

Senator Daniel K. Akaka
Supporting the Warfighter: Assessing the DoD Supply Chain Management Plan
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs
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Thank you, Mr. Chairman. I join you in welcoming our witnesses, Mr. Alan Estevez , who leads the Department of Defense (DoD) supply chain integration initiative, and Mr. Bill Solis who has long guided the Governmental Accountability Office's (GAO) oversight of this critical DoD program.

The Chairman and I intend to move DoD supply chain management off of the GAO high-risk list. We're making solid progress, and I thank our witnesses for the important roles they are playing in this effort. I am especially pleased that Mr. Estevez is with us today for a couple of reasons. First, as the head of supply chain integration, he is central in identifying the capabilities and gaps in supply chain management. Secondly, I'd like to point out that he was last year's recipient of the Service to America Award for National Security. I was honored to attend the ceremony as the presenter of the 2005 Federal Employee of the Year Award sponsored by the Partnership for Public Service.

Today's discussion will help us better understand where DoD is going on supply chain management. Inefficiencies in DoD business operations impact our men and women in uniform. I know from reviewing today's written testimony that progress has been made. However, having worked on DoD business modernization as the ranking member of the Armed Services Readiness and Management Support Subcommittee, I also know the road ahead is rough and that the short-term goal of meeting certain milestones by 2008 may not be achieved.

Supply chain management isn't a regional issue. Moving materiel forward and

expediting replacements without building unnecessary stockpiles impacts overseas and domestic operations equally. Until DoD builds on its strengths, while addressing deficiencies within logistics systems, our Armed Forces are at risk.

DoD logistics programs and operations account for close to one-third of DoD's budget. Logistics and supply chain management, which includes the purchase of equipment and spare parts, as well as their maintenance and transport, are part of the Operations and Maintenance [O&M] account that supports critical portions of DoD's readiness and quality of life programs.

O&M funding also covers a wide range of activities such as depot maintenance – environmental restoration – base operations – and the training of US forces. Therefore, we must ensure that O&M funds are spent wisely or else the ability of our military to meet present and future challenges will be impaired.

That is why it is so important to have initiatives with credible and achievable short- and long-term metrics that are linked together. Developing programs – setting objectives – and establishing benchmarks are only part of the solution to improving supply chain management and moving it off of the high-risk list.

One new program developed as a result of the supply chain management high-risk improvement plan is the Joint Regional Inventory Materiel Management initiative. I am very proud that the US Pacific Command [PACOM] was chosen to lead this new program. JRIMM, when fully implemented, will provide distribution services to all military commands on Oahu. The principles of JRIMM focus on a single, joint logistics system to eliminate duplicative activities and inventory – leverage distribution platforms – and improve shipment loads and routes.

I support DoD in this effort, and I am confident PACOM's experience will increase requirements forecasting, asset visibility, and materiel distribution: three key areas of improvement identified by GAO as central to supply chain management processes.

Having spent time with combatant commanders, I know they will not accept a comprehensive logistics system unless they are confident that the men and women under their commands will have what is needed to carry out their missions. To paraphrase Mr. Estevez, without the right equipment, in the right place, and at the right time, our Armed Services can't do their jobs.

DoD's management and integration challenges demand long-term attention and sustained leadership. One critical benchmark will be how successfully DoD aligns its logistic supply management initiatives to the Department's fiscal year 2008 budget submission. I'm sure Clay Johnson, the Deputy Director of Management at the Office of Management and Budget will let us know how DoD is doing in that regard.

Thank you, Mr. Chairman, I look forward to our witnesses' testimony today and our continued partnership in weeding out inefficiencies in government operations.