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

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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 supervising 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, and to get the maximum return for every dollar expended for supplies. 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 others; (c) the quality of the supplies purchased; and (d) the availability of the same at the time and place required.

(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.

2. Procurement Control Section:

This section examines circular proposals, abstracts of bids, and open market purchase reports in order to see that the laws and regulations governing purchases are being followed; that supplies of the proper quality are obtained, that they are purchased at a fair and reasonable 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 purchasing officers, and all abstract of bids showing award made by them 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) 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 would appear desirable in order that The Assistant Secretary of War may assign procurement of General supplies to the branch best qualified to handle it.

(2) 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 published in a series of Army Regulations. It is hoped to make this series of regulations so complete that an officer appointed as purchasing officer for the War Department can 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.

(3) 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 is possible to foresee the normal seasonal trend of these commodities and to purchase them at the time when price is more advantageous. This activity received the favorable commendation of the former Secretary of Commerce

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recommended that its adoption be considered by other government departments.

(4) The whole-hearted cooperation of this office has been given to the agencies preparing the proposed uniform contract law, H.R. 5568, 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.

(5) The question of adequate inspection of deliveries is one that must receive the attention of this branch. The Comptroller General has ruled that inspection services are personal services and must be performed by employees of the Government. This renders it impossible to hire the services of inspection agencies maintained by trade associations. Legislation should be obtained to correct this condition.

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 publications, 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, Commerce and Labor, who are in position to furnish information of value in the

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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. At the request of the Chief Coordinator copies of this Digest are now furnished all purchasing agencies of the Government.

Under current regulations this branch is regularly receiving reports of progress on the procurement of supplies. The Secretary of War has recently charged this branch with the duty of recording progress on the procurement phases of experimental and development work. The procurement phases begin after the General Staff has specified the military requirements for a new type and when the completed article is ready for delivery to the using service for test.

4. Future Development:

A probable development of procurement control has recently come up.

The Chairman of the House Appropriations Committee, Mr. Wood, during the hearings on the Army Appropriation Bill discussed with the Secretary of War the advisability of establishing within the War Department a centralized purchasing activity located in Washington.

The Secretary, while not definitely disapproving of the suggestion, pointed out some of the advantages and disadvantages of the plan. Among the points made were

- (a) No one existing agency could handle the problem. A composite agency composed of experts from the various supply services would have to be formed.
- (b) Some economies would be effected in peace time but the War Department would be in a weak position to expand to meet its war-time mission.
- (c) To obtain full value of a centralized purchasing agency, a revolving fund to provide stocks would be necessary.

With the attention of Congressional leaders focused on our purchasing methods, it has become necessary to give consideration to the steps to be taken to more definitely supervise our methods and even to lay plans for the establishment of a central agency, should such a one be decreed by the Congress.

I would like to call your attention to the Current Procurement Planning Section of the Quartermaster General's Office. Here is received a copy of every purchase order or contract issued by a

Quartermaster purchasing officer. Data cards are punched recording article, quantity, price, and purchasing office, as well as other information. By means of an automatic printer almost any combination of data can be tabulated. A comparison of quantities purchased, prices paid, etc., can be made.

I believe that The Assistant Secretary of War's office can well adopt this system. The additional work to be required of purchasing offices would consist of making and forwarding to the Procurement Control Section one copy of every purchasing order or contract issued. Here the data would be recorded on punch cards and studies instituted to indicate the favorable prices, the unsatisfactory prices, the branch buying the largest quantities, the total purchased in a given period, etc. From these studies, decisions can be made as to whether or not economies can be effected by requiring centralized purchasing, the agency to make the purchase, as well as the maximum and minimum to be carried in standard stock.

III. RELATIONS WITH THE GENERAL STAFF

Questions arise from time to time as to the relations of this Section with the General Staff. One 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:

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

- (a) Preparation of specifications and detailed drawings of the material to be obtained.
- (b) Inspection, Test and acceptance for purposes of adoption of type.
- As (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.

aSw (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.

aSw (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.

"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."

The preparation of Army Specifications has been placed under The Assistant Secretary of War. The General Staff lay down the military requirements.

A.R. 5-5 defines the responsibilities of The Assistant Secretary of War in respect to current procurement. It was felt that the previous edition of this regulation left too many matters of procedure open to decision and that many questions which should be referred to The Assistant Secretary of War were handled elsewhere. The channels of communication are laid down in accordance with the mandate of the law and are being enforced. I believe that many doubtful points have been cleared up and that the line of demarcation has been drawn

more definitely.

IV. CONCLUSION

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 drastic 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.