DOD's business transformation efforts.
interviewed officials responsible for
performance measures established for
Strategic Management Plan and
DOD's Fiscal Year 2014-2015
reviewed documentation, such as
effectively monitored the progress of its
and (2) the Office of the DCMO has
business transformation weaknesses
which (1) DOD has addressed
This report identifies the extent to
which (1) DOD has addressed
business transformation weaknesses
and (2) the Office of the DCMO has
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Why GAO Did This Study
DOD spends billions of dollars each
year to maintain key business
functions intended to support the
warfighter. While DOD maintains
military forces with unparalleled
capabilities, it continues to confront
decades-old management weaknesses
related to its business functions that
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What GAO Found
Department of Defense (DOD) senior leadership—specifically the Chief
Management Officer (CMO) and the Deputy Chief Management Officer
(DCMO)—have taken some steps to address business transformation
weaknesses, such as establishing management responsibilities and issuing an
updated Strategic Management Plan to provide a strategy for business
transformation. However, DOD senior leadership has not implemented leading
performance management practices for federal agencies to help ensure
additional progress. For example, DOD's CMO and DCMO have not
communicated priorities for its business goals or overseen the development of a
corrective action plan that outlines the root causes hindering progress in its
business transformation efforts and the solutions needed to address them. A
provision in the Carl Levin and Howard P. “Buck” McKeon National Defense Act
for Fiscal Year 2015 to convert the DCMO to the Under Secretary of Defense for
Business Management and Information in February 2017 will assist the Deputy
Secretary of Defense in his role as the CMO by providing greater authority to
supervise management of business operations and help, among other things,
DOD further demonstrate its commitment to addressing business transformation
efforts. However, without the implementation of these leading practices, DOD will
continue to face challenges in addressing its business transformation
weaknesses, such as its continued use of outdated processes and systems for
key business functions, such as financial management and logistics.

The Office of the DCMO has collected some performance information to satisfy
government-wide requirements, but has not effectively monitored the progress of
DOD's business transformation efforts. For example, DOD’s performance
measures are not clear, comprehensive, or aligned with its strategic goals, all of
which are key attributes for such measures, and Office of the DCMO officials
stated that its performance measures are not effective in monitoring progress
toward meeting strategic goals. In addition, the Office of the DCMO conducted a
high-level assessment of its personnel as part of its 2014 reorganization to
determine their placement within its office based on input and work experience,
but Office of the DCMO officials have not fully assessed the skills of its personnel
to determine whether critical gaps to effectively monitor performance exist. Office
of the DCMO officials acknowledged that while its assessment served as a
baseline for training needs, a more comprehensive analysis is needed to identify
specific skill gaps. In May 2013, GAO recommended that the DCMO develop a
comprehensive plan to address identified gaps as part of a strategic approach to
human capital planning. DOD did not concur with the recommendation, stating
that the Office of the DCMO is a relatively small DOD component and the
recommended action was designed for an entire agency. GAO disagreed and
continues to believe that the 2014 reorganization provided an opportunity to
undertake a more complete assessment. Until the Office of the DCMO develops
new performance measures and implements GAO’s May 2013 recommendation
on determining whether it has personnel with the appropriate skills to effectively
monitor performance, the Office of the DCMO will be hindered in assessing
progress made by its business transformation efforts.

What GAO Recommends
GAO recommends that the CMO and
DCMO document and communicate
priorities for DOD’s business
transformation efforts and oversee the
development of a correction action
plan. GAO also recommends that the
DCMO develop clear and
comprehensive performance measures
that are aligned with strategic goals to
monitor the progress of its business
transformation efforts. DOD concurred
with GAO’s recommendations.