

GAO Highlights

Highlights of [GAO-16-187T](#), a testimony before the Committee on Armed Services, U.S. House of Representatives

Why GAO Did This Study

DOD's acquisition of major weapon systems has been on GAO's high risk list since 1990. Over the years, Congress and DOD have continually explored ways to improve acquisition outcomes, including reforms that have championed sound management practices, such as realistic cost estimating, prototyping, and systems engineering. Too often, GAO reports on the same kinds of problems today that it did over 20 years ago.

This testimony discusses (1) the performance of the current acquisition system; (2) the role of a sound business case in getting better acquisition outcomes; (3) systemic reasons for persistent problems; and (4) thoughts on actions DOD and Congress can take to get better outcomes from the acquisition process. This statement draws from GAO's extensive body of work on DOD's acquisition of weapon systems and the numerous recommendations GAO has made on both individual weapons and systemic improvements to the acquisition process.

View [GAO-16-187T](#). For more information, contact Paul L. Francis at (202) 512-4841 or francisp@gao.gov.

October 27, 2015

DEFENSE ACQUISITIONS

Joint Action Needed by DOD and Congress to Improve Outcomes

What GAO Found

U.S. weapon acquisition programs often take significantly longer, cost more than promised and deliver fewer quantities and capabilities than planned. It is not unusual for time and money to be underestimated by 20 to 50 percent. As the Department of Defense (DOD) is investing \$1.4 trillion to acquire over 75 major weapon systems as of March 2015, cost increases of this magnitude have sizeable effects. When costs and schedules increase, the buying power of the defense dollar is reduced. Beyond the resource impact, consequences include the warfighter receiving less capability than promised, weapons performing not as well as planned and being harder to support, and trade-offs made to pay for cost increases—in effect, opportunity costs—not being made explicit.

GAO's work shows that establishing a sound business case is essential to achieving better program outcomes. A program should not go forward without a sound business case. A solid, executable business case provides credible evidence that (1) the warfighter's needs are valid and that they can best be met with the chosen concept, and (2) the chosen concept can be developed and produced within existing resources—such as technologies, design knowledge, funding, and time. Establishing a sound business case for individual programs depends on disciplined requirements and funding processes, and calls for a realistic assessment of risks and costs; doing otherwise undermines the intent of the business case and makes the above consequences likely.

Yet, business cases for many new programs are deficient. This is because there are strong incentives within the acquisition culture to overpromise a prospective weapon's performance while understating its likely cost and schedule demands. Thus, a successful business case is not necessarily the same as a sound one. Competition with other programs for funding creates pressures to overpromise. This culture is held in place by a set of incentives that are more powerful than policies to follow best practices. Moreover, the budget process calls for funding decisions before sufficient knowledge is available to make key decisions. Complementing these incentives is a marketplace characterized by a single buyer, low volume, and limited number of major sources. Thus, while it is tempting to describe the acquisition process as broken, it is more instructive to view it as in equilibrium: one in which competing forces consistently lead to starting programs with slim chances of being delivered on time and within cost.

Over the years, GAO has identified a number of reforms aimed at improving acquisition outcomes. Several of those are particularly relevant to changing the acquisition culture and will take the joint efforts of Congress and DOD:

- Ensure that new programs exhibit desirable principles before funding is approved.
- Identify significant program risks up front and allot sufficient resources.
- More closely align budget and program decisions.
- Mature technology before including it in product development.
- Develop system engineering and program manager capacity—sufficient personnel with appropriate expertise and skills.