



Highlights of [GAO-07-1072](#), a report to congressional committees

Why GAO Did This Study

In 2005, GAO added the Department of Defense's (DOD) approach to business transformation to its high-risk list because (1) DOD's improvement efforts were fragmented, (2) DOD lacked an integrated and enterprisewide business transformation plan, and (3) DOD had not designated a senior official at the right level with the right authority to be responsible for overall business transformation efforts. This report assesses (1) the progress DOD has made in setting up a management framework for overall business transformation efforts and (2) the challenges DOD faces in maintaining and ensuring the success of those efforts. GAO conducted this work under the Comptroller General's authority to conduct evaluations under his own initiative. In conducting its work, GAO compared DOD's actions to key practices of successful transformations.

What GAO Recommends

GAO recommends that DOD (1) institutionalize an expanded management framework and (2) develop a planning process that results in an integrated and enterprisewide plan or set of plans. Congress should consider enacting legislation to establish a chief management officer (CMO) at DOD. DOD generally agreed with GAO's recommendations, but did not agree with the matter for Congress. GAO continues to believe that DOD needs a CMO, established in statute, to provide focus and sustained leadership.

www.gao.gov/cgi-bin/getrpt?GAO-07-1072.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

DEFENSE BUSINESS TRANSFORMATION

Achieving Success Requires a Chief Management Officer to Provide Focus and Sustained Leadership

What GAO Found

Although DOD has made progress toward establishing a management framework for overall business transformation, the framework currently focuses on business systems modernization and does not fully address broader business transformation efforts. In 2005, DOD set up the Defense Business Systems Management Committee to review and approve the business enterprise architecture—a transformation blueprint—and new business systems modernization investments. It also established the Business Transformation Agency, which currently reports to the Vice Chair of the Defense Business Systems Management Committee, to coordinate and lead business transformation across the department. Despite these steps, DOD has not clearly defined or institutionalized interrelationships, roles and responsibilities, or accountability for establishing a management framework for overall business transformation. For example, differences of opinion exist within DOD about the roles of various senior leadership committees. Until DOD's business transformation management framework is institutionalized and encompasses broad responsibilities for all aspects of business transformation, it will be challenging for DOD to integrate related initiatives into a sustainable, enterprisewide approach to successfully resolve weaknesses in business operations that GAO has shown are at high risk of waste, fraud, and abuse.

DOD also must overcome two critical challenges, among several others, if it is to maintain and ensure success. Specifically, DOD does not have (1) a comprehensive, integrated, and enterprisewide plan or set of linked plans, supported by a planning process that sets a strategic direction for overall business transformation efforts, prioritizes initiatives and resources, and monitors progress, and (2) a full-time leadership position at the right level dedicated solely to the planning, integration, and execution of overall business transformation efforts. A broad-based consensus exists among GAO and others, including the Institute for Defense Analyses and the Defense Business Board, that the status quo is unacceptable and that DOD needs a CMO to provide leadership over business transformation efforts. In a May 2007 letter to Congress, however, DOD stated its view that a separate position is not needed as the Deputy Secretary of Defense can fulfill the CMO role. Although the Deputy Secretary may be at the right level with appropriate authority to transform business operations, the demands placed on this position make it difficult for the Deputy Secretary to focus solely on business transformation—nor does the position have the necessary term of appointment to sustain progress across administrations. Further, DOD plans to leave the assignment of the CMO role to the discretion of the Secretary of Defense. In GAO's view, codifying the CMO position in statute as a separate, full-time position at the right level with an extended term is necessary to provide sustained leadership, further DOD's progress, and address challenges the department continues to face in its business transformation efforts.