

GAO Highlights

Highlights of [GAO-15-226](#), a report to congressional committees

Why GAO Did This Study

DOD operates a complex, multibillion-dollar distribution system for delivering supplies and equipment to U.S. forces globally. DOD's goal in operating this global distribution pipeline is to deliver the right item to the right place at the right time, at the right cost. GAO has reported on weaknesses in DOD's distribution performance and has identified management of DOD's entire supply chain as a high-risk area.

This review assesses the extent to which DOD (1) has established metrics for its distribution performance, (2) is able to accurately measure its performance against distribution standards, and (3) has taken actions to identify causes and develop solutions for any gaps in distribution. GAO analyzed DOD's distribution metrics, DOD's responses to data-reliability questionnaires, and corrective actions, and interviewed DOD officials.

What GAO Recommends

GAO recommends that DOD (1) revise guidance to ensure its metrics incorporate cost, (2) revise guidance to ensure the Marine Corps establishes a customer wait time metric, (3) incorporate performance information from the final destination, and (4) develop policy requiring data-reliability assessments. DOD concurred with the second and fourth recommendations and partially concurred with the first, stating that there would be no value to affix cost to time-definite delivery. DOD did not concur with the third recommendation, stating that data to the final destination should not be incorporated into DOD's performance metrics. GAO continues to believe the recommendations are valid, as discussed in the report.

View [GAO-15-226](#). For more information, contact Cary Russell at (202) 512-5431 or russellc@gao.gov.

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DEFENSE LOGISTICS

Improvements Needed to Accurately Assess the Performance of DOD's Materiel Distribution Pipeline

What GAO Found

To measure the performance of its global distribution pipeline, the Department of Defense (DOD) has established three metrics: (1) logistics response time—number of days between the time a customer submits an order and receives it, (2) customer wait time—number of days between the time a maintenance unit, a subset of customers, submits an order and receives it, and (3) time-definite delivery—a measure of the probability (e.g., 85 percent) that a customer will receive an order within an established logistics response time. However, these metrics do not provide decision makers with a complete representation of performance across the entire global distribution pipeline. DOD's definitions of its metrics and guidance for using them do not address cost, although DOD officials stated that cost is included in metrics used to assess other aspects of the supply chain, and the Marine Corps has not established a customer wait time metric. Further, although joint doctrine has set efficient and effective distribution “from the factory to the foxhole” as a priority, these metrics do not always include performance for the final destination. Unless DOD's guidance is revised to ensure the three distribution performance metrics include cost information for decision making and the Marine Corps establishes a customer wait time metric, and DOD incorporates metric performance to the final destination, it will be difficult for DOD to achieve a comprehensive view of the performance of its entire global distribution pipeline.

DOD may not have sufficiently reliable data to accurately determine the extent to which it has met the standards it has established for distribution performance, because it has not developed policy for requiring regular comprehensive assessments to be conducted of its distribution data-collection and reporting processes. Several DOD organizations indicated that they had not conducted this type of review that would be consistent with standards for internal control in the federal government. Specifically, the Air Force indicated that it had not conducted a risk assessment of its data, a part of assessing data reliability. Officials GAO spoke with from U.S. Transportation Command (TRANSCOM), the services, and other DOD components described a number of potential inaccuracies, such as delivery dates recorded after deliveries were actually made, in the data TRANSCOM uses to evaluate distribution performance. Without a policy requiring regular comprehensive data-reliability assessments, DOD lacks reasonable assurance that organizations will conduct such assessments and that data will be sufficiently reliable to effectively measure DOD's performance in distribution.

Although DOD has taken several actions to address gaps in its distribution performance, including conducting performance reviews, and holding workshops to assess problems and develop solutions, these efforts focus on specific areas of distribution, and DOD has not developed a comprehensive corrective action plan for the entire distribution pipeline that identifies the scope and root causes of capability gaps and other problems, solutions, and actions to be taken. In July 2011, GAO recommended DOD develop such a corrective action plan. DOD did not concur, citing several ongoing efforts. However, these efforts do not address gaps across all distribution operations. Thus, implementing GAO's prior recommendation would help identify root causes of and solutions to distribution challenges and better position DOD to address distribution performance.