DOD’S HIGH-RISK AREAS

Progress Made Implementing Supply Chain Management Recommendations, but Full Extent of Improvement Unknown

What GAO Found

DOD’s success in improving supply chain management is closely linked with its defense business transformation efforts and completion of a comprehensive, integrated logistics strategy. Based on GAO’s prior reviews and recommendations, GAO has concluded that progress in DOD’s overall approach to business defense transformation is needed to confront problems in other high-risk areas, including supply chain management. DOD has taken several actions intended to advance business transformation, including the establishment of new governance structures and the issuance of an Enterprise Transition Plan aligned with the department’s business enterprise architecture. As a separate effort, DOD has been developing a strategy—called the “To Be” logistics roadmap—to guide logistics programs and initiatives across the department. The strategy would identify the scope of logistics problems and capability gaps to be addressed and include specific performance goals, programs, milestones, and metrics. However, DOD has not identified a target date for completion of this effort. According to DOD officials, its completion is pending the results of the department’s ongoing test of new concepts for managing logistic capabilities. Without a comprehensive, integrated strategy, decision makers will lack the means to effectively guide logistics efforts, including supply chain management, and the ability to determine if these efforts are achieving desired results.

DOD has taken a number of actions to improve supply chain management, but the department is unable to demonstrate at this time the full extent of its progress that may have resulted from its efforts. In addition to implementing audit recommendations, DOD is implementing initiatives in its supply chain management improvement plan. However, it is unclear how much progress its actions have resulted in because the plan generally lacks outcome-focused performance metrics that track progress in the three focus areas and at the initiative level. DOD’s plan includes four high-level performance measures, but these measures do not explicitly relate to the focus areas, and they may be affected by many variables, such as disruptions in the distribution process, other than DOD’s supply chain initiatives. Further, the plan does not include overall cost metrics that might show efficiencies gained through the efforts. Therefore, it is unclear whether DOD is meeting its stated goal of improving the provision of supplies to the warfighter and improving readiness of equipment while reducing or avoiding costs.

Over the last 5 years, audit organizations have made more than 400 recommendations that focused specifically on improving certain aspects of DOD’s supply chain management. About two-thirds of the recommendations had been closed at the time GAO conducted its review, and most of these were considered implemented. Of the total recommendations, 41 percent covered the focus areas in DOD’s supply chain management improvement plan: requirements forecasting, asset visibility, and materiel distribution. The recommendations addressed five common themes—management oversight, performance tracking, planning, policy, and processes.