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# REPORT TO THE CONGRESS

## Need To Reevaluate Packing Specifications For Cabinets, Lockers, And Wardrobes B-160817

General Services Administration

*Federal Supply Service*

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

FEB 19, 1971

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093395



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D C 20548

B-160817

To the President of the Senate and the  
Speaker of the House of Representatives

This is our report on the need for the General Services Administration to reevaluate packing specifications for cabinets, lockers, and wardrobes

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U S C 53), and the Accounting and Auditing Act of 1950 (31 U S C 67)

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Administrator of General Services

A handwritten signature in cursive script that reads "James B. Peets".

Comptroller General  
of the United States

D I G E S T

WHY THE REVIEW WAS MADE

The General Services Administration (GSA), in providing supplies to Government agencies and other authorized recipients, buys 48,000 different items and stocks them in its nationwide system of warehouses. Almost all items require some degree of packing so that they will reach GSA's customers in suitable condition. The cost of packing adds to the cost of the item.

GSA, beginning in 1966, negotiated amendments to procurement contracts for storage cabinets, clothing lockers, and wardrobes to reduce the damages to such items during shipment and storage. The amendments established more costly packing specifications. This review was made to consider whether the revision of the specifications was reasonable and resulted in the most economical packing method.

FINDINGS AND CONCLUSIONS

The revised specifications provided for more elaborate packing than the General Accounting Office (GAO) considers necessary and resulted in additional contract costs of \$15 million--an increase of 12 percent--during the first 14 months that the specifications were in use. For subsequent periods through June 30, 1970, GAO was unable to determine what portion of the \$14.4 million of contract costs for cabinets, lockers, and wardrobes was attributable to the revised specifications, however, GAO believes that it was substantial. (See pp 7 and 12)

GSA had not made a cost-benefit analysis to determine that the added costs of the new packing specifications would be offset by reduced damages and other benefits. (See p 7)

GSA surveyed its warehouses shortly before the specifications were revised and found that the acquisition cost of damaged cabinets, lockers, and wardrobes on hand at that time was \$24,156. The significance of the damages was not established, since apparently no comparison was made between the cost of the damaged items and the total cost of the cabinets, lockers, and wardrobes received during the period that the damaged items were accumulated. The survey did not indicate the estimated costs to repair or replace the damaged items or deduct the

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amount of damages for which carriers and/or suppliers, rather than GSA, were liable (See p 9 )

Most of the damaged items revealed by the survey and by an inspection of warehouse stocks made after the revision of the specifications had been manufactured by one supplier whose workmanship in packing was criticized by GSA inspectors both before and after the specifications were revised. (See pp 9 and 14 )

The consensus of manufacturers and retailers of commercial cabinets, lockers, and wardrobes visited by GAO was that the GSA packing requirements were not economically practical. (See p 15 )

#### RECOMMENDATIONS OR SUGGESTIONS

GSA should reevaluate its specifications for the packing of storage cabinets, clothing lockers, and wardrobes. (See p. 20 )

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

GSA did not comment on the GAO recommendation or indicate that it would make the recommended reevaluation. GSA has stated that it agrees to the merits of the cost-benefit approach and uses it in the development or revision of specifications when the circumstances permit. In the case of the revised specifications for cabinets, lockers, and wardrobes, GSA stated that the potential damage and loss--if corrective action had been delayed--outweighed any advantages that would have resulted from a cost-benefit study (See app I.)

GSA questioned the comparison of its packing containers with commercial containers. GSA stated that its warehouses handled greater volumes and more types of stock than were handled by manufacturers and retailers. GAO believes that the hazards to which items are subjected during shipment and storage generally are not dependent on the volume or types of items handled. GAO points out that two large retailers visited during the review handle many items other than furniture (See p. 20 )

GSA agreed that costs increased by \$1.5 million under the amended contracts. GSA said, however, that the increases could not be projected because in subsequent periods contract costs were reduced as a result of an increase in the volumes purchased. GAO believes that the revised packing specifications have resulted in increased labor and materials costs to the contractors and in higher prices than would have resulted under the former specifications, even though the amount of the increases cannot be determined (See pp. 19 and 20.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report is being submitted to the Congress because of the significant savings that could result from a reduction in the packing requirements for cabinets, lockers, and wardrobes

Tear Sheet

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ABBREVIATIONS

GAO	General Accounting Office
GSA	General Services Administration

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## CHAPTER 1

### INTRODUCTION

The General Accounting Office has reviewed the actions taken by the General Services Administration (GSA) to reduce the damages to certain types of furniture during shipment and storage. The review was concerned primarily with revisions to the packing specifications for storage cabinets, clothing lockers, and wardrobes; it should not be considered as an evaluation of GSA's packing specifications for other items.

The scope of our review is shown on page 22. The principal officials of GSA responsible for the activities discussed in this report are listed in appendix II.

The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471), made GSA primarily responsible for providing an efficient and economical system for procurement and supply of personal property and nonpersonal services needed by Federal agencies and Government-related organizations. The Federal Supply Service operates GSA's supply system, under which supplies are made available through (1) a stores system, (2) Federal Supply Schedule contracts, and (3) nonstores direct delivery operations.

The stores system was established with the objective of providing agencies with supplies having a repetitive demand at prices lower than those that the agencies could individually obtain from suppliers. GSA stocks supplies in 16 warehouses and 10 annexes located throughout the United States and publishes a Stores Stock Catalog which lists the items available. As of June 30, 1970, 48,000 line items were included in the stores system with a warehouse inventory valued at \$253 million. During fiscal year 1970 sales from warehouse stocks amounted to \$494 million and direct shipments of stores items from contractors to agencies amounted to \$34 million.

Many of the supplies needed by agencies cannot be economically supplied through the stores system. When such items are available from suppliers through their own distribution systems, GSA arranges for agencies to procure

their requirements through indefinite quantity contracts (Schedule contracts) that are published by GSA in Federal Supply Schedules. Under such contracts, agencies may order their requirements directly from contractors at the prearranged terms, conditions, and prices. Schedule contracts cover more than 700,000 items, and purchases under such contracts amounted to \$1,400 million during fiscal year 1970.

GSA's nonstores direct delivery operations include (1) procurement of agencies' requirements that are in excess of the maximum order limitations of Schedule contracts, (2) administration of contracts under which agencies place orders through GSA for direct delivery, and (3) assistance to agencies that do not have adequate capabilities for procuring items that are not available from stores stock or Schedule contractors. Purchases through nonstores direct delivery operations amounted to \$293 million during fiscal year 1970.

#### GSA PACKING POLICIES AND ORGANIZATIONAL RESPONSIBILITY

GSA's policy states that all supplies shall be packed to the degree required to prevent deterioration or damage due to the hazards to which they may be subjected during shipment and storage. GSA defines packing as the exterior shipping containers; the assembly of items or packages in the containers; and the necessary blocking, bracing, cushioning, and weather proofing.

The primary responsibility for GSA's packing activities is divided between the Office of Standards and Quality Control and the Office of Supply Distribution, as described below.

#### Office of Standards and Quality Control (Packaging and Packing Branch)

- Develops basic packing specifications.
- Maintains knowledge of new developments in packing and ensures effective application to supply programs.
- Makes analyses and provides technical advice and assistance on packaging problems.

Office of Supply Distribution  
(Preservation and Packing Operations Branch)

- Provides advice on the technical aspects of packing, outloading blocking and bracing, unitization, and containerization.
- Administers programs for the detection and reporting of packing deficiencies, evaluates reported inadequate or excessive practices, and initiates corrective action as necessary.
- Evaluates the effectiveness and the performance of packaging and packing to determine the extent to which they meet established criteria and requirements.
- Provides representation on industry and Government packing boards, committees, task groups or liaison teams, as directed. Maintains liaison with industry and the Government in the development of new or improved preservation and packing methods, techniques, aids, and equipment.

## CHAPTER 2

### NEED TO REEVALUATE PACKING SPECIFICATIONS

#### FOR CABINETS, LOCKERS, AND WARDROBES

GSA revised the packing specifications for certain types of storage cabinets, clothing lockers, and wardrobes, without, in our opinion, an adequate evaluation of the necessity for the more elaborate packing or a determination that the resulting benefits--such as reduced damages and improved handling and storage--would offset the increased procurement costs resulting from the revised specifications. In our opinion, the revised packing specifications provided for more elaborate and, therefore, more costly packing than necessary.

Our review indicated that the problem of damages to the above items, which was the basis for revising the specifications, was limited primarily to one supplier whose workmanship in packing was criticized by GSA inspectors both before and after the specifications were revised.

The revised specifications, however, were incorporated into contracts with several suppliers and resulted in additional contract costs of \$1.5 million during the first 14 months that the specifications were in use.

#### REVISION TO PACKING SPECIFICATIONS PRIOR TO SEPTEMBER 1966

GSA Central Office officials, who were aware that certain items of furniture were being damaged during shipment and storage, began in 1964 to accumulate data to identify more specifically the items damaged and the causes of the damages. The data was to be obtained by requiring that warehouse reports of damages<sup>1</sup> be forwarded to the Central Office in Washington for analysis.

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<sup>1</sup>GSA procedures require that reports be prepared whenever there is a discrepancy in a shipment of items. The reports are used for processing claims against carriers and/or suppliers.

This requirement resulted in the receipt during calendar years 1964 and 1965 of 123 reports concerning damage to cabinets, lockers, and wardrobes. GSA had purchased 345,000 of these items during the 2-year period; however, the reports involved shipments of only 10,058 items, of which 407, or 4 percent, were damaged.

The Acting Director, Engineering and Storage Division, by memorandum dated November 23, 1965, to the Director, Quality Control Division, summarized furniture damage reports for the period January 1 through August 31, 1965, and commented as follows:

"\*\*\* This does not represent 'all reports' prepared in the various regions but includes only those covering (1) damage to furniture, and (2) where it appears that a packaging or packing deficiency has occurred.

"\*\*\* The type of deficiency most often reported (percent of total indicated) is, as follows: Improper blocking and bracing (50%); Overages and Shortages (10%); Shifting Loads (6%); and Miscellaneous and Undefined (34%)."

During the period June 1964 to July 1966, GSA made four revisions to the packing specifications for cabinets and lockers and two revisions for wardrobes. The net effect of the revisions was to upgrade the packing requirements.

SEPTEMBER 1966 REVISION  
TO PACKING SPECIFICATIONS

GSA continued to experience damages to furniture items. In August 1966 GSA conducted a nationwide survey of its warehouses to determine the extent of the damage problem at that time for several items of furniture, including cabinets, lockers, and wardrobes. In September 1966 further revisions were made to the packing specifications for these items. The history of damages was the primary consideration in arriving at the decision to further revise the specifications, however, the August 1966 survey was GSA's only effort to identify the overall damage problem prior to making the further revisions.

The survey indicated that the acquisition costs of damaged wardrobes, cabinets, and lockers on hand at that time were \$22,775, \$1,158, and \$223, respectively--a total of \$24,156. We found no indication that a comparison had been made of the cost of the damaged items with the total cost of the cabinets, lockers, and wardrobes received during the period that the damaged items were accumulated, to determine the significance of the damages. Furthermore, the survey did not identify the actual loss to GSA because it did not indicate the estimated costs to repair or replace the damaged items or deduct the amount of damages for which carriers and/or suppliers, rather than GSA, were liable. In the absence of information on the full extent of losses under the former specifications, we believe that GSA was not in a position to use the cost-benefit approach because that approach would have required a comparison of the estimated additional costs with the savings resulting from the revision.

Damage problems with one supplier

Our analysis of the data gathered in the August 1966 survey showed that 94 percent of the identified damaged cabinets, lockers, and wardrobes had been manufactured by one supplier, which we shall refer to as supplier A. This supplier produced about 13 percent of GSA's purchases of these items during 1966.

GSA representatives had made a number of inspections of packing operations at supplier A's plant during the summer of 1966, prior to the survey. Following an inspection at the plant during the period July 19 to 21, 1966, the Director, Quality Control Division, in a memorandum to the Assistant Commissioner, Standards and Quality Control, concluded, in part, that:

"Poor production planning of packing and crating set-up cabinets. Improper methods being used. Containers are not being sealed prior to crating. Securing of crated members is not being accomplished uniformly, orderly or effectively."

The Director recommended that.

"The Packing Specialists should be encouraged to visit the contractor's plant to work with the [quality control representative] and the Contractor's representatives and to familiarize themselves with current automated production processes. In this regard, the new packing requirements has effected a change over from a contractor procuring a ready made wood cleated container to a pack he has to fabricate himself which had only increased the problems of controlling quality and has not achieved the desired results of a better pack."

GSA representatives again visited supplier A's plant during August 8 to 11, 1966, after which the Director, Quality Control Division, advised the Assistant Commissioner, Standards and Quality Control Division, that:

"Relative to the pack of other items of furniture reviewed by our Packing Specialists, their observation appeared to support \*\*\* previously expressed contention that the new crated container requirement appears to be an unrealistic requirement when measured against a manufacturer capable of producing upwards of a thousand cabinets a day and crating cannot be accomplished at this pace. A prefabricated pack similar to that utilized on prior contracts, which appeared to be an adequate



pack should be utilized and if necessary, modified if better protection is desired."

The Commissioner of the Federal Supply Service and other GSA officials visited supplier A's plant on August 19, 1966, to examine into the packing of cabinets and wardrobes. Subsequently, supplier A was instructed to cease production of these items for purchase by GSA, pending advice on a change in packing specifications.

On September 20, 1966, GSA provided supplier A with two sets of revised packing specifications--one set for wardrobes and one set for cabinets and lockers. The specifications provided for a more elaborate pack for wardrobes; i.e., an outer wood crate in addition to the fiberboard container. Supplier A's contract for wardrobes was amended on October 13, 1966, to include the revised packing specifications and provided for an increase of \$5.65 in the price of a wardrobe, from \$47.13 to \$52.78. The increase in price was for additional labor, materials, freight, overhead costs, and the supplier's cost to scrap the former specifications packing components that could not be used under the new specifications.

Supplier A's contract for cabinets also was amended in October 1966 to include revised packing specifications. Changes to the specifications included

- an increase in the minimum wood dimensions from a nominal 1-inch by 3-inch to a nominal 1-inch by 4-inch,
- replacement of two diagonal 1-inch by 3-inch wood strips by six 1-inch by 6-inch cross members, and
- addition of strapping around the top, middle, and bottom portions of the wood crate.

The revised packing specifications for cabinets also resulted in the supplier's increasing the prices of the cabinets for additional labor, materials, and other costs. A listing of the increases follows.

<u>Description</u>	<u>Previous price</u>	<u>Revised price</u>	<u>Increase</u>
Combination storage and wardrobe cabinet (knockdown)	\$35.19	\$38.84	\$3.65
Combination storage and wardrobe cabinet (setup)	49.96	54.61	4.65
Storage cabinet (knockdown)	33.59	37.24	3.65
Storage cabinet (setup)	48.32	52.97	4.65

Purchases under the amended contracts with supplier A totaled \$1,033,000. Because of the revised packing specifications, contract costs increased by \$98,000--11 percent of the original contract prices.

Revised packing specifications applied to other suppliers

At the time that GSA amended supplier A's contracts, six other suppliers held GSA contracts for the supply of cabinets and lockers; however, the six suppliers were permitted to continue packing their products in accordance with the previous specifications for the remaining period of their contracts. Of these six contracts, the contract period for five ended on November 30, 1966, and the contract period for one ended on July 14, 1967.

The revised packing specifications were not included initially in the cabinet and locker contracts awarded for the period December 1, 1966, to November 30, 1967; however, GSA negotiated amendments to these contracts to incorporate the revised specifications. Purchases under the amended contracts totaled \$5.5 million. The increased costs resulting from the amendments totaled \$613,000, or 13 percent of the original contract prices.

Similar actions were taken for wardrobes. Purchases under the amended contract for the period December 1, 1966, to November 30, 1967, amounted to \$7.2 million. The increased costs resulting from the amendment totaled \$831,000, or 13 percent of the original contract prices.

Thus on purchases of \$13.8 million under the revised specifications,<sup>1</sup> the total additional costs for packing amounted to about \$1.5 million--an increase of 12 percent above the original contract prices--during the first 14 months that the specifications were in use. During subsequent contract periods from December 1, 1967, to June 30, 1970, GSA purchased 343,218 cabinets, lockers, and wardrobes, at an estimated cost of \$14.4 million, under the revised packing specifications. Although the additional costs for packing under these contracts could not be determined from the bids or contract prices, we believe that they were substantial.

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<sup>1</sup>From September 1966 to November 30, 1967, total purchases under the revised specifications amounted to \$15 million; however, purchases of \$1.2 million were excluded from our computation because packing costs were not separately identified in the contracts.

## FURTHER PACKING PROBLEMS

A GSA packing specialist visited the GSA supply depot at Middle River, Maryland, on February 2, 1967, to inspect the packing of cabinets, lockers, and wardrobes. Items manufactured by six suppliers were inspected. Except for supplier A's products, which were packed under the revised specifications, the items were manufactured prior to December 1966 and were packed under the previous specifications.

The specialist's report indicated good workmanship and adequate packing of cabinets, lockers, and wardrobes purchased from the five suppliers under the previous specifications but stated that supplier A's packing of the items, although packed under the revised specifications, showed evidence of damage and poor workmanship. The report contained the following comments regarding this supplier's packing of the items.

### Storage cabinet (setup)

"This is a new revised pack which [Supplier A] was permitted to use. Container of 275 test fiberboard, with top cap and bottom tray. The lumber looked of a poor quality, the metal strapping was loosely applied, and the stapling of wood members was very poor. Very poor workmanship."

### Wardrobe

"This is the new panel pack fiberboard container, with wood frame on edges and 6 cross battens. The center strap was missing - no evidence of having been applied. Generally poor workmanship throughout."

### Storage cabinet (knockdown)

"New pack \*\*\*. Poor workmanship - strap not applied over batten, very poor stapling, and much misalignment of battens with end wood members."

It appears that workmanship problems with supplier A's packing subsequently were corrected because in February 1970

a GSA official stated that GSA was experiencing no damages to cabinets, lockers, and wardrobes.

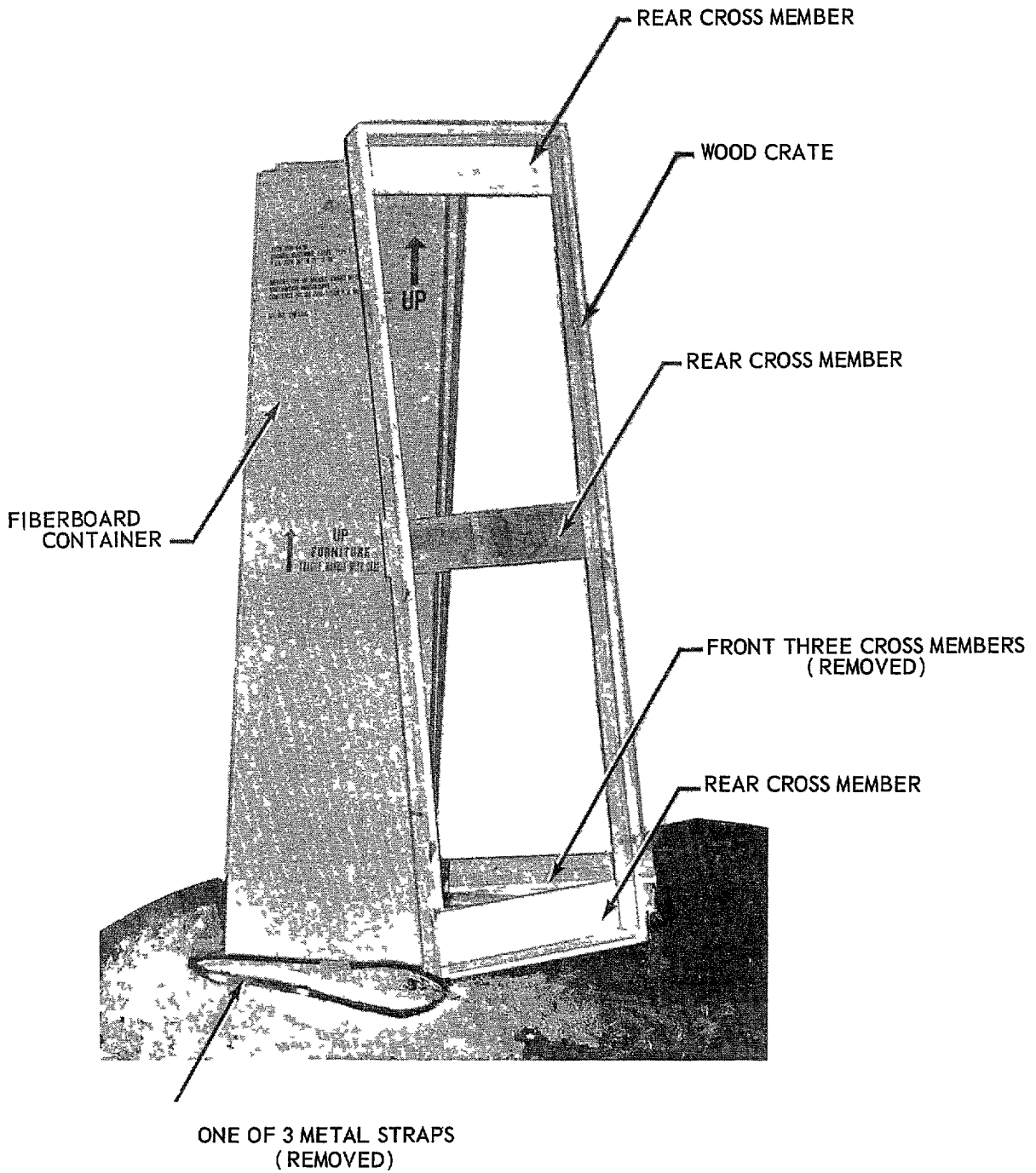
COMPARISON OF GSA'S PACKING CONTAINERS  
WITH COMMERCIAL CONTAINERS

We visited six office furniture manufacturers to obtain information about their methods of packing cabinets, lockers, and wardrobes. We also visited four retailers of office furniture--two large and two small--to obtain information regarding their experience with the packing of cabinets, lockers, and wardrobes. The information obtained during these visits indicated that the items delivered to retailers were subjected to handling conditions similar to those to which the GSA items were subjected and that the packing containers were less elaborate than those required by the revised specifications for the GSA items

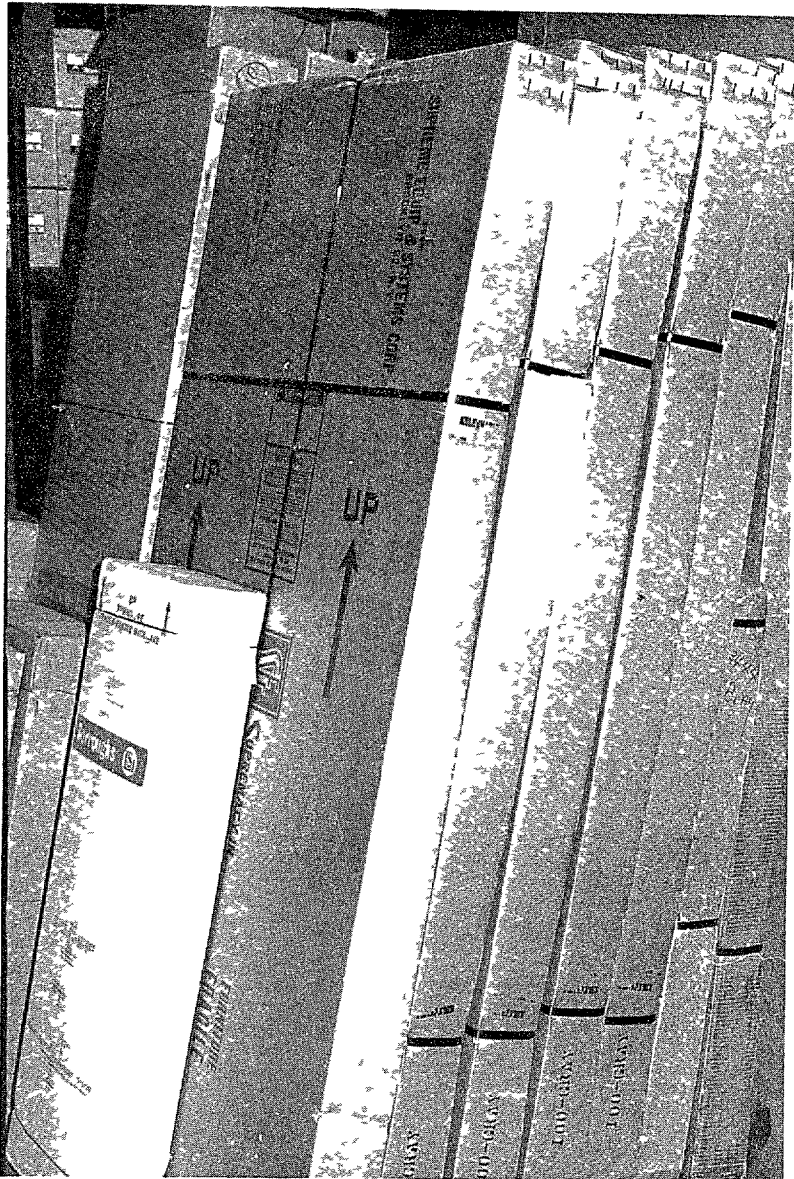
Representatives of office furniture manufacturers advised us that it was their practice to pack cabinets, lockers, and wardrobes in fiberboard strapped containers. With regard to the use of wood strips or wood crates required by GSA packing specifications, we were advised that wood was considered too costly and therefore not practicable for use under competitive market conditions.

Photographs of GSA and commercial packing containers follow.

# GSA PACKING FOR KNOCK-DOWN CABINETS AND LOCKERS



# COMMERCIAL PACKING FOR KNOCK-DOWN CABINET



According to GSA officials, GSA's packing containers are more elaborate than the commercial containers because (1) GSA items are handled more often than are the commercial items during the supply process and (2) the GSA containers must be of sufficient strength to permit stacking for maximum utilization of warehouse space. GSA officials considered the fiberboard containers used by commercial firms suitable only for direct delivery from the manufacturer to the customer.

- Representatives of the four retailers that we visited advised us that the typical supply pipeline for such items as cabinets, lockers, and wardrobes involved handling four times--transport from the manufacturer, placement in the warehouse, removal from the warehouse, and transport to the customer--the same as the typical GSA supply pipeline. As at GSA, the retailer's items were often stacked in warehouses.

The retailers stated that their damage experience, for the most part, had been minimal. The consensus of the retailers and manufacturers was that the protection afforded by wood crates for cabinets, lockers, and wardrobes was not economically practical and not necessary.



## AGENCY COMMENTS

In a letter dated September 15, 1970, the Administrator of GSA, commenting on a draft of this report, informed us that GSA agreed to the merits of the cost-benefit approach and utilized it in the development or revision of specifications in all cases in which the circumstances permit. He stated, however, that, if corrective action had been delayed, the potential damage and loss that would have occurred to cabinets, lockers, and wardrobes outweighed any advantages that would have resulted from a cost-benefit study. GSA estimated, on the basis of the 4-percent damage rate derived from an analysis of 1964 and 1965 damage reports (see p. 8), that, of the 341,000 items received from September 30, 1966, to November 30, 1967, about 13,600 items would have been damaged if the packing specifications had not been revised.

We do not agree to this estimate. The 4-percent damage rate, as noted on page 8, applied to 10,058 cabinets, lockers, and wardrobes in those shipments during 1964 and 1965 on which damage reports were forwarded to Washington. GSA did not accumulate any data regarding the damages, if any, to the balance of the 345,000 items purchased during 1964 and 1965. Also, the data accumulated by GSA regarding the 10,058 items did not show whether the 407 damaged items were a total loss or could be repaired or whether the suppliers and/or the carriers were liable for the damages so that the damaged items would involve no direct loss to the Government.

If the 4-percent damage rate is projected and if we assume that all items damaged were total losses to the Government and that no damages occurred after the packing specifications were revised in September 1966, the following comparison could be made. During the period September 30, 1966, to November 30, 1967, 341,000 items were purchased at a cost of \$15 million. Four percent of this amount is \$600,000. The identifiable increased costs resulting from the revised specifications totaled \$1.5 million during the period, or about \$900,000 more than the estimated losses based on the 4-percent damage rate.

Also, GSA questioned our comparisons of its packing containers with commercial containers and stated that, although the handling conditions may be the same (1) the volume of furniture in GSA warehouses was far greater than that in commercial furniture warehouses and (2) GSA warehouse personnel handled all types of stock, whereas commercial furniture warehouse personnel were experienced in handling furniture.

Since the conditions or hazards which the items are subjected to during shipment and storage generally are not dependent on the volume and types of items handled, we believe that GSA's comments are not relevant. In any event the two large retailers that we visited handle many items other than furniture; one of the retailers handles about 150,000 different items with annual sales amounting to \$8.9 billion.

The Administrator agreed that costs increased by \$1.5 million under the amended contracts. He stated, however, that this was the total amount which could be attributed to the revised packing specifications and that increased costs could not be projected into subsequent contract periods, inasmuch as prices in most cases were actually reduced because of the large quantities purchased during these periods.

We agree that the negotiated price increases for the revised packing specifications cannot be projected to subsequent contract periods; however, this does not mean that there have been no increased packing costs under subsequent contracts. We believe that, regardless of the quantities procured, the revised packing specifications have resulted in increased suppliers' labor and materials costs and in higher contract prices than would have resulted under the former specifications.

#### RECOMMENDATION

Accordingly, we recommend to the Administrator of General Services that GSA reevaluate its specifications for the packing of storage cabinets, clothing lockers, and wardrobes.

The Administrator did not comment on this recommendation in his letter of September 15, 1970, or indicate that GSA would make a reevaluation. Our inquiry of the Assistant Commissioner, Office of Standards and Quality Control, in January 1971 with respect to this recommendation indicated that GSA had not taken any action to reevaluate or revise the specifications.

## CHAPTER 3

### SCOPE OF REVIEW

We examined into GSA's revision of the packing specifications for domestic shipment and storage of cabinets, lockers, and wardrobes to evaluate whether the revision was reasonable and resulted in the most economical method of packing such products. Our review also included an examination of pertinent GSA documents and records and discussions with GSA officials.

The review was performed at the GSA Central Office in Washington, D.C. Also, we visited the GSA supply depot at Middle River, Maryland, and six office furniture manufacturers and four retailers of office furniture.

**APPENDIXES**

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, D C 20405

SEP 15 1970

Honorable Elmer B Staats  
Comptroller General of the United States  
General Accounting Office  
Washington, D C 20548

Dear Mr Staats

We are glad to have the opportunity to comment on your proposed report "Cost-Benefit Approach Needed in Establishing Packing Requirements"

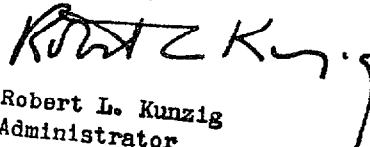
The \$1 5 million figure appears to be reasonable. However, this is the total amount which can be attributed to the increased packaging requirements. It cannot be projected into future contract periods, inasmuch as prices in most cases were actually reduced due to the large quantities of items purchased during those periods.

The report correctly states that 10,058 items of cabinets, wardrobes, and lockers were received during 1964 and 1965. Of this amount 4% or 407 were damaged. However, during the period when the packaging specifications were being revised, September 30, 1966, to November 30, 1967, approximately 341,000 items of wardrobes, lockers, and cabinets were received. Applying the same 4% of this amount, about 13,600 items would have been damaged if the packaging specifications had not been upgraded.

With reference to the section "Comparison of GSA's Packing Containers with Commercial Containers", while the handling conditions may be the same in commercial furniture warehouses, the volume is not. The volume in the GSA warehouses is far greater than in commercial furniture warehouses. In addition, GSA warehouse personnel handle all types of warehouse stock, whereas commercial furniture warehouse personnel are experienced in handling furniture items.

We agree on the merits of cost benefit approach and utilize it in the development or revision of our specifications in all cases in which the circumstances permit. However, in this instance we believe that the knowledge of the potential damage and loss that would occur in the expanding procurement of the items if we delayed to take corrective action outweighed any advantages that would have resulted from a cost benefit study.

Sincerely,



Robert L. Kunzig  
Administrator

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PRINCIPAL OFFICIALS OF  
THE GENERAL SERVICES ADMINISTRATION  
RESPONSIBLE FOR THE ACTIVITIES  
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
ADMINISTRATOR OF GENERAL SERVICES:		
Robert L. Kunzig	Mar. 1969	Present
Lawson B. Knott, Jr.	Nov. 1964	Feb. 1969
COMMISSIONER, FEDERAL SUPPLY SERVICE:		
H. A. Abersfeller	Mar. 1970	Present
Lewis E. Spangler (acting)	Dec. 1969	Mar. 1970
Arthur F. Sampson	June 1969	Dec. 1969
Lewis E. Spangler (acting)	May 1969	June 1969
H. A. Abersfeller	May 1964	May 1969