

This copy of the September 21, 1998 memo is from the DoN CLS IPT. A copy of the original with attachment is not available.

21 Sep 1998

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES

SUBJECT: Optimizing Government-Owned Assets

Every Military Department is moving aggressively to implement Secretary Cohen's Defense Reform Initiative Report of November 1997, and I applaud your actions. As DoD continues to adopt best business practices, streamline through competition, and eliminate unneeded infrastructure in accordance with the Secretary's direction, it is imperative that our efforts consider total cost to the Government.

The attached memorandum from the Director, Defense Logistics Agency, discusses a concern with initiatives by the Military Departments to reengineer the materiel management, depot maintenance and supply support processes for specific weapon systems. I share the DLA Director's concern about existing Government inventories of spares for these systems, and urge that you take appropriate action to optimize Government-owned assets in such reengineering initiatives. Of particular concern are those spares already in Government inventories that are unique to a weapon system targeted for support process reengineering. Government-owned inventories of spares unique to such weapon systems should be consumed before the purchase of additional items.

I request that you encourage your activities to optimize existing Government-owned assets in reengineering efforts, and provide guidance requiring that current Government-owned inventories of spares unique to weapon systems are used prior to additional purchases. This action will help to ensure that DoD's reform initiatives provide the best deal for the taxpayer by considering total cost to the Government. Thank you for your assistance in this matter.

/s/

J. S. Gansler

Attachment  
As stated