with those paid by other departments; (c) the quality of the supplies purchased; and (d) the availability of the same at the time and place required.

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- (3) Collection, compilation and analysis of statistical information as to the progress being made by the supply branches in their procurement functions.

## II. MEANS USED TO ACCOMPLISH THE ABOVE MISSION

The three sections of this Branch, known as the Budget, Procurement Control and Statistical Sections, operate as follows:

### 1. Budget Section:

The officer in charge of this section is the representative of the Assistant Secretary of War on the budget making agencies of the War Department. He participates in the hearings on original and revised estimates and in the preparation of the War Department Budget. This section is consulted in the apportionment to the supply branches of the funds appropriated by Congress.

We have bent our efforts toward providing adequate funds in the Budget to give life to some of our procurement plans, especially the war reserves. If funds are not provided to procure the current supplies needed by the troops, then the troops must suffer, provided the war reserves are not depleted. This year we have succeeded in having adopted the principle that there will be no issues from the war reserves except with replacement in kind.

### 2. Procurement Control Section:

This section examines circular proposals, abstracts of bids, and open market purchases reports in order to see that the laws governing purchases are being followed; that supplies of the proper quality are obtained; that they are purchased at a fair and reasonable.

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price in a business-like manner and that consolidated purchasing, where applicable, is satisfactorily accomplished. It prepares and publishes our policies and information regarding procurement. All circular proposals issued by the War Department and all abstracts of bids showing awards made by purchasing officers are received in this section and made available for inspection by the public. All procurement programs submitted by chiefs of supply branches are examined and, if in accordance with the War Department program, are approved, and items on which progress is to be reported are indicated. A representative of this section meets with the Federal Purchasing Board and has contact with the purchasing officers of the General Supply Committee and other Government departments.

(1) Questions arise from time to time as to the relations of this Section with the General Staff. The only line of demarcation I know of is laid down by the Harbord Board which prepared G.O. 41 of 1921, on which the various Army Regulations and the General Staff Handbook are based. This Board reported -

"2. In order that a clear understanding may be had of the two principal functions of the Assistant Secretary, which govern the relationship of his office with the General Staff, it is considered advisable that the Committee state these functions as it understands them.

"3. With reference to the first - 'supervision of the procurement of all military supplies and other business of the War Department pertaining thereto', this function must be broadly interpreted and construed, for the following reasons;

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Military supply involves certain well defined and essential elements as follows -

(a) Preparation of specifications and detailed drawings of the materiel to be obtained.

(b) Inspection, Test and acceptance for purposes of adoption of type.

(c) Inspection of facilities as to capabilities of production of materiel to be obtained.

(d) Purchase or acquisition, by whatever business or legal means or methods, are considered advisable or desirable depending upon the degree of the emergency need for the materiel. This includes such matters as designation of the purchasing agency, financial arrangements, drawing up of and standardization of contracts, condemnation of facilities, etc.

(e) Production which includes those activities necessary to insure the systematic and orderly flow of components so as to meet requirements, such as the instruction of personnel in production methods peculiar to material being manufactured; collection and compilation of data on equipment necessary to bring facilities to maximum capacity; assurance of delivery of raw materiel and fuel to facilities; compilation of data as to sources of supply and output of facilities, and similar activities.

(f) Inspection, test and acceptance incident to acquisition or production.

(g) Storage and issue which includes all activities in connection with the location of depots, distribution of supply, care in storage, methods of storage, etc; their movement to bases; their delivery to troops and all questions of transportation connected therewith.

"4. The Assistant Secretary of War is concerned with (c), (d), (e) and (f); he is not concerned with (a), (b) and (g), and such must be the case if the principles of military supply, which are considered by the Committee as fundamental, are accepted.

(2) Section 9 of the National Defense Act provides that all supplies common to two or more branches are to be purchased by the Quartermaster Corps. The procurement of these supplies has been

attended with practical difficulties, conflicting desires of responsible branches and a great deal of red tape and lost motion. The basic principle underlying the policy as to this procurement now in effect is that wherever money can be saved by centralized procurement, such procurement is desired. All general supplies are now divided into three groups, depending on whether the dictates of good business judgment indicate the desirability of their purchase by one office for the whole Army, by several offices for the whole Army, or by each office requiring the same. In order that the maximum efficiency may be obtained items are studied continually and re-grouped where necessary. The experience of commercial companies in similar studies has been freely utilized in this work and some measure of success has been obtained. It has been found, however, that some items of general supplies might be more efficiently purchased by branches other than the Quartermaster Corps, but this is contrary to the provision of the National Defense Act referred to above. For instance, articles such as chemicals, photographic equipment, electrical equipment, etc., although commercial and used in common by two or more branches, can better be procured by one of the technical supply branches. An amendment to Section 9 has been proposed to Congress in order that the Assistant Secretary of War may assign procurement of General supplies to other branches.

(3) Great improvement has been made in the mechanics of procurement. As a result of continued effort all laws, decisions and instructions affecting procurement of supplies have been collected and prepared for publication in a series of Army Regulations. Only about one half

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of this work was completed during the year. Upon completion thereof, any officer appointed as purchasing officer for the War Department can better fully perform his duties as such by reference only to these instructions instead of the many laws, decisions, etc., which have had to be consulted in the past.

(4) The seasonal buying of commodities has offered added opportunities for saving money. By means of studies of seasonal price trends of commodities used in large quantities it has been possible to foresee the normal seasonal trend of these commodities and to purchase them at the time when price is more advantageous. This activity has received the favorable commendation of the Secretary of Commerce who has recommended that its adoption be considered by other government departments.

(5) The whole-hearted cooperation of this office has been given to the agencies preparing the proposed uniform contract law which will replace more than seventy other laws; to those standardizing the many forms used in purchasing; and to the Chief Coordinator in his efforts to eliminate duplication of effort.

3. Statistical Section:

Herein we compile our charts, and analyze the quarterly reports submitted by chiefs of supply branches showing the progress being made by them in their procurement programs. We study the information obtained from other Government departments and from trade journals, financial publication, etc., and publish for the information of all purchasing officers such of the information as is considered valuable in their procurement problems. We maintain close contact

with experts of the Departments of Agriculture and Commerce who are in position to furnish information of value in the procurement of supplies for the War Department.

The principal output of this Section is the Procurement News Digest. While it primarily pertains to Procurement Control, it is prepared by the Statistical Section. We do not insist on the branches buying according to our predictions but we have had encouraging reports from officers who have followed it.

According to Colonel Ayres, we violate all the rules of the forecasters union when we furnish a comparison between our predicted price trends and the actual figures. On sixteen predictions made Sept. 30, 1927, on the price trend for the next ninety days, we were right on twelve - being in error on bituminous coal, beef, fuel oil and copper wire. We predicted a rise in price on bituminous coal, it fell. We predicted that beef would be low in December, it rose. We predicted that fuel oil would be low in October, it declined and we predicted no change in copper wire - it rose. Our predictions were correct on rubber, anthracite coal, oats, hay, woolen and cotton textiles, flour, potatoes, pork products, gasoline, lumber and glycerine.

In closing, let me state that the Current Procurement Section is endeavoring to assist Supply Branches in their procurement problems. Our supervision is benevolent. We could cause a great deal of difficulties if we were too energetic in our interpretation of what "supervision of procurement" means. The Supply Branches have a powerful ally in the Assistant Secretary of War. They should avail themselves of this help.