



Highlights of [GAO-03-58](#), a report to the Committee on Armed Services, United States Senate

Why GAO Did This Study

The Secretary of Defense announced a new business transformation program in 2001 with the intent of improving the effectiveness and efficiency of Department of Defense business operations. Concerned that the previous administration's Defense Reform Initiatives (DRI) could not be successful without many years of sustained effort, the Senate Committee on Armed Services issued a September 2001 report directing GAO to assess which DRI initiatives have been carried forward. In completing this assessment, GAO also examined the management structure and types of initiatives contained in the new business transformation program. Also at the request of the Committee, more detailed information on the status of the logistics reform and electronic business/electronic commerce initiatives is provided in the GAO report.

GAO interviewed officials involved with the former DRI initiatives, as well as officials operating at all levels of the new business transformation program. In commenting on a draft of this report, DOD concurred with GAO's findings.

<http://www.gao.gov/cgi-bin/getrpt?GAO-03-58>

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

DEFENSE MANAGEMENT

New Management Reform Program Still Evolving

What GAO Found

Most former DRI initiatives are continuing, although not always under the direct oversight of the new business transformation structure. According to DOD, 5 initiatives have been completed and 35 are still ongoing in some form. In general, the ongoing initiatives are being managed under the applicable functional area of responsibility, without specific oversight and tracking by a central management reform office. Nonetheless, the new management structure—led by the Senior Executive Council and the Business Initiative Council—does oversee some former DRI initiatives, such as financial management reform and public-private competitions under the Office of Management and Budget's Circular A-76.

While similar in some respects, DOD officials have stressed that the new business transformation management structure is not considered to be a replacement for the previous DRI management structure. Important differences exist between the management approaches of the former and current reform programs. For example, the new management structure has higher senior-level management involvement and focus on decision making, but less emphasis on specific savings targets.

To date, most new reform program initiatives have been intentionally small in scope in order to produce benefits in fiscal year 2003. The new program has begun to consider some larger efforts, such as alternatives to A-76. GAO believes the new business transformation program has the potential to be an effective mechanism for reform given the high-level management membership and emphasis on interservice participation. However, DOD's efforts are still evolving, and it is too soon to tell how effective the new reforms will be. Moreover, like the DRI, the new management program does not yet have an overarching plan tying key reform efforts together in an integrated fashion.

Status of Former Defense Reform Initiatives under the New Management Reform Program According to DOD Definitions Used to Categorize the Initiatives

	Completed ^a	Ongoing (as is) ^b	Ongoing with revision ^c	Subsumed ^d
Number of Defense Reform Initiatives	5	8	20	7

^aThe initiative is considered to have met the goal(s) established.

^bThe initiative remains active, without change, and there are efforts to meet the established goal(s) or objective(s).

^cThe initiative remains active, although the target goal(s) or objective(s) has been changed.

^dThe initiative has been made the part of another management initiative but remains viable.

Source: DOD's February 28, 2002, report.