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RESTRICTED UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

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The Honorable Manuel Lujan, Jr.
House of Representatives

Dear Mr. Lujan:

In your December 5, 1977, letter, you asked us to look into the procedures for rating household goods carriers under the Department of Defense's (DOD's) Carrier Evaluation and Reporting System (CERS). You were concerned that high performing carriers were being classified as standard performers even though their point scores were only slightly less than those rated superior or excellent.

Under the DOD system a household goods move is evaluated and the carrier is assigned a point score representing its overall performance on the move. Each move is rated on a scale from 0 to 100, with 100 being a perfect score. All of the carrier's scores over a period of time are combined to determine its average performance in numerical terms.

The relative standing of all carriers at a given installation is established based on their average performance. Carriers in the top 10 percent of the groups are rated superior, the next 30 percent are rated excellent, and all others who score over 70 are rated standard. Carriers scoring below 70 are rated unsatisfactory and are not eligible to participate in the program.

In a case like Alamogordo, where all 19 carriers scored above 90, only the first 2 representing 10 percent of the 19, would be rated superior. The next 6, or 30 percent, would be rated excellent, and the remaining 11--even though they scored very highly--would be rated only standard.

The intent of CERS is to improve the quality of household goods carriers' service to DOD members. The heart of

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the system is incentive, i.e., rewarding the carrier that provides the best quality of service at the lowest overall cost. By grouping carriers into performance categories--superior, excellent, and standard--on a percentage basis, the incentive feature is emphasized. When all carriers are high performers--like those at Alamogordo--there must be some way to reward the highest performer and encourage the carriers to continue improving their service. CERS provides this method.

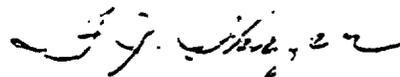
Close grouping of carriers' scores is not unique to Alamogordo but is also found at other installations. DOD attributes this to the short time the program has been in existence. As carriers go through several more rating cycles and receive more shipments, DOD believes their scores will widen and different levels of performance will be established. The ratings for last summer's shipments were not reflected in the latest rating cycle, because the appeal period available to the carriers to protest their ratings had not expired.

DOD is planning several changes in its rating factors, such as increasing the points deducted for loss and damage. This should help widen the distribution of carriers' scores. Also, DOD has said it will send the CERS project officer from Headquarters, Military Traffic Management Command, to Alamogordo to answer the carriers' specific questions about the rating system and the CERS program in general.

DOD officials have assured us they will continue monitoring the CERS program and are willing to make any necessary changes to improve the program.

We will release this report for distribution to interested parties in 30 days unless you publicly announce its contents earlier.

Sincerely yours,



F. J. Shafer
Director