

an unusual case, but it's illustrative of the importance of constant vigilance over the use of our excess inventories. The next slide, please.

A third key way in which we are trying to buy only what we need is by eliminating unnecessary qualitative characteristics from parts components and end items. Secretary McNamara calls this "eliminating gold-plating." Today half of our major contractors have special staffs which are working on ways to simplify designs and avoid over-costly materials and specifications. We have been saving at the rate of better than \$1 million per week as a result of the efforts of our contractors, as well as our own design staffs, and the goal by 1965 is triple this rate of savings to about \$145 million per year.

Let me take one or two simple examples illustrative of the opportunities here. Next slide, please.

This shows a series of rather small parts illustrations, but they illustrate so well the very great payoff that can occur. At the top of the chart is the cap for the M-21 Mine. This cap was originally made of aluminum. It was stamped out of aluminum. By re-design it was reduced to a machine piece and a rubber O-ring, and the original design was eliminated. The cost reduction, as you can see, was \$1.27 for the original item, to 42¢ for the revised item; saving in 1963 alone over \$123,000. With 45,000 new items coming into inventory every month, many designed before we have actual operating and usage experience, it's easy to imagine that there are literally thousands and thousands of cases where simple changes of this