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TESTIMONY OF

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(LOGISTICS & MATERIEL READINESS)

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LIEUTENANT GENERAL ROBERT T. DAIL

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BEFORE THE UNITED STATES SENATE

COMMITTEE ON HOMELAND SECURITY AND

GOVERNMENTAL AFFAIRS

**OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL
WORKFORCE AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE**

JULY 10, 2007

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**Overview of the Department of Defense
Supply Chain and Logistics**

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Deputy Under Secretary of Defense
(Logistics & Materiel Readiness)**

**General Norton A. Schwartz
Commander, US Transportation Command**

**Lieutenant General Robert T. Dail
Director, Defense Logistics Agency**

Chairman Akaka, Senator Voinovich and Members of the Committee:

Thank you for the opportunity to appear before you and discuss the improvements we have made and current status of the Department of Defense's (DoD) efforts to address areas of risk in the Department's supply chain processes. Attending with me are Gen Norton Schwartz, Commander of the U.S. Transportation Command (USTRANSCOM), and LTG Robert Dail, Director of the Defense Logistics Agency (DLA). It is fitting that we appear before the committee together, for we represent key leadership of the end-to-end supply chain – from the source of supply policy, oversight, and execution through the distribution segment to the customer. We are dedicated to a continuing effort to implement a comprehensive, end-to-end logistics strategy. This is being accomplished, even accelerated, at the same time we are focusing on providing effective support for our currently deployed soldiers, sailors, airmen, and marines. In both areas our mission, vision and goals remain constant:

Mission: Project and sustain a ready, capable total force across a range of military

operations and theaters.

Vision: Provide globally responsive, operationally precise, and cost-effective support for America's warfighters whenever they are deployed.

Goal: Provide logistics support that is responsive, accurate, reliable, and accountable, while constantly seeking more efficient, cost-effective ways to accomplish the mission.

It is our obligation as leaders to provide our warfighters with the policy, procedures, systems, and support that they need to be successful today and in the future, and to facilitate cultural change that will institutionalize supply chain process improvements across DoD.

Today we will provide a comprehensive look at the current and future state of logistics and the supply chain by reviewing our recent actions and summarizing improvements we have made since the last hearing in July 2006. We will also address additional actions the Department has undertaken to improve our supply chain management and discuss the governance structure we are implementing to ensure improvements continue through leadership changes.

Before I address those areas, I would like to compliment your respective staffs, and the staffs of the Government Accountability Office (GAO), and the Office of Management and Budget (OMB) who continue to work with the Department's staff in addressing the Department's supply chain management high risk area. Congressional staff, GAO, OMB and DoD logisticians have worked together to monitor progress made towards implementation of key initiatives as part of DoD's concerted plan to address areas of mutual concern. This cooperation speaks highly of the professionalism and

dedication of this intra-governmental team. This collaboration extends to the effective working relationship between Mr. William Solis of GAO, who joins us today on this panel, and to senior members of the Congressional staff and OMB.

Logistics and the Supply Chain

The Global War on Terror has forced our warfighters to be more agile than ever before. They can only be as agile, ultimately, as the logistics support structure allows. This means that logisticians must anticipate, where possible, and adapt to changing warfighter needs. With operations and supply chain working together, we are building a capability to move and re-supply rapidly in a continually changing environment by making significant changes in both logistics and supply. At the same time, we also have the responsibility to the American people, particularly as taxpayers, to wisely invest their hard earned money in our Nation's common defense. We must also keep Congress, as the representatives of the American people, well-informed of our efforts.

As DoD representatives have testified before this Committee previously, DoD Logistics is a complex business with over one million uniformed, civilian, and contract employees who support all aspects of the Department's supply chain which accounted for \$162 billion in spending in Fiscal Year 2006. The logistics team continues to effectively support our deployed military forces in the face of logistics challenges that have never been greater. Our military forces are deployed to some of the most difficult environments in the world, significantly accelerating the maintenance and reset requirements on highly sophisticated weapons systems and equipment. The need for this

support often occurs with short notice and occurs in some of the remotest parts of the world where we have little or no military presence, requiring the supply chain to operate over vast distances, through limited air and sea port facilities, and over very long ground lines of communications that cross multiple national boundaries, and involve significant political and security complexities. It causes us to rely upon our great United States industry partners and their global network of suppliers and transportation partners. Within Iraq and Afghanistan, our supply chain operations function in unsecure environments, over enemy-challenged ground lines of communications, adding significantly both to the level of equipment and personnel needed to provide security protection and to the overall cost of the logistics operation. Our significant dependence on industry partners and civilian contractors for key logistics and sustainment activities requires us to integrate our requirements for their services into our planning and operational management in forward areas. Finally, logistics activities must not only support our warfighting efforts, but also support the activities to stabilize the security, health, and economic activities of host country nationals in the areas where we deploy.

Supporting Current Operations

Since we testified here last year, we have continued to fully support the dynamically changing requirements of our deployed US forces. In January through May of this year we have moved almost 80,000 troops and over 280,000 short tons of materiel to Iraq and Afghanistan and processed approximately 6,000 requisitions each day to Army and Marines in direct support of troops in Iraq and Afghanistan. At the same time,

we continually assessed and restructured our intra-theater support structure to better support our warfighters in the Central Command Area of Operations. We are also fielding new equipping programs such as the Mine Resistant Ambush Protected (MRAP) vehicle and flame retardant clothing -- all while continuing our logistics transformation efforts.

In assessing our performance, a primary metric of the supply chain is customer wait time, i.e., how long does it take from the time the customer orders an item until he or she receives the item. This is a key factor in the performance of the logistics system. Last year we reported that we had seen a 33% decrease in customer wait time across the DoD from FY 2004 through April 2006, from an average of 24 days to 16 days. Since then, we have seen another 6% decrease; to as low as 15 days. In the past year we have decreased customer wait time for Army units in the US Central Command by 12% from 18 days to 16 days. We expect to see further progress in this number as the initiatives we are pursuing are implemented. In some cases, forward units don't wait at all for key commodities. Food, water, clothing and medical supplies are stocked forward and delivered by both Prime Vendors and military assets as soon as they are requested. Additionally, we are tailoring our metrics around our support to the warfighter through established time definite delivery standards. USTRANSCOM has established over 40 specific distribution lanes for which it measures its support to various areas within the Combatant Commands. USTRANSCOM briefs each of the geographic Combatants Commands regularly on its performance, as well as changes it is making to meet current and future challenges. We continue to see success through the implementation of our

logistics transformation initiatives, including those identified as part of the Supply Chain Management High Risk Improvement Plan.

As the DoD continues to operate at an increased operational tempo due to the Global War on Terrorism, it is important to provide immediate decisions for critical time sensitive issues directly affecting the support of the war effort. To facilitate a rapid decision process, we have established the Office of the Secretary of Defense (OSD) Materiel Readiness Committee. This committee provides a single point of entry into the Department for the Combatant Commands and Services, to address critical war-related materiel readiness issues requiring senior level response or approval.

The objectives of this committee include effective support of changing logistics requirements supporting the warfighter, efficient and effective RESET on forces (including issues related to transportation, acquisition, procurement, and maintenance activities), acceleration of readiness and cost-effectiveness, and proper stewardship of resources.

Specifically, the committee addresses issues that require a change or waiver to DoD policy, of obtaining or invoking emergency authorities already available at the Department or executive level, concerning legislative authorities, or requiring Administration or Congressional approval.

Logistics Transformation Across the DoD

The Department continues to drive significant changes to the way we perform across the full spectrum of our logistics activities, including supply chain, from our initial

procurement of materiel and weapons systems, through our storage and distribution activities, to the warfighting customer's processes.

The Supply Chain Management High Risk Improvement Plan, developed in conjunction with GAO and OMB, contains initiatives designed to address specific focus areas, but I believe it is beneficial to view those initiatives in the context of the full gamut of logistics processes changes that we are leading. Collectively, these initiatives will significantly enhance our ability to meet our warfighters needs. It is important to recognize that we are transforming areas outside of the GAO's focus areas of asset visibility, forecasting, and distribution. Three major efforts are underway, which I will address in some detail, each of which includes specific programs to strengthen the effectiveness of our joint logistics and sustainment performance:

- integrating life cycle management principles into acquisition and sustainment programs;
- continuing implementation of Supply Chain Operations improvement programs to achieve joint logistics effectiveness;
- developing the concept of Joint Logistics Portfolio Governance as a mission for equipping and sustaining their forces.

In each area, the focus is on institutionalizing the improvements being put in place to transcend the changes in leadership.

Integration of Life Cycle Management in Acquisition

One of our key strategic goals is to ensure that Life Cycle Management (LCM) principles are effectively factored into the design of weapons platforms early in the acquisition process. This is critical to equipment reliability and to long term, cost-effective support of the system. Early focus on LCM principles significantly impacts the supply chain support needed to keep a weapons system operable. We recognize that integrating reliability and sustainability factors into acquisition, we can provide better life cycle reliability and materiel readiness outcomes for our increasingly complex weapons systems and equipment. To that end, we have established a Materiel Availability Key Performance Parameter (KPP) and two Key Systems Attributes (KSA) – Materiel Reliability and Ownership Costs – that all future acquisition programs must meet as part of the review of programs from Milestone A forward.

We are now incorporating oversight of actual equipment achievement of these requirements not only through the acquisition process, but throughout its life cycle, using an expanded Defense Acquisition Execution System (DAES) tracking system that incorporates the KPP and KSA metrics. These new acquisition program elements will ensure that Life Cycle support costs of new weapon systems are taken into account during the design phase of the acquisition cycle – lowering long term costs while achieving greater materiel readiness. Over time, it will decrease the amount of materiel we need to hold and move to support our weapons systems in the field.

Other key management oversight documents will also incorporate these LCM principles, expanding the Acquisition Program Baseline to become a Life Cycle Program

Baseline and the Acquisition Strategy document to include a Life Cycle Strategic Plan. This shift in focus from Acquisition to Life Cycle Management provides focus on the alignment of resources to achieve the reliability and materiel readiness standards established for the programs launch.

Initiatives Across Supply Chain Operations

As we have stated, we have a number initiatives addressing issues at different points across the end-to-end supply chain. These include initiatives focused on distribution under the leadership of our Distribution Process Owner, asset visibility across the spectrum, and on our inventory management and supply and storage activities, being implemented as part of the Base Realignment and Closure efforts.

Distribution Process Owner

The designation of a Distribution Process Owner (DPO) has been a critical step towards implementing a governance structure that moves the DoD to a capabilities-based enterprise. USTRANSCOM is the DoD Distribution Process Owner (DPO), as originally designated in 2003 and redesignated in 2006. Subsequent to the redesignation, the DPO role was codified in the 2006 Unified Command Plan. DoD has also formally institutionalized the DPO construct, responsibilities, and relationships in two DoD issuances – a DoD Directive and a DoD Instruction. These issuances codify USTRANSCOM's collaborative role to oversee the overall effectiveness, efficiency, and alignment of DoD-wide distribution activities on behalf of the Department.

USTRANSCOM, as the DPO, leads a collaborative effort with the Joint Deployment and

Distribution Enterprise (JDDE) partners across the defense logistics community to increase the precision, reliability and efficiency of the DoD supply chain. Gen Schwartz accompanies me today to highlight the benefits the DoD has gained through our designation of USTRANSCOM as the DPO.

Since assignment as the Distribution Process Owner for DoD, USTRANSCOM has forged the Joint Deployment and Distribution Enterprise, establishing collaborative partnerships with key members of the joint community. Through these partnerships, USTRANSCOM, has influenced distribution processes and resources to reduce Service costs and improve distribution support to the warfighter.

USTRANSCOM's role as the DPO has placed increased strategic urgency and expanded requirements on the data currently available in the joint distribution pipeline. To fulfill the increased needs of the command and the DoD national partners within the Joint Deployment and Distribution Enterprise, USTRANSCOM is collaborating with the Defense Logistics Agency (DLA) to converge the Global Transportation Network's transportation and asset visibility capabilities with DLA's Integrated Data Environment. This will create a more complete, accurate, and robust common operating picture of distribution information. In fiscal year 2006, DLA and USTRANSCOM established a program office to lead this effort. The successful convergence of these programs will give combatant commands, the Services, DoD, federal agencies, and ultimately the warfighter, a cohesive solution to aggregate, manage, and glean trusted supply chain, distribution, and logistics information.

In 2006, USTRANSCOM also fielded the Joint Task Force (JTF) – Port Opening, providing a joint expeditionary capability to rapidly establish and initially operate an aerial port of debarkation and distribution node, facilitating port throughput in support of combatant commander-executed contingencies. This expeditionary force addresses historical distribution gaps and shortfalls, including ad hoc command and control, minimal airfield and distribution assessment, limited ability for rapid port clearance, limited in-transit visibility, and minimal movement control over distribution operations. Moreover, DLA developed the first deployable distribution center for employment in COCOM areas of operations to complement the joint operational architecture established with Joint Task Force—Port Opening.

Transforming DoD distribution, with its tremendously complex and fluid requirements, requires thorough analysis using world-class modeling and simulation capability. The Joint Distribution Process Analysis Center at USTRANSCOM will provide this capability. The primary role will be to enhance the effectiveness and efficiency of the distribution process by providing a forum in which USTRANSCOM and its partners can work together on common concerns. Personnel from USTRANSCOM, Air Mobility Command (AMC), and Military Surface Deployment and Distribution Command's (SDDC) Transportation Engineering Agency comprise the Joint Distribution Process Analysis Center. Early efforts are focused on integrating individual capabilities into a synergized, consolidated operation. When it has reached full operational potential, it will function as the major focal point for analyzing, modeling, understanding, and resolving complex logistics issues through application of state-of-the art research,

analysis, decision support tools, and best practices to distribution, deployment, and sustainment operations.

Transforming transportation and distribution is also a continual process, not just an end-state. USTRANSCOM is committed to improved warfighter support while leveraging best business practices to achieve all appropriate savings. Since designation as DPO, USTRANSCOM and its partners have achieved more than \$1 billion in cost avoidance and savings. These savings are a direct result of leveraging those key collaborative relationships I spoke of before to accomplish things like enhanced forward positioning of material at the DLA Defense Distribution Center in Kuwait; and moving Armored Security Vehicles for the Army using scheduled ocean liner service instead of air transport. Perhaps the best example of the power of this collaboration is aligning distribution support to synchronize the entire process of production, shipment and installation of FRAG 5 armor plating for USCENTCOM vehicles, thus utilizing less costly surface transportation rather than solely air transportation. This effort alone avoided \$18.9 million in costs from October 2006 through February 2007.

Joint Deployment and Distribution Operations Center (JDDOC)

The Joint Deployment Distribution Operations Center (JDDOC) construct within the Geographic Combatant Commands is a major step forward in improving integration of strategic and theater distribution, with tangible improvements to DoD as a whole. The JDDOC is a Combatant Command organization augmented with USTRANSCOM, DLA, and Service personnel. The objective is to link and synchronize strategic and tactical movement of personnel, equipment and sustainment. USTRANSCOM published a

JDDOC “template” as a baseline for the Geographic Combatant Commanders, each of which has established a permanent JDDOC tailored to their region and assigned missions. Additionally, USTRANSCOM continues to mature this toolset by working with the Combatant Commanders and the National Partners to develop JDDOC metrics, build forward-deployable JDDOC capabilities, and enhance each JDDOC’s ability to support broader theater logistics issues.

The benefits of establishing these capabilities have been seen in repeated operations around the world. The United States Southern Command DDOC improved distribution processes and visibility into Port au Prince in support of the 2004 Haiti Operation SECURE TOMORROW. The Pacific Command DDOC synchronized the massive influx of humanitarian aid into the tsunami-devastated parts of South Asia. And when Hurricane Katrina devastated the Gulf Coast, the Northern Command DDOC served as the deployment and distribution arm of Joint Task Force-Katrina, overseeing food and ice distribution, writing contracts to acquire support from cruise ships, and securing hospital ship support. The European Command DDOC converted numerous airlift requirements to surface movements, freeing air assets for Central Command, and deployed a forward element that synchronized the non-combatant evacuation of Lebanon in 2006. Finally, the collective efforts of these JDDOCs has produced significant savings and cost avoidance.

Defense Transportation Coordination Initiative (DTCI)

DTCI is an effort to increase the effectiveness and efficiency of the DoD Continental United States (CONUS) freight movements. USTRANSCOM, in partnership

with the Defense Logistics Agency (DLA) and the Military Services, has initiated a program to select a transportation services coordinator to manage those shipments, with full visibility of freight movements, allowing load consolidation, cost efficiencies, and scheduling improvements. We expect more efficient, reliable movements, increased customer confidence, and reduced costs. The GAO recently concluded both an audit and investigation of various aspects of DTCI and both were adjudicated in DTCI's favor, endorsing DTCI as appropriate for DoD's needs. DTCI has taken past lessons learned into account, has adequately addressed small business concerns and it facilitates the use of commercial best practices within the DoD. Initial contract award is planned for August 2007 with shipping operations beginning as early as December 2007. We look forward with great anticipation to the positive changes DTCI will have on DoD transportation.

Radio Frequency Identification (RFID)

One of the key initiatives DoD is implementing to overcome the asset visibility high risk focus area is the use of radio frequency identification technology, or RFID. Because of the importance of this program, the Under Secretary of Defense for Acquisition, Technology and Logistics designated USTRANSCOM to be the Department's functional proponent for Radio Frequency Identification (RFID) and related Automated Identification Technology (AIT) implementation. As part of that designation, USTRANSCOM recently completed an overarching AIT Concept of Operations and is now working on the implementation plan to drive implementation across the DoD enterprise.

The Department's application of active RFID tags to large consolidated DoD shipments being made to Iraq and Afghanistan has already improved asset visibility for our warfighters. With more than 400 read and write stations in the region, the active tags are generating more than 83,000 position reports a week – an unprecedented level of asset visibility.

The Department continues its implementation of passive RFID technology – the same technology being implemented by Proctor & Gamble, Wal*Mart, Cardinal Health and other major corporations. Passive tags applied by our suppliers to materiel coming into the DoD supply chain are improving the efficiency of our receiving processes. In fact, one of the biggest accomplishments in the Department's RFID program occurred in October 2006 when the Department completed the installation of passive RFID infrastructure at all CONUS DLA Distribution Centers. Additionally, USTRANSCOM, specifically AMC, is projected to complete the installation of passive RFID portals at five CONUS aerial ports by September 2007.

USTRANSCOM and DLA, working with the Military Services, have within the last month, implemented our first end-to end passive lane, providing visibility using this technology across key nodes to end users in Alaska. The Department is using the DoD Alaska RFID Implementation (ARI) Project to test and evaluate passive RFID within a DoD Supply Chain by integrating passive RFID readers, RFID edge ware/middleware, message translators, and system connectivity with existing DoD logistics data architectures. The material with passive tags will flow from Defense Distribution Center in San Joaquin, California, through the AMC Aerial Ports at Travis AFB, California and

Elmendorf AFB, Alaska to supply activities at Elmendorf AFB and Ft. Richardson, AK. This evaluation is being conducted April 2007 through July 2007.

Passive RFID is also generating efficiencies at customer sites. At the Navy's Trident Refit Facility in Bangor, Washington, the Navy has realized a two-thirds reduction in receipt to stow processing time and additional efficiencies at this small site which is a microcosm of future benefits.

Base Realignment and Closure (BRAC) Supply and Storage Transformation

Implementation of the approved Base Realignment and Closure (BRAC) Supply and Storage recommendations will significantly transform our supply chain performance. These recommendations change the support for our industrial activities by more closely linking DLA, the provider of the majority of needed materiel, and our critical maintenance depot activities. The 2005 BRAC designated the DLA as the primary operator for achieving economies and efficiencies that enhance the effectiveness of logistics support to forces as they transition to more joint and expeditionary operations.

DLA's mission is to function as an integral element of the military logistics system of the Department of Defense. DLA provides effective and efficient worldwide logistics support to the Military Departments and the Combatant Commands under conditions of peace and war, as well as support to other DoD Components and Federal agencies. DLA is responsible for the procurement, management, storage and distribution of some five million items that it manages. DLA provides food, fuel, and medical items, as well as most of the clothing, construction materials and spare parts for worldwide

support of this country's land, sea and airborne platforms and weapons systems and the forces that operate and sustain them. The number one priority for DLA is logistics support to the American warfighter.

The BRAC recommendations also give DLA the responsibility for procuring our critical reparable components, allowing the DoD to better leverage its buying power and manage commodities in a more comprehensive manner. Finally, the recommendations task DLA with the privatization of the management of certain commercially available commodities, such as tires and compressed gases – allowing the Department to use existing commercial sector capabilities to enhance support to the Department. These efforts, once completed, will better link supply and demand, and enhance joint support to the warfighter while reducing overall costs to the Department. LTG Robert Dail is with me today to provide details about the implementation of the BRAC Supply, Storage, and Distribution.

Joint Regional Inventory Materiel Management (JRIMM)

The BRAC Supply, Storage, and Distribution Management Reconfiguration recommendation incorporates the principles of Joint Regional Inventory Materiel Management (JRIMM) by creating four CONUS support regions, with each having one Strategic Distribution Platform (SDP) and multiple Forward Distribution Points (FDP). This realignment provides dedicated receiving, storing, and issuing functions, solely in support of on-base Military Service industrial customers such as maintenance depots, shipyards, and air logistics centers.

The JRIMM program is built on three fundamental principles: minimizing storage

sites within a region, eliminating duplicate inventory, and maximizing service to operational and industrial sites. Applying these principles will serve to create a smoother materiel flow for all of the Components within a region in order to achieve inventory investment savings for the Department. In addition, customer wait time for the Services will be reduced as DLA leverages its distribution network to support timely deliveries using a concept of operations that maximizes surface transportation as long as it meets customer requirements. JRIMM pathfinders have proved successful, and in March 2007 OSD designated DLA to implement JRIMM worldwide.

DLA will activate the Warner-Robins Air Logistics Center (ALC) SDP, October 2007. This effort reconfigures DoD's wholesale storage and distribution infrastructure to improve support to our Service customer, whether home-based or deployed. The combined effect is an enhanced ability to synchronize delivery of material with our supply chain partners, reduce customer wait time, and simplify the delivery system. DLA will also establish the first Joint Regional hub on the island of Oahu in Hawaii to serve all four military Service components in the first quarter of FY 2008.

Joint Logistics Portfolio Capability Management

The Joint Logistics Portfolio Capability Management (JL CPM) test is an implementation element of the 2006 Quadrennial Defense Review (QDR). QDR directed test cases of capability portfolios. The Defense Logistics Executive, USD(AT&L), is coordinating the Joint Logistics Capability Portfolio Pilot Test.

Portfolio management balances capabilities within a portfolio to provide the most cost-effective mix to deliver desired effects and meet objectives. The intent of portfolio management is to manage groups of selected capabilities across the enterprise to improve interoperability, minimize capability redundancies and gaps, and maximize capability effectiveness. Joint capability portfolios will enable the Department to shift to an output-focused model that enables progress to be measured from strategy to outcomes. At this level, portfolio managers can determine the best mix of available assets to achieve within a required outcome.

There are several important aspects of this change. By looking at collections of assets across the military services which can be leveraged to meet joint needs, we expect to better coordinate individual Service investments to meet broader joint war fighter needs. Additionally, we expect to gain efficiencies within the logistics portfolio by introducing commonality, sharing technologies, and adapting existing capabilities and identifying portfolio life cycle cost drivers. Specifically the joint logistics portfolio test will address governance in a way that facilitates integrated decision-making within Supply Chain Operations, Operational Engineering, Operational Contracting, and Logistics Services. This portfolio test will allow senior leadership to consider ways of conducting strategic capability and resource trades across previously stove-piped areas, and also better understand the implications of investment decisions across competing priorities. Roles and authorities invested across the governance structure will be clearer and more transparent. The governance structure strengthens the focus on supporting the

warfighter. Governance must be structured in a way that allows leaders to make good decisions quickly based on current, reliable information.

The goal of the Joint Logistics Capability Portfolio Management test is to assess if the management concept will facilitate coordination of capabilities supporting the joint warfighter in an effective, efficient and timely manner. It will build on the successes and lessons learned from the Distribution Process Owner designation, and utilize the existing structures within the DoD logistics community. The results of the test along with operational support lessons learned and the initiatives contained in our Supply Chain Management High Risk Improvement Plan will then be incorporated in the comprehensive logistics strategic plan, called the logistics roadmap.

The Logistics Roadmap

The Logistics Roadmap will be a living document with a detailed depiction, over time, of existing, planned and desired capabilities to effectively project and sustain the joint force. It will establish a coherent framework for achieving the best and most cost-effective joint logistics outcomes to support America's war fighters.

Development of the Logistics Roadmap will resume upon completion of the Joint Logistics Capability Portfolio Management test. It will be developed in collaboration with the Joint Staff, Services, USTRANSCOM, DLA, and JFCOM.

The Logistics Roadmap will be submitted to the Defense Logistics Executive for approval. Anticipated completion date is Summer 2008.

Supply Chain Management as a High Risk Area

Based on the significant progress made and the commitment of leadership to institutionalize this progress, in December 2006 the USD(AT&L) requested that GAO remove Supply Chain Management as a high risk area. GAO declined stating that key determinants to removal of a high risk area include:

- Demonstrated strong commitment to and top leadership support for addressing problems
- The capacity to do so
- A corrective action plan that provides for substantially completing major corrective measures in the near term
- A program to monitor and independently validate the effectiveness of corrective measures
- Demonstrated progress in implementing corrective measures

Based on our progress to date, we believe the DoD has met these key determinants. The DoD has demonstrated and continues to demonstrate strong commitment to and top leadership support for addressing problems. The institutionalization of key initiatives across our complex supply chain structure is testament that we have the will and capacity to address these problems. We continue to measure our performance and drive improvements, such as reduced customer wait time, while supporting GWOT.

Closing

In closing, I would like to again thank you for to the opportunity to explain the DoD's strategy to achieve continuing improvements in logistics and supply chain management and to institutionalize these improvements to transcend leadership changes. Improvements are being institutionalized through a governance structure that enables leaders to make actionable decisions that provide effective and efficient support to the warfighter in a manner that is in the best interest of the American taxpayer. We are dedicated to this transformation and are not just documenting a future vision but are implementing that vision today. We will continue to improve the cost-effectiveness of DoD logistics operations as a matter of on-going DoD leadership responsibility.