



DEPARTMENT OF THE NAVY
MILITARY SEA TRANSPORTATION SERVICE, PACIFIC
N.S.C., OAKLAND, CALIFORNIA 94625

MSTSPAC 5220
P-1
10 September 1967

MSTSPAC NOTICE 5220

From: Commander, Military Sea Transportation Service, Pacific
To: Distribution List

Subj: DOD Cost Reduction Program

Encl: (1) Cost Reduction Poster

1. Purpose. The purpose of this Notice is to promote subject program.

2. Information

a. Recently, under subject program, the Secretary of Defense reported the saving of \$914 million for Fiscal Year 1967. He stated also "there are still opportunities for improvement, particularly in those activities which have expanded so rapidly for the support of our military operations in Southeast Asia". He referred to cost reduction in the Defense Department as a matter of highest priority.

b. The cost of MSTSPAC ship operations in FY 1967 totalled \$77,000,000; itemized as follows: Labor \$39,000,000; Maintenance & Repair \$17,300,000; Fuel \$6,700,000; Miscellaneous \$14,000,000. COMSTSPAC is convinced in an operation of this magnitude, there are many opportunities for significant savings. It is an all hands' effort to find more efficient and less costly ways of accomplishing the command's mission.

3. Directive. Commanding officers and masters shall give full support and leadership to subject program by:

a. Promoting cost consciousness; stimulating and encouraging cost reduction ideas; posting enclosure (1) on bulletin boards.

b. Utilizing incentives programs, i.e., Beneficial Suggestions, commendations, etc.

c. Submitting ideas, new techniques, procedures, etc., which have been placed in effect or which show cost saving possibilities in their ship or office operations, to COMSTSPAC. Submissions under this program will be evaluated for wider applicability and reported under subject program.

4. Cancellation. This Notice is cancelled on 31 December 1967.

R. K. FAUVER

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