



Highlights of [GAO-10-929T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

The Department of Defense's (DOD) management of its supply chain network is critical to supporting military forces in Iraq, Afghanistan, and elsewhere and also represents a substantial investment of resources. As a result of weaknesses in DOD's management of supply inventories and responsiveness to warfighter requirements, supply chain management is on GAO's list of high-risk federal government programs and operations. In July 2010, DOD issued a new *Logistics Strategic Plan* that represents the department's current vision and direction for supply chain management and other logistics areas.

Today's testimony draws from GAO's prior related work and observations from an ongoing review of DOD supply chain management, and, as requested, will (1) describe DOD's prior strategic planning efforts in the area of logistics, (2) highlight key elements in the new *Logistics Strategic Plan*, and (3) discuss opportunities for improvement in future iterations of this plan. In conducting its ongoing audit work, GAO reviewed the *Logistics Strategic Plan*, compared elements in the plan with effective strategic planning practices, and met with cognizant officials from DOD, the military services, and other DOD components as appropriate.

View [GAO-10-929T](#) or key components. For more information, contact Jack E. Edwards at (202) 512-8246 or [edwardsj@gao.gov](mailto:edwardsj@gao.gov) or William M. Solis at (202) 512-8365 or [solisw@gao.gov](mailto:solisw@gao.gov).

## DOD'S HIGH-RISK AREAS

### Observations on DOD's Progress and Challenges in Strategic Planning for Supply Chain Management

#### What GAO Found

Prior to the publication of its new *Logistics Strategic Plan*, DOD issued a series of strategic planning documents for logistics over a period of several years. In 2008, DOD released its *Logistics Roadmap* to provide a more coherent and authoritative framework for logistics improvement efforts, including supply chain management. While the roadmap discussed numerous ongoing initiatives and programs that were organized around goals and joint capabilities, it fell short of providing a comprehensive, integrated strategy for logistics. GAO found, for example, that the roadmap did not identify gaps in logistics capabilities and that DOD had not clearly stated how the roadmap was integrated into DOD's logistics decision-making processes. GAO's prior work has shown that strategic planning is the foundation for defining what an agency seeks to accomplish, identifying the strategies it will use to achieve desired results, and then determining how well it succeeds in reaching results-oriented goals and achieving objectives. DOD said that it would remedy some of the weaknesses GAO identified in the roadmap.

The July 2010 *Logistics Strategic Plan*, which updates the roadmap, is DOD's most recent effort to provide high-level strategic direction for future logistics improvement efforts, including those in the area of supply chain management. The plan provides unifying themes for improvement efforts, for example, by including a logistics mission statement and vision for the department, and it presents four goals for improvement efforts with supporting success indicators, key initiatives, and general performance measures. One goal focuses specifically on supply chain processes. The plan is aligned to and reiterates high-level departmentwide goals drawn from both the 2010 *Quadrennial Defense Review* and the 2009 *Strategic Management Plan* for business operations. Key initiatives in the plan appear to focus on issues that GAO has identified as needing management attention.

While the *Logistics Strategic Plan* contains some of the elements necessary for strategic planning, it lacks some detailed information that would benefit decision makers and guide DOD's logistics and supply chain improvement efforts. The plan lacks specific and clear performance measurement information (such as baseline or trend data for past performance, measurable target-level information, or time frames for the achievement of goals or completion of initiatives), definition of key concepts, identification of problems and capability gaps, and discussion of resources needed to achieve goals. Further, linkages to other plans and some key related activities under way within logistics are unclear, and it is similarly unclear how the plan will be used within the existing governance framework for logistics. Without more specific information in the *Logistics Strategic Plan*, it will be difficult for DOD to demonstrate progress in addressing supply chain management problems and provide Congress with assurance that the DOD supply chain is fulfilling the department's goal of providing cost-effective joint logistics support for the warfighter.