


GAO
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Highlights

Highlights of [GAO-03-423](#), a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

For several years, the Department of Defense (DOD) and the Congress have encouraged the defense logistics support community to pursue partnerships with the private sector to combine the best commercial processes and practices with DOD's extensive maintenance capabilities. In January 2002, DOD issued policy encouraging the use of public-private depot maintenance partnerships to improve the efficiency and viability of its depots. GAO reviewed these partnerships and assessed the extent that DOD is participating in these partnerships, the characteristics needed to achieve effective partnerships and where DOD is in its ability to measure success, and the management challenges to DOD's planned expansion of partnerships.

What GAO Recommends

GAO recommends that DOD

- establish overarching goals for expected outcomes from its partnering initiative,
- refine current metrics for measuring partnership benefits, and
- require specific assessment and planning for new capability where partnerships are expected for new systems.

DOD partially concurred but indicated that it did not plan to implement these recommendations. Consequently, we are including matters for congressional consideration that address our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-423.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

DEPOT MAINTENANCE

Public-Private Partnerships Have Increased, but Long-Term Growth and Results Are Uncertain

What GAO Found

While the number of public-private partnerships that DOD is participating in has increased from 19 to 93 from fiscal year 1998 through fiscal year 2002, the existing partnerships represented only 2 percent of DOD's fiscal year 2002 \$19 billion depot maintenance program. Even with the small amount of expenditures and workload associated with partnerships, some partnerships that GAO reviewed either improved some aspects of repair performance or showed potential for doing so. On the other hand, 19 partnerships have generated no work thus far.

DOD and contractor officials have identified 14 characteristics that they believe over time will contribute to a partnership's success in achieving DOD's objective of improved depot efficiency and viability. However, DOD has a limited ability to measure the overall success of its partnering efforts because it has not yet developed measurable goals for the expected outcomes of the effort and the metrics that it has developed sometimes will not provide the data needed to fully assess the partnerships. Without initially establishing clear, measurable goals to define success in improving the efficiency and viability of its depots and metrics that provide the relevant data for the measurement, DOD has limited objective means to assess whether the partnerships are working as intended.

Furthermore, DOD faces challenges in its efforts to expand its use of public-private partnerships. For example, opportunities available for DOD to expand its use of these partnerships may be limited by external factors that the services cannot replicate or create at will, such as one-time business opportunities. Also, while DOD is expecting private sector funding to support the establishment of capability for depot partnerships for new systems, the amount of private-sector investment to date is only \$6.9 million, and the extent to which the private-sector will make additional investments is uncertain.



Source: Corpus Christi Army Depot.

Under the Army's T700 partnership, the Corpus Christi Army Depot provides the necessary facilities and equipment and repairs the T700 helicopter engine while General Electric provides spare parts and technical, engineering, and logistics services. Left: Corpus Christi Army Depot and General Electric T700 partnership managers review a process improvement proposal. Right: Corpus Christi T700 assembly supervisor consults with General Electric partnership manager on the T700 engine assembly process.