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DEFENSE LOGISTICS

Lack of Key Information May Impede DOD's Ability to Improve Supply Chain Management

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Highlights

Highlights of GAO-09-150, a report to congressional committees

Why GAO Did This Study

Military operations in Iraq and Afghanistan have focused attention on the performance of the Department of Defense's (DOD) supply chain management. According to DOD, it spent approximately $178 billion on its supply chain in fiscal year 2007. As a result of weaknesses in DOD's management of its supply chain, this area has been on GAO's list of high-risk federal government programs since 1990. DOD released its Logistics Roadmap in July 2008 to guide, measure, and track logistics improvements. DOD has identified two technologies included in this roadmap, item unique identification (IUID) and passive radio frequency identification (RFID), as having promise to address weaknesses in asset visibility. GAO reviewed (1) the extent to which the roadmap serves as a comprehensive, integrated strategy to improve logistics; and (2) the progress DOD has made implementing IUID and passive RFID. GAO reviewed the roadmap based on DOD statements about its intended purposes and visited sites where IUID and passive RFID were implemented.

What GAO Recommends

GAO recommends that DOD (1) include in its roadmap additional information and elements needed for a comprehensive strategy and (2) collect data associated with the implementation of IUID and passive RFID, analyze their return on investment, and determine if sufficient funding priority has been provided. DOD concurred with GAO's recommendations.

To view the full product, including the scope and methodology, click on GAO-09-150. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

What GAO Found

The Logistics Roadmap falls short of meeting DOD's goal to provide a comprehensive and integrated strategy to address logistics problems department-wide. The roadmap documents numerous initiatives and programs that are under way and aligns these with goals and objectives. However, the roadmap lacks key information in three areas necessary for it to be a more useful tool that DOD's senior leaders can use to guide and track logistics improvement efforts toward achieving stated goals and objectives. First, the roadmap does not identify the scope of logistics problems or gaps in logistics capabilities, information that could allow the roadmap to serve as a basis for establishing priorities to improve logistics and address any gaps. Second, the roadmap lacks outcome-based performance measures that would enable DOD to assess and track progress toward meeting stated goals and objectives. Third, DOD has not clearly stated how it intends to integrate the roadmap into DOD's logistics decision-making processes or who within the department is responsible for this integration. DOD officials stated they plan to remedy some of these weaknesses in their follow-on efforts. For instance, DOD has begun to conduct gap assessments for individual objectives in the roadmap and hopes to complete these by July 2009. They stated that they recognized the need for these assessments; however, they had committed to Members of Congress to release the roadmap by the summer of 2008 and were unable to conduct the assessments prior to the release of the roadmap. A comprehensive, integrated strategy that includes these three elements is critical, in part, because of the diffuse organization of DOD logistics, which is spread across multiple DOD components with separate funding and management of logistics resources and systems. Until the roadmap provides a basis for determining priorities and identifying gaps, incorporates performance measures, and is integrated into decision-making processes, it is likely to be of limited use to senior DOD decision makers as they seek to improve supply chain management.

DOD has taken initial steps to implement two technologies included in the Logistics Roadmap–IUID and passive RFID–that enable electronic identification and tracking of equipment and supplies; but has experienced difficulty fully demonstrating return on investment for these technologies to the military components that have primary responsibility for determining how and where these technologies are implemented. Although DOD has undertaken initial implementation efforts of these technologies at several locations, at present, it does not collect data on implementation costs or performance-based outcome measures that would enable the department to quantify the return on investment associated with these two technologies. Without this information, it may be difficult for DOD to gain the support needed from the military components to make significant commitments in funding and staff resources necessary to overcome challenges to widespread implementation of these technologies. As a result, full implementation of these technologies is impeded and the realization of potential benefits to asset visibility DOD expects may be delayed.