

for special problems.

Now, what have its results been? Its initial work was directed toward competitive procurement both of spare parts and end items. And in that field, as we indicated on one of the charts, through 1963 we have achieved price reductions of about \$237 million. I would credit the work of LMI with a substantial part of that result.

In the incentive contract field, one of their earliest projects was a very thorough researching of incentive contract practice throughout the departments, and the development and publication of an incentive contract manual. That manual was produced over a year ago and has become the basic reference piece for some 25,000 negotiating personnel.

Value engineering, I mentioned, or the elimination of gold-plating. LMI spent about a year studying the practices within Defense and among contractors, and is a principal producer of the H-III manual on value engineering. They have been of primary support to us in the conduct of major conferences; the procurement conference at Williamsburg in February 1962; the maintenance conference at Williamsburg in December 1962; and the program manager conference at New London last spring.

So, as you can see, they've been intimately related to almost every facet of this overall logistics improvement effort. They work under task orders which I personally sign, and which I arrive at only after consultation with the military departments and the Assistant Secretaries of those departments. They are an adjunct to our work. We think they will continue