

Opening Statement of Senator George V. Voinovich
Subcommittee on Oversight of Government Management, the Federal Workforce and the
District of Columbia
“From Warehouse to Warfighter: an Update on Supply Chain Management at DoD.”
July 10, 2007

Good afternoon. Let me begin by thanking my dear friend and colleague, Senator Akaka, for holding the Subcommittee’s third hearing on the Department of Defense’s supply chain management, which has been on the GAO high-risk list since 1990. Seventeen years is far too long for a process of this magnitude and importance to be mismanaged.

My continued interest in investigating and improving the Department’s supply chain management is guided by two principles. First, with a budget of well over \$400 billion, and resources in the supply chain amounting to more than \$162 billion, the Department must be a good steward of the taxpayers’ money. As I have noted in the past, former Secretary of Defense Donald Rumsfeld once estimated that the Department wastes five percent of its budget – more than \$20 billion a year at current budget levels - on redundant or outdated business practices. Based on my experience, I believe the actual number is much higher.

Second, and arguably more important given Operation Iraqi Freedom, inefficient, ineffective, and redundant steps within the supply chain can have a direct and negative impact on the warfighter. We must assure that the current supply chain system at the Department has the ability to deliver the right items, at the right time, to the right place to our soldiers in the battlefield.

Since our last hearing on this issue in July 2006, we have seen noticeable progress in this high-risk area. I have been pleased with the Department’s continued commitment to improving supply chain management.

At the Subcommittees’s request, the Government Accountability Office has released two reports critiquing the Department’s supply chain management. The first report, released in January of this year, takes a hard look at the supply chain management improvement plan and overall logistics planning within the Department. In this report, GAO found that the plan continues to lack outcome focused performance metrics as well as overall cost metrics for each of the ten initiatives in the plan.

Since the Subcommittee began working on this issue over two years ago, we have continued to press upon the Department the need to develop long-term performance and cost metrics. I am disappointed that after several requests, including personally asking Deputy Secretary England, the Department has not put forth these important measures. These metrics are essential for this Subcommittee to provide effective oversight of this issue, and will be vital to the next administration. Mr. Bell, I am interested in hearing your opinion on the Department’s ability to measure the success of the supply chain management plan absent performance objectives.

The second GAO report, which is being released in connection with today's hearing, focuses on Joint Theater Logistics, an initiative in the supply chain management improvement plan that centers on getting the right supplies into a combat theater in a timely manner. Mr. Solis, I look forward to your remarks on the findings within this report and, more importantly, from our DOD witnesses on how the Department intends to implement the recommendations.

Key support components of Joint Theater Logistics include the Defense Logistics Agency and U.S. Transportation Command. General Schwartz, my staff recently visited USTRANSCOM and were pleased with the information provided and the processes established under your leadership. It seems to me that successful implementation of the Joint Deployment Distribution Operations Centers and the current transformation of the information technology architecture to support supply chain management will go a long way toward improving supply chain management. Success will depend in part; however, upon the services' willingness to accept these initiatives.

General Schwartz, given your responsibility as the Distribution Process Owner, with responsibility for overseeing Department-wide distribution of assets, I question whether or not you have the necessary authority to carry out your mission. I look forward to hearing from you and General Dail on how you will work together to ensure that assets are made available to our men and women in uniform without delay.

Given the complex nature of supply chain management and the need for business transformation within the Department, it is imperative that the Department have a Chief Management Officer. I am pleased to see that language was included in the Fiscal Year 2008 Defense Authorization bill, which is currently being debated on the Senate floor. This language is a step in the right direction to ensure continuous top-level attention to management issues at the Department.

Going forward, I want to ensure that the progress that has been made will be institutionalized within the Department so that when the current leadership leaves, the new administration will continue to move forward instead of starting anew with supply chain management. I am confident that if the Department continues to focus top-level leadership and resources on this issue that supply chain management will be removed from the GAO high-risk list, the American taxpayer will see a better return on their investment and, more importantly, our warfighter will have the supplies it desperately needs to accomplish their mission.

Thank you Senator Akaka.