GRADUATION ADDRESS

15 June 1965

CONTENTS

Page

INTRODUCTION--Lieutenant General August Schomburg, USA
Commandant, ICAF 1

SPEAKER--The Honorable Eugene M. Zuckert,
The Secretary of the Air Force 2

NOTICE

This is a transcript of material presented to the resident students at the Industrial College of the Armed Forces. As such it represents the views of the author and not necessarily those of the Industrial College or the Department of Defense. Members of the College may quote it only in student reports or publications for use within the College. Other persons may not quote or extract for publication, reproduce, or otherwise copy this material without specific permission from the author and from the Commandant, ICAF, in each case.

Publication No. L65-165

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C. 20315

GRADUATION ADDRESS

15 June 1965

GENERAL SCHOMBURG: Mr. Secretary, Ladies and Gentlemen, Class of 1965: I would like to start by recognizing a former Commandant who is with us this morning and who did a great deal to bring this College to the status in which it now stands--General Mundy.

We are most fortunate today to have Mr. Zuckert with us. He is a manager of great reputation and his interest in management goes back to early in his career. I think you will be interested in this. He was responsible for the organization and administration of the first advanced management course at the Harvard Graduate School of Business Administration. With our increasing interest in management here at the College, it is most fortunate that we could get him here today and most appropriate.

This is so because of the increased emphasis that is being placed on management, particularly here and in our mission, which states that we are the capstone of military education in the management of logistic resources.

Mr. Secretary, I suppose every Commandant feels this way, but I feel that we have a most outstanding Class this year. They have applied themselves with great enthusiasm, and I can see the same feeling among them toward going to their new jobs. I detect too, among them--and I think I can say this without any of them disagreeing--that the 10-months they have had here have been perhaps one of the finest periods of their whole career so far.

Mr. Secretary, I commend this Class of 1965 to you as our future, top commanders and managers.

Ladies and Gentlemen, the Honorable Eugene M. Zuckert, Secretary of the Air Force.

SECRETARY ZUCKERT: General Schomburg, General Steele, Members of the Faculty, Students, Families, Ladies and Gentlemen: First of all may I apologize for this seasonal voice of mine. The doctor explained it to me. He says he thinks I am allergic to five-sided buildings. It is a little late to find that out.

I have always been an admirer of this school, and I say sincerely that I have always been tremendously interested in it because of my own interest in management training. I have read with great interest about the new curriculum, and I think that you all are to be congratulated on having picked this year to attend.

One unconfirmed rumor that greets me over in the Pentagon is that the golf course out front is going to be returned to the civilian economy.

Those of you who have heard me before--and I am afraid most of you have in the four-and-one-half-year period I have been Secretary--have heard of my fascination with this topic of professionalism. You know, after four and one-half years you get to feel that you are kind of a walking set of cliches. It may seem to some of you that professionalism is the principal one that I own. But I am fascinated with professionalism, and especially professionalism in the military.

As I see it, a professional is a man who has a specialized field of knowledge in a definable area, and he requires not just training for his job or profession but a continuing study throughout his professional career. Law, medicine, and the military and all the subprofessions of the military certainly fit this definition.

Because of its relation to what we are interested in here, I think all of us have been intrigued with the fact that commerce--business--has become a profession. As business practices became more and more complex, there was generated first a need for this definable area of specialized knowledge, and second, the requirement for continuing study as knowledge created change and change created in turn the demand for more knowledge.

In the case of business, instantaneous communication, diverse means of communication, a revolution in mobility--transportation--and an almost invaluable variety of technological developments created a bewildering demand for continual

assessment of the present and the future in the light of rapid change.

Now, in the military these developments can be paralleled and perhaps even magnified. Just take as one example the influence of electronics. It has changed the opportunities we have and it has changed the complexities of almost every branch of military activity. When you add nuclear systems, supersonic aircraft, and a whole, new world of communications, you find that they have made many aspects of our job, the military job, almost unrecognizable from what it was 25 years ago.

The problems of integrating the resources and essential technologies challenge the most imaginative and skilled professional talents. In this environment, almost every major decision we make is made with the realization that failure of the organization to be resilient enough to change, on the one hand, or being ahead of its time, on the other, could be disastrous to our security.

It has been the history of the military that the glamor and the spotlight have always been on the operator. There somehow was the feeling that there was a distinction between management and command. In the past 25 years, certainly in the 22 years during which, from time to time, I have been associated with the Air Force, we have seen this distinction gradually become, if not obliterated, at least dimmed.

Now, as far as logisticians, the "military-businessmen," are concerned, there has been a slow recognition of the fact that this is not just a support job, a subordinate job, but certainly as important as the operations job itself. We have seen the pyramid of support get wider at the base for a smaller relative operational effort at the top of that pyramid. We have seen the emergence and recognition of the logistics and management types of personnel. We have begun to hear more about people like Admiral Rayburn and General Schriever, who have been concerned with distilling science and technology, so that we get the unique hardware to satisfy tough military requirements.

I am sure that some of you are going to move down these same paths. Others of you will be in the supply and maintenance end of the business.

We are making progress in recognizing how difficult and how essential the logistics/management job is. By "we" I mean all the Services and the Department of Defense as a whole. But I am going to talk mostly about the Air Force, since it is the Service I know best.

I remember in 1946, when I first came into the Air Force, that of all our Air Force depots only one was commanded by a general officer. As you know, today all of our depots are commanded by generals, and most of them by major generals. It is a step in the right direction and long overdue.

Now, I am not detracting from the job and the indispensable functions of the combat leader, but it must be said that the job of the logistician has its own, special complexities. The associated techniques of being a good, logistical manager--and I include so many branches of effort in this that it would be almost impossible to detail them--the many support functions--change so rapidly that new ones are being introduced before the old ones have been firmly installed.

Underlying the job of the manager in the military today is the fact that our needs are more subtle and more finite than they were, for example, in World War II, when the United States just outproduced, outshipped, and outsupplied its enemies with a torrent of weapons, munitions, and materiel. At the close of World War II, the Air Force had 24 depots. These have since been reduced to nine and soon will be cut to five. We no longer have depots overseas. We base our system on the principle of direct support from the United States and capitalize on airlift. We have tried to make our logistics mission-oriented, fast and flexible.

This is a much more difficult job than handling--as difficult as that was--the torrent of stuff that was produced in World War II. Our success, I believe, in this more discriminating way of handling our logistics is shown in our cost comparisons. Every dollar spent for premium transportation is equal to $10 spent on an inventory build up to achieve the same combat capability. In other words, if we buy a dollar's worth of airlift we save $9 worth of inventory procurement. With the coming of the C-141 and the C-5, we expect to do even better.

We know what we can do. In the Dominican airlift, for example, we averaged something like 243 trips daily during the first week. Our C-130 and C-124 transports carried 13,412 troops and 20.8 million pounds of cargo. We had just one mishap in more than 1,700 trips--one aircraft developed a flat tire. Our average turn-around time during this operation was 19 minutes for the C-130 and 59 minutes for the C-124.

This kind of capability opens up a whole, new area of opportunities in the logistics field.

The greater complexity of modern equipment has had a profound effect on logistics. One of our present-day missiles, they tell me, has more than 300,000 parts, as against the most complex bomber of World War II which was pieced together from only 35,000 to 40,000 parts.

You know better than I that logistic complexity increases geometrically in relation to interfacing technical problems. Just take the management of our spare parts in the Air Force. Through scientific management we have actually reduced our spares inventory value from $10 billion in fiscal year 1958 to $9 billion in fiscal year 1964, although the capital investment value of all our aircraft, missiles, and major communications rose from $24 to $37 billion and the annual procurement fell from $2 billion to $770 million in the same period.

So, while our weapon systems grew in complexity and the cost went up 56 percent, the support cost actually came down 60 percent. Has our combat capability suffered? No, it has been improved. In 1958, about 12 percent of our aircraft were not operationally ready because they were lacking in spare parts. For the last 3 years we have held that rate below 5 percent.

I spoke of the size of the logistics job. It is so big that managing our systems and equipment involves half of our people and half of our dollars. The Air Force Logistics Command last year honored 27 million requisitions from 2,800 supply points in 86 countries. In the same year, the Air Force Systems Command administered 50 thousand contracts. At $90 billion, the Air Force total capital investment is double that of the seven largest U. S. industrial corporations combined. Our three ICBM programs, the Atlas, Titan, and Minuteman, cost $17 billion, which is five times the cost of the Manhattan Project of World War II.

Of course, when you are in the logistics business, where there is big money concerned, there is plenty of scrutiny from outside the Air Force. You don't just manage. You manage from inside a budgetary "glass house" with a lot of people looking in.

You are familiar with the fact that in our contracting methods we have cut our cost-plus-fixed-fee contracting from about 50 percent in fiscal year 1961 to 15 percent in fiscal year 1964.

All of these management actions have been taken under the scrutinizing eye of some very competent critics. It sometimes seems our critics--the Department of Defense, the General Accounting Office and the press--gain in competence faster than we do.

I came across one statistic the other day which might amuse you. Despite all the attention paid to GAO criticism of the Air Force, actually the GAO raises an issue with the Air Force on less than one percent of the face value of all the contracts that we administer in any one year.

From all these things that I have sketched briefly--the size and complexity of the job, the discrimination that we are trying to exercise, and the kind of scrutiny that we get--it seems to me reasonable to conclude that the logistician, the manager of logistics, the manager of support functions has countless opportunities for real leadership.

There is another complexity that he has to deal with that makes his job indeed so fascinating, and that is, he deals--as all of us do in the military--in three time frames simultaneously--today, tomorrow, and the day after tomorrow. Today, of course, is now. Tomorrow is the period, you might say, reaching to about 5 years from now. The day after tomorrow lies 10 to 15 years in the future.

As an example of today, there is the STAR System, which we have in the Air Force in support of operations in Vietnam. STAR stands for Speed Through Aerial Resupply. By this means we have been able to keep to a minimum the number of aircraft not operationally ready for want of parts. It is the more significant, because Vietnam is at the end of a 9,000-mile-long supply pipeline.

For tomorrow we will have the tools and the techniques we design today. They will be good or bad depending on how we use today's state of the art. Tomorrow's command and control systems, for example, which could revolutionize our system of management, should govern our progress in the area of decision-making.

Electronic data processing is no panacea. Certainly, through the things we see in the immediate future, we will be able to keep better track of what we have and where it is. But, sometimes we may wish that we had an abacus instead and no power-source problems.

For the day after tomorrow the opportunities are limitless, not just in weapon systems or in hardware, but in the logistics that can make them come true. The possibility of military men in space, for example, intrigues us all. But having military men in space is not going to be a reality unless you, here, help solve the logistics concepts and the logistics problems that will develop.

We know the job will continue to get more complex. The day after tomorrow, June the 7th, for example, we will blast off, hopefully, the Titan III missile, which will be the heaviest launching ever made by us or the Soviets. If it is a success--and if that shot isn't, one eventually will be a success--it gives us a whole, new host of opportunities and a whole, new host of problems. That's the day after tomorrow.

No one knows for certain what future weapon systems will look like or how future wars will be fought. We do know that underlying them will be a need for management based on sound concepts to make the systems work and to win the wars that we may have to fight.

Let's take one more example. We are interested in VSTOL as a great possibility in the future--an airplane that can take off either vertically or with a short run; one that will revolutionize both mobility and striking power. But it won't work unless we develop the logistics concepts behind it and make it an operationally suitable weapon system.

These are great opportunities, and you are the people who are going to have them. I wish you well. The training you have received here certainly will serve you in good stead.

I congratulate you on the completion of your course here and wish you and your families the best of luck in your new assignments.

Thank you.

GENERAL SCHOMBURG: Good luck and God bless the Class of 1965.

(17 Aug 1965--6, 500) O/lgr:en

U.S. GOVERNMENT PRINTING OFFICE : 1965 O—788-525