Defense Management Institute Symposium and Kick-Off Event

Peter K. Levine, Moderator

Defense Management Institute

Managed by the Institute for Defense Analyses
730 East Glebe Road, Alexandria, Virginia 22305

January 2023

Distribution Statement A:
Approved for public release;
distribution is unlimited.

IDA Document NS D-33438

DMI

The Defense Management Institute is an independent research organization dedicated to assisting the Department of Defense (DOD) find solutions to the immense management challenges it faces. DMI was established by the DOD's Director of Administration and Management/Performance Improvement Officer and is operated by the Institute for Defense Analyses.

About this Publication
This work was conducted by the IDA Systems and Analyses Center under IDA's Independent Research Program, Project BK-6-5110, "Defense Management Institute (DMI)." The views, opinions, and findings should not be construed as representing the official position of either the Department of Defense or the sponsoring organization.

Acknowledgments
The author wishes to thank Christina Patterson, Reggie Marcellus, John Frost, Matt Coursey, PJ Lee, Ike Rivers, Dana Barbee, and Tracey Kenney for their work on this symposium.

For More Information:
Mr. Peter K. Levine, Project Leader
plevine@ida.org, 703-845-2516
Ms. Jessica L. Stewart, Director, SFRD
jstewart@ida.org, 703-575-4530

DEFENSE MANAGEMENT INSTITUTE

IDA Document NS D-33438

Defense Management Institute (DMI) Symposium and Kick-Off Event

Peter K. Levine, Moderator

This page is intentionally blank.

Foreword

The Defense Management Institute (DMI) is a non-partisan research organization committed to bridging public and private sector efforts to advance the management, organization, performance improvement and enterprise business operations of the Department of Defense (DoD). Its goal is to assist the Department with analyzing and addressing defense management challenges. It will accomplish this by supporting ongoing analytical and reporting needs, articulating a defense management research agenda, and establishing relationships across public and private sectors to assist the Department with proactively identifying emerging management issues and offering timely and successful remedies.

The DMI will provide a dedicated focus from the research community on leading defense management issues. It will do so by:

- Developing a defense management network of expertise and a community of practice including experts and practitioners from federally-funded research and development centers, think tanks, academia, and the private sector;
- Conducting cutting-edge research on management issues to inform decisions by the Department and the Congress; and
- Building a digital repository of research and other resources on key defense management issues which the entire community can leverage.

The DMI was established by the DoD Director of Administration and Management (DA&M) and is managed by the Institute for Defense Analyses (IDA). Its core management and research staff are provided by IDA, but as the DMI matures, it will increasingly incorporate the network of experts into events and initiatives.

To contact the DMI:

Peter Levine, plevine@ida.org

Jason Dechant, jdechant@ida.org

Tina Patterson, cpatters@ida.org

This page is intentionally blank.

Contents

This page is intentionally blank.

1. Defense Management Institute (DMI) Symposium and Kick-Off Event

Symposium Schedule

8:00 – 8:30
Registration and Coffee

8:30 – 8:45
WELCOME AND OPENING REMARKS:
IDA President Norton A. Schwartz

8:45 – 9:00
Introduction to the DMI
DMI Director Peter Levine

9:00 – 9:30
KEYNOTE SPEAKER:
The Honorable Kathleen Hicks, 35th Deputy Secretary of Defense, introduced by Norton A. Schwartz

9:30 – 9:45
Goals and Objectives of the DMI
The Honorable Michael Donley, Performance Improvement Officer, Department of Defense

9:45 – 10:00
Break

10:00 – 11:30
Panel 1: What every DOD manager should know about the way the Department works
Moderator: Jason Dechant, DMI

Mark Easton, former Deputy Chief Financial Officer, Department of Defense

Essye Miller, former Principal Deputy Chief Information Officer, Department of Defense

Marilyn Thomas, former Chief Financial Officer and Deputy Chief Management Officer of the Air Force

Patricia Zarodkiewicz, former Administrative Assistant to the Secretary of the Air Force

11:30 – 12:00
Lunch Break

12:00 – 1:00
LUNCHEON ADDRESS:
The Honorable Beth McGrath, Former DOD Deputy Chief Management Officer, 2010-2013

1:00 – 1:15
Break

1:15 – 2:45
Panel 2: The next steps needed in defense management reform
Moderator: David Graham, DMI

Nelson Ford, former CEO of LMI and Under Secretary of the Army

Lee Levy, CEO of Levy Group and former Commander of Air Force Sustainment Center

Barbara Romzek, Professor of Public Administration and Policy, American University

Laura Werber, Senior Management Scientist, RAND

2:45 – 3:00
Break

3:00 – 4:00
CONCLUDING ADDRESS:
The Honorable Eric Fanning, 22nd Secretary of the Army

4:00 – 4:15
Wrap-Up Remarks
Peter Levine

This page is intentionally blank.

2. Welcome: Norton Schwartz, President Institute for Defense Analyses

(NORTON SCHWARTZ) Good morning, ladies and gentlemen, and welcome to the Potomac Yard Building of the Institute for Defense Analyses for this Kick-Off Event for our new Defense Management Institute (DMI). I hope this is the first of many times we will gather to share common cause in this magnificent facility with each and every one of you.

We're here today to initiate what I believe is a truly important effort to get on top of the issues, although perhaps they're not as glamorous as defense policy or operational issues that we frequently debate. But these may be equally critical to ensuring that our military is prepared for the challenges of the coming decades.

National security is certainly the mission in all of its dimensions, but I would suggest that in many important ways, the Department of Defense is also a business – a rather big business. The Department of Defense is a massive enterprise, with assets in the trillions of dollars in a budget that is approaching $800 billion or more annually. The DoD military enterprise is supported by an extensive array of depots and arsenals and warehouses, worldwide transportation and communications networks, and multiple hospital, school, and retail sales systems.

Every year, the Department processes some 10 million commercial invoices and several hundred million paid transactions for military and civilian personnel. The business activities of the Department are generally characterized or perhaps mischaracterized as overhead and sometimes belittled as the tail, in tail to tooth.

We all know, however, that military effectiveness is the product of people, equipment, and training that are generated by these various vital support systems. The business enterprise of the Department, these enterprises aren't there to make money. They're there to support warfighting, to be sure. Unfortunately, if they are run ineffectively or insufficiently, they can also diminish what is available for the fight.

The Institute for Defense Analyses has a long tradition of supporting the Department in its efforts to improve management of its business activities. In fact, over the years, we've done significant studies and analyses on defense organization, its personnel systems, the acquisition processes, and its logistics systems as well. We've also studied defense healthcare, DoD IT systems, and, of course, and especially of late, DoD data needs.

It is my conviction, ladies and gentlemen, that the creation of DMI will allow us to take this internal effort to the next level by leveraging resources that go well beyond IDA to include management experts from other FFRDCs (federally funded research and development centers), think tanks, academic institutions, public interest organizations, management consultancies, and other relevant private sector entities.

We see this as an opportunity to begin building a community of practice, bringing defense management and counterpart experts together to share ideas and innovation that ultimately will build a better department. For these reasons, we are so pleased that Secretary Hicks and Secretary Donley have chosen IDA to host the Defense Management Institute.

There is no stronger indication of how important this endeavor is to the department than their presence here today as we kick off this new chapter in defense management. We are committed to working with them and with all of you to help lay the foundation for a more efficient, more effective defense enterprise that is respected by the American people it so proudly serves.

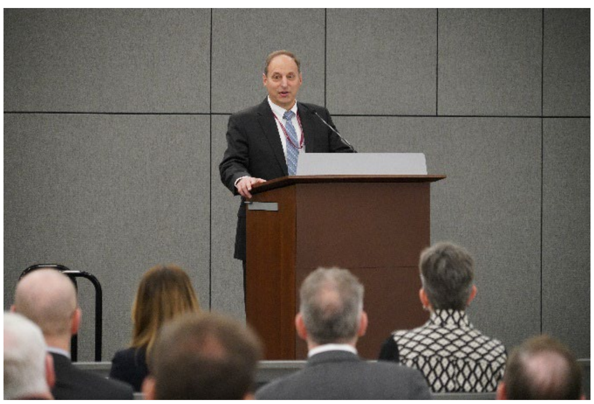
Thank you very much. And Peter, over to you, sir.

3. Introduction to the DMI: Peter Levine, Director of the DMI

(PETER LEVINE) Thank you, General Schwartz, for that great introduction.

I'd like to join General Schwartz in welcoming you all to IDA and most particularly, in welcoming you to the inaugural event of our new Defense Management Institute. I am particularly grateful to see so many of you here today because I think that the Defense Management Institute is not IDA; it is the people in this room. I hope that you will take the opportunity of today's events to – many of you already know each other – but to meet each other, to make connections to each other, to start building the type of community that we want to be the product of the Defense Management Institute.

I think we have a great program for you today. But before we get started, I have a few mundane administrative announcements that I've been asked to make. So I'm just going to go through them.



For those who – I'll just start from the top. Restrooms are outside the conference room to your left. Please ensure you wear your name badge at all times above the waist. Please remove your badge for photographs. Only access designated meeting rooms and conference room spaces. Smoking is permitted across the street. Please conceal your IDA badge in a pocket or leave your badge with a security guard before exiting the building. Now that sounds like we don't want to be associated with your smoking. But I think you're actually supposed to remove your badge even if you're not smoking if you leave the building.

IDA escort is required for access to areas outside the first-floor conference space, and do not park at the Target lot or you will risk getting towed. So if you have your car in the Target lot, we did provide you instructions on alternative places to park. Please don't park there because we don't want the results of our conference to be that kind of experience for you.

As General Schwartz pointed out, the Department of Defense is a near trillion dollar-a-year enterprise, which faces persistent management challenges across a wide array of issues, including acquisition management, logistics management, financial resource management, data and IT management, and many others.

Addressing these difficult issues has been made even more difficult by the Department's unique management structure, which is marked by diffuse administrative decision-making authority, extensive consultation and coordination requirements, frequent turnover in senior leaders, and congressional micromanagement. I think there's nobody in this room who's not familiar with each and every one of those features of defense management.

Several months ago, Secretary Hicks and Secretary Donley, both of whom we will hear from later this morning, decided to address this problem by establishing a Defense Management Institute, and I have to say to Secretary Donley, as long as I see you here in the room with us, I'm only embarrassed that you had to come up with this idea and I did not come up with the idea when I had the opportunity when I was in the Department. So thank you for setting us on this course. Secretary Donley will speak later as to the purposes of the intent he had in establishing the Defense Management Institute.

But from my point of view, the fundamental objective of the DMI is to develop a community of defense management, which brings together experts and practitioners, thinks systematically about defense management problems, promotes and rewards management capability and expertise, and preserves institutional knowledge over time.

While DMI is still very much a work in progress and we're thinking every day about how we can build it and how we can make it effective, we have three major lines of effort. One is to do studies and analyses addressing major management issues, two is the development of a knowledge base of current and past management reform efforts, and three is building a community of practice around defense management. I want to speak briefly about each of these lines of effort in turn.

First, the DMI will conduct studies and analyses on behalf of Secretary Donley and his office, who are our primary sponsors. We are also available, as Secretary Donley has asked me to point out, to address management issues on behalf of other elements of the Department and we would work with Secretary Donley's office to coordinate that work. These could be quick assessments or full-fledged studies.

We could not and would not try to supplant the many fine institutions that already support the Department's efforts across a wide range of management-related issues. You are all represented in this room. We view DMI as an effort to bring you all together and leverage your expertise, not to replace or supplant the work that you do.

However, we do think that we can provide a unique value in some cases by linking experts across different institutions and different areas of expertise. For those research projects that we are asked to undertake, we plan to leverage the full resources of DMI by including analysts from partner organizations on study teams and by custom-building panels of experts to guide and review our products as appropriate. And we're already working with several of the organizations in this room to build partnerships, which will be, we hope, enduring partnerships, and we are open to doing that with others in the room. We do not view this as an IDA-only exercise, but it's something where we're trying to build a network and build a cooperative relationship between entities in support of the Department.

The second line of effort we have is to build a database of institutional knowledge on key defense management issues, and we have organized that around eight pillars of defense management. I mentioned some of them earlier, but the eight pillars are management and governance, organizational alignment, resource and financial management, data and IT management, acquisition management, logistics management, human resources management, and health care management. We have in this room experts in each and every one of those categories from across the array of resources that are available to the Department.

Our objective is to assemble documentation of things that the Department has tried over the years, and how those efforts have worked, so that we can learn from the past rather than repeating it. We'll be linking to existing libraries of relevant documents such as the DAU (Defense Acquisition University) Library, the Air Force Institute of Technology (AFIT) Library, the collected reports of diverse organizations like the Defense Business Board, RAND, and the IBM center of government.

I would particularly like to thank Thomas Galvin at the Army War College. I don't know if Thomas is here today – you are. Thank you, Thomas.

I just want to point out that the Army War College has long had its own library of defense management issues for the use of their faculty and students. It's not quite aligned with what we do because they define management a little bit differently. But over the last few months since I spoke to Professor Galvin, and since he learned about the DMI, he has been working on a project of taking this internal internet archive that he had and making it public-facing so that it'll be available to all of you and to the DMI and to the Department, which I believe it now is. So there is now an additional trove of documents and resources that are available to you that were not available to you a few months ago. We will be linking to those, but I just wanted to thank the Army War College for that effort.

In addition to linking to existing resources, we will be creating a curated library of our own with links to key management documents sorted by topic to make them as accessible as possible. We're in the process of putting up a prototype website online right now, and it should be available. If it's not available, I don't know. Do we have somebody back there who can tell me if it's available today? If it's not available today, it will be available within a few days. That website will list all of your names as experts, those of you who have agreed to be part of our network, and it will have documentation on the first couple of pillars or initial documentation on defense management and governance and on defense organizational alignment.

We are working hard on the other pillars to put together our libraries on those and we expect to have those ready in initial variations this spring. Our initial version of the website is going to be supported by IDA but to make it more robust, we're going to go to an outside contractor that will have more capability. Over the years to come and over the months to come, we hope to add summaries and explanations of materials to make the search function more robust, perhaps to download documents so that they will be available rather than just having links, and to otherwise ensure that this resource is as user-friendly as possible.

The objective is to have a resource that helps the Department with its institutional knowledge, helps it understand what's been tried in the past, how it's worked, and that it is available to people in the Department. But it's also available to people in this room, people who are researching, people who are assisting the Department, and to anybody in the public. It will be a public-facing website for those interested in learning more about defense management in the way the Department works.

Our final effort, we're going to be building a community of practice that links current DoD managers with management experts. This is the network that I've been talking about and that we are in a sense prototyping and test running here in the room today. To this end, we've developed a network of roughly 150 management experts. These experts, you people in the room, you come from FFRDCs, think tanks, academia, management, consulting firms, public interest organizations, and elsewhere, and your expertise covers all eight of the pillars of defense management that I discussed earlier.

There's no set number or fixed number of experts that we want. We intend to build over time. We think that your presence gives us a critical mass of expertise. But we are open to your suggestions for additional experts, recommendations for who should be added to the list, and we again, as with the knowledge base, we hope to build our network of experts over time and make it more robust as we go forward.

All of our speakers today, other than the current DoD officials, have agreed to participate in our network, as have most of the people in this room. So in a very real sense, we're not only presenting a program today, we hope we are beginning the process of building your community of defense management by bringing all of you together.

Sometime in the next week or so after this meeting, I hope to send out an e-mail to people who have been able to come here and to our other experts to ask about whether and how you would like to participate in the continuation of this project – whether it's by joining future symposiums, attending roundtables or group discussions, networking with other managers, with other defense managers or management experts, serving on expert panels, teaching or advising the next generation of defense management professionals, or sharing your management expertise with other members of the community.

I hope we'll have many more opportunities to discuss the course forward for the Defense Management Institute in the course of the day and in the course of the years to come. I want to thank you again for joining us for today's symposium, and I look forward to working with you in this important endeavor.

We have a little bit of time. So I thought that maybe if there any questions from the audience, we have a microphone in the middle of the auditorium here, and I'd be happy to take a couple of questions before we move on with the program, if there are any.

Okay, I can probably hear you from there. Thank you. Please start by identifying yourself, Cynthia.

(CYNTHIA COOK) Cynthia Cook, Center for Strategic and International Studies. Would it be possible for you to develop a rubric so that we can tag our own research and fit it into one of the categories? We'd like to go back and look at our own body of knowledge and feed it into your overall list of documents.

(PETER LEVINE) So, yes. Inherent in our having a curated database is that we intend to have an organizational structure around it and inherent to the fact that we want to work on a network basis. Thank you for asking that question.

What we would like to do is, as we post online is to ask all of you, as experts, what have we missed? So it could be what have we missed in terms of reports and studies, and we'd love to have you send those so that we can add them. But it could also be what have we missed in terms of issue areas, or it could be what have we missed in terms of experiments that the Department has undertaken. So this is the way that we are going to build this knowledge base over time and make it more robust is by not just relying on the knowledge of a few people here at IDA, which is a small start and a small building block, but by leveraging the resource of everybody we have in this room.

So perfect question. Thank you for setting me up for that.

Other questions?

(BOB HALE) So, I think it would be helpful to have some case studies, and you may already have this in mind, but that go into detail on what worked and what didn't and why. So I'd keep that in mind as you look forward to how you make progress in this diverse area. There's just so many things that have been tried and some have succeeded. So keep it in mind.

(PETER LEVINE) Thank you, Bob. And I have to say to you as along with to Cynthia, I wish I'd written these questions for you, because they're great questions that set me up for things that I should have said and didn't say.

One of the things that we are doing that Secretary Donley has asked us to do, in fact, is case studies. We are currently working on one, which is a fairly detailed case study, which is on the – I see Arnold who's done the study of this – but on the CMO (Chief Management Officer) in the DCMO (Deputy Chief Management Officer), how they worked, what worked, what didn't work, why they went away. So that will be a building block.

But that is, we hope, the first of many, and not all of them will be the kind of detailed case study that that is. But we hope to not only be providing a list of products but be providing summaries and details and studies that we'll walk people through some of these case studies as we move forward. So that is an objective and important one. So thank you for raising that.

Another question? Anybody else?

(ARUN SERAPHIN) All the efforts into management, research, and helping you to target with management, as you know, it ranges from research to consulting, so as to where you sit on the spectrum of research versus consulting. And the other thing that inhibited research over the years, in my opinion, is a lack of available data. Is there a thought that maybe you can be a place that is a repository for publicly available datasets.

(PETER LEVINE) So, on the second part, it is not part of our current work description to create a repository for data. It is conceivable that in the future, if the sponsor were to determine that was helpful, we could take on that role.

In terms of studies versus consulting, we know that we're in the studies business, and we don't want to replace or supplant consultants. But we think that there's something in that arena where we can provide some value, and the place that we would provide value is not by acting as management consultants, but by bringing together panels of experts who could act as a sounding board. It’s not the same thing, I don't think, as being a management consultant.

But we could bring together a uniquely tailored panel of experts to consult, to meet with senior management officials who are interested in advice, and it could be a one-off or a string of meetings. So there's some potential role in that space for us. But we recognize that management consulting firms, for example, do a very specific type of work, and we're not going to try to supplant that or duplicate it.

Yes. I have time for one more question.

(GEORGE TOPIC) Hi, George Topic from the Center for Joint and Strategic Logistics. To the point on databases, you know, I'm not sure that a repository is necessary, as the conductivity and webbing these things together from government, academia, and quite frankly, also the commercial sector. You know, that will be adequate or appropriate for the kind of things you're doing.

I was also going to just ask, you, Peter, you might have had a North Star or something you guys said, hey, here's the first thing that we really want to get to at DMI. I was wondering if you have done that, if you can share what it is that you've decided is a first project or a sample of, you know, aside from things you've mentioned that you'd say, wow, this is the one that we really want to go for other than, you know, DCMO discussion.

(PETER LEVINE) So, I don't want to steal the thunder of Secretary Donley, who will be speaking shortly, but we are anticipating that in the near future, we will be assisting Secretary Donley's office in reviewing defense agencies. There’s a Congressional requirement for the DA&M (Director of Administration and Management) and the PIO (Public Information Office) to do a regular review of the performance of defense agencies to assess their effectiveness and efficiency. We think this is a place where the Defense Management Institute may be able to provide significant assistance, and where this network of experts may be very helpful to the Department so that as it looks at defense agencies, it can bring into account the kind of broad expertise and varied perspectives that people in this room and can bring to management problems.

Going back to the question of data, I think that your suggestion of linking together databases that are already publicly available is a reasonable one. One thing that we deal with in IDA all the time, we obviously have access to large sets of DoD data that are not publicly available, and so, making sure that we separate publicly available data from data that we have access to is always crucial. Sometimes the publicly available data is not the most interesting or the most useful data on defense management issues. Was there one more question?

We are awaiting the Deputy Secretary of Defense, and she's due in at 9:00 and, I believe, very punctual, we have a few minutes left. So we can – if there are no more questions, I am going to, I think, stand down. And we'll take just a few minutes, and General Schwartz will be back in with the Deputy Secretary momentarily, and we'll introduce her when she comes back into the room.

(BRIAN RIEKSTS) We've got one more question coming from the virtual audience.

(PETER LEVINE) Oh, thank you. By the way, I'm supposed to look at Brian because he's monitoring the chat online, and that will be true in the future for other speakers. Thank you, Brian.

(BRIAN RIEKSTS) No problem. The question follows on with your last point about what will the DMI do with data? Will it all be publicly facing that's shared or will there be a mechanism to share that limited releasable data, and what are the plans for the DMI to deal with that?

(PETER LEVINE) So, our curated set of documents, our curated information base will be publicly available. So it will be posted on a publicly available website. The only thing that we're currently anticipating that will be on the website that will be screened from the public and will be accessed accessible only by CAC (common access card) card is the contact information for our experts, which we don't know that we wanted to publish to the entire world. So we will make that CAC card-accessible.

But our information base that we're creating – our curated information base – will be public-facing and will be available to not only anybody in the Department, but to anybody in this room and anybody in the public.

I anticipate that if we were to follow along the lines of what Arun and George have suggested and to link to databases in addition to studies and directives and that type of information, that we would make it available on the same website in the same manner.

So if there are no further questions, we're going to take, I'm guessing about, a one- or two-minute break while we wait for the Deputy Secretary to be ready and we will follow her schedule because that's the way the world works. Thank you.

4. Keynote Speaker: The Honorable Kathleen Hicks, 35th Deputy Secretary of Defense

(NORTON SCHWARTZ) Good morning again for this Defense Management Institute Kick-Off. A special welcome to Secretary Mike Donley and, of course, to Deputy Secretary of Defense, Kathy Hicks.

Few, I would suggest, have been as well prepared for her role as Secretary Hicks, with multiple tours of duty in the Department of Defense as Deputy Undersecretary for Policy, as Principal Deputy, and as Deputy for Strategy, Plans, and importantly, Forces.

Secretary Hicks has also earned recognition for her extensive work and leadership at the Center for Strategic and International Studies and the National Commission on the Future of the United States Army. She received her doctorate from MIT with a dissertation that is really, I think, relevant to our work today – change agents, who leads and why, and the execution of U.S. national security policy. Indeed, I think, with Secretary Hicks, we have a change agent among us today. Madam Secretary, over to you.

(SECRETARY HICKS) Good morning, everyone, and thank you for that very kind introduction from General Schwartz. To Mike Donley, the Director of Administration and Management and your team, thank you for the invitation to participate in this celebratory event and for everything that you and your team do.

This launch is really a testament to your vision and your tireless work to bring it to life. Congratulations on ushering us into this new phase and achieving an important piece of Secretary Austin's Management and Defense Reform Agenda. I am positive that your impact will be felt for generations in the Department.

So it's my pleasure today to discuss the importance of performance improvement, the transformations that we've made in the past two years, and what the Defense Management Institute means for the Department. Since stepping into the role of Deputy Secretary of Defense, defense reform has been a key enabler to my efforts to support Secretary Austin's three priorities of defending the nation, taking care of our people, and succeeding through teamwork.

As the 2022 National Defense Strategy makes clear, there is an urgency to our efforts. The global challenges we have require us to innovate and modernize the U.S. military and the supporting elements of the Department of Defense, and to do so quickly. Performance improvement is a critical piece of the puzzle. Our people are our strategic advantage. So we must ensure that all of our people are equipped to fight and win any contest they are called to today, and to anticipate and plan far ahead of us.

In the first year of the Biden administration, Secretary Austin and I moved quickly to establish

processes and governance structures throughout the defense enterprise to make us more capable of doing both. We also began phasing out systems that aren't working. We moved to optimize the practices and systems that are working. Our reassessment of processes, systems, and practices was broadly scoped. We looked across the entirety of the Department and actively thought about the levers that we could pull to spark innovation and new ideas and identify areas of improvement. It's a task we continue to perform and take seriously, and let me say, it is not an easy one.

As you all know, DoD is the world's largest organization, public or private. DoD accounts for more than three million military and civilian personnel, from payroll vendors to arsenal and acquisition commands, to hospitals and grocery stores. All of these enterprises have to be effectively incented and held accountable, and doing so is a major enterprise in and of itself.

Optimizing how we manage this gigantic enterprise is essential not only for safeguarding taxpayer dollars. Our business systems are tied to our warfighting efforts. Meeting our management goals ensures the Department achieves its military goals. So that is why we cannot ignore or easily escape our immense management challenges. It is incumbent on us with the life-or-death mission our service members commit to and entrust us to oversee to reform ourselves to help them.

As this audience well knows, the management challenges we face at DoD are multifaceted and generational. How will we attract the talent we need to maintain in a competitive workplace? How do we gather quality data so leaders can make sound, well-informed decisions? What systems can get information to the right decision makers in a timely and effective manner?

There are centuries of experience in this room on these questions. But ladies and gentlemen, time is up. We don't have centuries or even a decade to get the right answers. So, as I've said, this has been a top priority for Secretary Austin and for me. What I'd like to do today is outline some of our focus areas for performance improvement, including our efforts to strengthen strategic management, strategic governance, assigning responsibilities for defense reform, transforming our data enterprise, and establishing this institution so our collective efforts can endure.

There are several other major areas that I will not touch on today, especially on attracting and retaining the talent we need for the future. These are at least as important as the items all discussed, but you'll just have to invite me back to talk about them.

So first, we have to establish clear governance and ensure our decision-making processes are fair and effective, and that we're looking at the most important issues in a timely way. Secretary Austin has really prioritized promoting healthy civil military relations. I've spent a considerable amount of my career at DoD, and from my perspective, the professionalism of our internal department interactions across civilian and military lines are the best I've seen.

The Secretary has routine and decision-oriented mechanisms for engaging his senior team from the Chairman of the Joint Chiefs of Staff to combatant commanders to secretaries of the military departments and service chiefs. Following Department best practice, I use the Deputy's Management Action Group (DMAG) to advance the Secretary's commitment to innovation and modernization and to ensure our ways and means match our strategy stated ends.

I also established the Deputy's Workforce Council (DWC) to elevate our attention to one of the Secretary's highest priorities, taking care of our people. Through the DWC, we are bringing the same disciplined approach to talent management that we bring to other areas such as weapon systems and budget development. For each DMAG or DWC, we are deliberate about bringing the right voices to the table, civilian and uniformed personnel alike. Our principal staff assistants are in turn responsible for ensuring they drive key Secretary of Defense priorities through subordinate governance mechanisms.

Second, we also made changes to our organizational structures to implement and monitor reforms. Congress's dissolution of the Chief Management Officer, which took place just before I came back to the Pentagon in 2021, meant that we had to look afresh at how to organize for business operations. I'll be honest, it was tough to do that immediately, but I believe the Department is in a stronger place today for it.

With the Secretary's blessing and with a focus on stability and effectiveness, I made a series of organizational decisions, including reestablishing the Director of Administration and

Management Secretary Donley. I also strengthened the role and authorities of the Performance Management Officer, it turns out, also Secretary Donley, who is our PIO. This is to reflect the high priority that the Secretary and I place on this topic.

Recently, I approved a new Defense Performance Improvement Framework for the Department, enacting common definitions and categories for performance improvement, and an authoritative reporting mechanism. The PIO, our comptroller, the chief data and AI (artificial intelligence) officer, our CDAO (Chief Digital and Artificial Intelligence Office), and the Director of CAPE (Cost Assessment and Program Evaluation) play critical roles in implementing this framework.

Third, we have taken substantial steps to transform the Department into a data-driven organization. That's why we created the role of the CDAO, which is elevating and transforming how we create decision advantage from the back room to the battlefield. This office is responsible for accelerating DoD's adoption of data, analytics, and AI, and it has had an immediate impact on virtually all of our reform priorities. It's also another prime example of how we are modernizing the department to meet today's management needs.

We also revised the Defense Business Council's charter to address a broader scope of topics, including defense reform, performance improvement, enterprise risk management, oversight of related resourcing decisions, and more. This expanded scope reinforces our commitment to implementing the Secretary's Management and Defense Reform Agendas, which rely heavily on producing the right data and getting it to the right people at the right time. This is critical. We simply cannot compete on today's global stage without reliable and ready-to-use data to inform our decision making.

To do this, we are updating our data capabilities and our performance metrics. Leveraging the Defense Business Council, we have built a truly strategic management plan focused around the Secretary's priorities and fully aligned with the National Defense Strategy (NDS), and we are working now on measuring performance and creating clear accountability to speed progress, including by using tools such as PULSE. With the data that PULSE feeds to the Executive Analytic Dashboard, the Secretary and I will gain a far better view into the implementation of the NDS than our predecessors were ever afforded.

This dashboard approach will give us data-driven insights into what's working and what's stuck and what we can do about it. That we were able to develop PULSE in just four and a half months is an extraordinary feat. It's an achievement that we should all be very proud of in the Department. But it should also set the pace for defense reform moving forward if we're going to fulfill the secretary's strategic priorities, building enduring advantages and improving foundational management capabilities. Now that we've provided performance goals and measures, we're setting up the capabilities such as PULSE. Our next step is to implement all those tools across the Department.

Let me close by mentioning the fourth major defense reform effort, which is launching this Defense Management Institute. DMI is yet another major step forward in transforming the Department to meet today's national security challenges, and here's why DMI is so important.

First, when it comes to management and defense reform, I like to believe the Department's overarching question is this. What can we do to improve the Department for those who will lead after us? The Defense Management Institute is groundbreaking and a direct answer to this question. It's groundbreaking because never before has there been an institute dedicated solely to performance improvement.

Management reform advantages the entire Department including logistics, acquisition, and technology, all of which are central to the Department's mission, and it directly supports the warfighter. At DMI, experts will be carrying out management research and studies to inform decisions at DoD and in Congress. Drawing on a broad community of experts from academics and thought leaders to management consultants to current defense leaders and former DoD officials, we'll all be able to look at problems from every angle instead of in silos. That way, we can build best practices informed by many different perspectives from inside and outside of DoD.

Through the institute, we will also build a community of practice for defense management. I'm looking forward to the conferences and roundtables, the panels and published interviews that bring this expertise to the forefront and make experts' insights readily available to apply to our practices.

DMI will also be foundational for building institutional memory. DMI won't only be looking at historical case studies and histories, it will be creating them in real time for future generations to use, because future generations of the department should not have to start from scratch. This institute will help them solve problems more quickly and efficiently.

I'm especially hopeful that this institute will attract a talent pool of expertise and practitioners dedicated to building a body of scholarship focused on defense performance management. Growing this talent pool will further help us build resilience and readiness for national security challenges we're facing now and far into the future. We need to energize a next generation of defense reformers and DMI can help us do that.

As you can tell, I'm proud of the progress that the Department has made in the past few years on performance improvement, to the benefit of our warfighters and to the benefit of the American taxpayers, but there is still much more to do. I'm counting on DMI and the broader defense management community to help ensure that progress will only accelerate in the years to come. It is truly a national security imperative.

So thank you for allowing me to participate in today's historic launch, and I look forward to answering some of your questions about the Department's current efforts.

(NORTON SCHWARTZ) Madam Secretary, in the time left and with your permission, I have a couple or three questions for you.

You say that, well, let me put it this way, your past experience as a civil servant, and especially coming from the Department's policy community, informed your perspective on management priorities facing the Department. Since becoming the Deputy, has your perspective changed that you're now one rung higher in the architecture?

(SECRETARY HICKS) Yeah, I don't know my – obviously, my purchase changed. So, there's perspective grown there. But I don't think fundamentally, my view has changed. I think my time in policy was pretty unique for policy and was very much focused on, you know, looking upstream and connecting and to downstream ways and means, and from many different perspectives, and that is fundamentally the role of the COO (Chief Operating Officer) of the Department.

So I'm able to draw a lot on that tight connectivity between what we're trying to achieve, and how you get the levers of the Department to sort of advance toward them.

I think my time as a civil servant, my lengthy experiences, both career and political, in the Department did really fortify me, maybe it's the word, for the types of challenges that are inevitable. I've seen it all probably before. And understanding again how to incent change, which is really what this is about, how to get leaders to take on as their own what the goals are.

The big difference is the levers. So, as the Deputy Secretary versus being lower in the system, obviously, there are a lot more levers available to me, and so I think the charge then to me is making sure I'm using those levers as effectively as possible. Time is the most precious resource for the Secretary by far, for the Secretary and for me, and trying to make sure we're focused really around the key priorities to drive change in those areas, given the limited time.

(NORTON SCHWARTZ) The Department has struggled to make progress on audit – a clean audit. What are the biggest challenges or obstacles to change that you faced in this regard when attempting to address this and similar complex management challenges?

(SECRETARY HICKS) Yeah. So, the audit, we knew from the Department of Homeland Security experience, there's probably a decade to get to a clean audit. As I mentioned in my remarks, you know, the largest organization there is. So, the Department of Defense – so that's a benchmark, I think, for us.

Some of the challenges I think we face first is the big cultural one, which is an audit is something people in the, you know, financial community do. It's not run of the mill, what everyone would be focused on. That is a big cultural change I think folks have felt. It's Commander's business, and I make very clear it's Commander's business and hold folks accountable for that.

But also, you can't expect people to achieve progress on an audit without giving them the tools, and one of the biggest challenges, I think, that's unspoken for the Department, and it runs through all of our defense reform issues, is that our IT systems or our business process systems are out of date. They are diverse, to be polite, and not connected. And I think this is just an example of the kind of we call it "tech debt," but tech debt, installation debt, debt-debt, that, you know, living under the Budget Control Act just worsened over the last decade.

So we want to go hard at that problem. We put extra money into FY22, for instance, against an audit, in particular business systems because that '22 budget was not, the appropriations didn't go through until less than a year ago. We're just kind of coming up on the period where we should see the effect of some of those investments.

And I think what I would conclude with back to the Commander's business is what I tried to really focus on is, you know, there are things that we know are good for the taxpayer and good for the warfighter, put the audit aside. It's really good if we know where all the Javelins are, and we know how many we have, and we know how fast we can get them somewhere.

Guess what? Knowing all that, getting the systems that allow us to know that, that actually is on the path to audit – to a clean audit, right? So getting folks focused on why they're doing what they're doing, you know, audit as for many in the community, not necessarily just a means, or an end to itself, excuse me, but really is about putting in good systems that help the warfighter help the taxpayer.

(NORTON SCHWARTZ) Thank you. The Department has faced significant organizational change in the performance improvement space, from the DA&M to DCMO to CMO and back again, as you commented in your remarks. How has this impacted the performance improvement agenda, and what do you see as the likely outcome in the years to come?

(SECRETARY HICKS) So, I think there are several compounding things. There is the changing, you know, view of how we should be organized. I think there has been probably too much focus on the wiring diagram. This is typical around defense reform, national security reform, and not enough again on how you structure processes, organizations, relationships, and tools for success.

So, as I said, it was difficult to walk in right on the heels of the disestablishment, compounding that, of course, was we were in a period of COVID, you know, it was difficult to sort of get the whole enterprise of the Department up and running, tough transition period, things of that sort. There's no doubt that there was a delay, you know, to the agenda that I would have liked us to be launching on. But excellent folks in the system across the Department, and certainly in what was the CMO community and then became, variously mostly DA&M, Comptroller, CAPE, a couple other parts of the department, CIO, you know, were able to stand in.

Out of that, though, we were given an opportunity to look afresh, as I said, not just at wiring diagrams, but how do you set the system up for success? It always stops at the Deputy, and I think any belief that you can orchestrate your way around that is wrong, which is probably a longer conversation. But the goal really was how do you make sure that that COO long after me has the community support, has the key performance improvement officer in a position to really help drive change, and that's where we've been focused. We have more work to do, and I'll just say I think the coincidence, if you will, of our big drive on data, that is hugely helpful to any endeavor, those processes and levers, like the tools I talked about, is hugely helpful for what we want, and what anyone is going to want to do on defense reform.

(NORTON SCHWARTZ) In the few minutes we have left, let me maybe ask you a question. You mentioned that talent management was a challenge for the Department, but with respect to preparing, unlike yourself, a veteran of the Department for preparing those who are political appointees for their roles, do you see DMI as perhaps having a role in onboarding and preparing people to better take on their very important roles as they move into their respective chairs?

(SECRETARY HICKS) I will say I do think whether it's political appointees or new career SES (Senior Executive Service) who are coming from outside the Department, or they're just coming from different vantage points, I do think training is a gap that we have in the Department right now. It's something that I'm very focused on with our political appointees, but again, more broadly, with COVID, with cuts, a lot of the management support that folks, I will just say it like an old timer, used to do, they don't happen.

You know, I did the four weeks at FEI (Federal Executive Institute) down in Charlottesville, on the path to career SES, I think it was hugely helpful. I did lots of other OPM (Office of Personnel Management) training over the years. I just think the budgets have largely gone away. I think the pace and the reduction of capacity so that staff really are pressurized, they're not able to take that kind of training, that we really assume on the military side is part of how you develop people. We have lost that on the career side, and as you point out for political appointees who are coming in fresh, they probably didn't, if they didn't come from the good developmental path, they may not have that management experience. So I do think there's a role that DMI could play in being helpful.

(NORTON SCHWARTZ) Ladies and gentlemen, again, it's been a privilege to have the Deputy Secretary here with us this morning, both to provide her insights but most importantly, to demonstrate her conviction for the path that we're on. So, Madam Secretary, again, thank you so much for kicking off the DMI with us this morning.

(SECRETARY HICKS) Thank you very much and thanks to Peter and everyone.

5. Keynote Speaker: The Honorable Michael Donley, Performance Improvement Officer, Department of Defense

(PETER LEVINE) Our next speaker is the Honorable Mike Donley, the Director of Administration and Management Performance Improvement Officer of the Department of Defense.

I suspect that Mike doesn't need any introduction to anybody in the room. But let me just say that Mike is in many ways a repeat offender. We all know that this is not his first tour of duty as Director of Administration and Management, but I'd like to point out that as I reviewed his bio, I discovered that when he served as the 22nd Secretary of the Air Force, that actually wasn't his first service as Secretary of the Air Force either. He also served as Secretary of the Air Force – Acting Secretary of the Air Force, I believe, in 1993, some 15 years or 12 or 15 years before he was confirmed by the Senate.

So what this tells me is that Mike is, first of all, he loves the challenge, and second of all, is absolutely dedicated to the mission of the Department of Defense and to what he can do to make the Department of Defense a better place.

So, thank you for being here, Mike, and we look forward to your comments.

(MIKE DONLEY) Good morning, and thank you, Peter. Thanks to General Schwartz, as well, for hosting today's kickoff event for the DMI. I particularly want to thank all of you and those joining us online for being part of this important event.

Part of our objective with the DMI, which I'll discuss in a few moments, is to build a community of practice that's been referred to, and that requires a range of expertise across functional disciplines, building bridges across FFRDCs, nonprofits, academia, and the private sector. So thanks again to Peter, for a wide range of invitations, and to all of you for saying yes to today's event.

And thanks to Deputy Secretary Hicks for her remarks providing the strategic context for this initiative. I would say it is a privilege to work under her and Secretary Austin, and I have observed a number of Deputy Secretaries over the years, and I will say Deputy Secretary Hicks is at the top of her game.

These two officials, the Secretary and the Deputy, have two of the most difficult jobs in Washington. At the highest level, the goal of the DMI is to assist our defense leadership and Congress in making informed decisions regarding management of the defense enterprise.

My role this morning is to provide a little bit more background on why we're establishing the DMI and what we've asked Peter and his team and all of you to help us do.

There are some important details that remain to be addressed, such as how we'll work across our DoD team internally to develop and coordinate priorities for a DMI research agenda.

But today, we'll provide some insights on the immediate tasks ahead.

So why create a DMI? Well, first, we're recognizing defense management as an important area for research. There is the Department of Defense, the uniqueness of the Department of Defense, as the Deputy Secretary, General Schwartz, and others have noted, its missions, its size, its diversity. It is actually – if all of us could sort of step back and think about it – quite breathtaking.

In addition to the military capabilities of the five services, there are, as previously described, medical systems, school systems with universities, grocery chains, intelligence agencies, information systems, et cetera, et cetera, et cetera, all supported by multiple workforces and multiple personnel systems.

The analogy I'd like to make is this. Using the latest World Bank GDP (Gross Domestic Product) data, DoD's annual budget would rank among the top 20 largest economies in the world. So as a thought experiment, ask yourself, how would I manage an economy the size of the Netherlands, but instead of a free market economy, it is a command economy with all of its resources carefully, centrally balanced and distributed among competing missions, functions, and activities, and then approved annually through an open democratic process.

Managing an enterprise of this scale involves a combination of academic disciplines, public administration, business administration, political science, international relations, and there's lots of science and engineering. And yet there is very limited, if any, formal academic preparation outside of DoD's most senior schools.

It is certainly interdisciplinary work that needs to be viewed through the complex lens of DoD's many missions and requirements, its organization, about 42 components depending on what you count, multiple management processes, and its civilian and military cultures, as well.

And this connectivity to the defense enterprise is critical for two specific reasons. First, as others have noted, it is the business side of DoD that supports and enables the building of combat capability in the warfighting elements of the Department.

And second, one of the bases for successful change and reform is a solid understanding of how DoD operates to begin with. And as some of you are aware, I have used in the past and will use again this morning, a Google Maps and GPS analogy, getting from point A to point B. GPS starts with where you are. A map that includes or describes your destination will not be helpful if you don't know where you're starting from. And if I can take this analogy an additional step, you need to know the weather along the way for your trip, potential roadblocks, detours, and alternate routes. In fact, our experience suggests that improving DoD management and business operations – getting from point A to point B – can be just as challenging as building new technologies and capabilities on the military side.

A second reason for the DMI is that we need to promote a learning culture in defense management. Here's a second thought experiment concerning the systematic availability of knowledge. What might happen? What could we potentially do if we approached research on DoD management and business operations with the same discipline, focus, and preparation that we bring to the research and development of weapons systems?

The valley of death to which the R&D (research and development) community refers in bridging tech development with acquisition programs of record has, I think, a counterpart on the business side. Using a more friendly description, it is crossing the canyon between best private sector business practices and the management and administration of this massive enterprise.

How do we know a best business practice when we see it, and how do we translate private sector experience to the public sector and then from a public sector generically, to the Department of Defense specifically?

DoD's long history of management, technological, and organizational change has been evolutionary, and at the same time, punctuated by senior leader or Congressional interventions, and the exigencies of world events. We should know that history better than we often do, and we should be capturing lessons learned from our successful and our less successful experiences.

The rationale for DMI, I should add, also includes some recent guidance from Congress directing the Secretary to carry out a set of activities to improve effectiveness in defense management with the goals of incorporating private sector management practices and technologies and enhancing the capabilities of the defense management workforce.

And in the 2023 NDAA (National Defense Authorization Act), Congress directed reform-focused research to improve management and administrative science to be included among covered elements of defense reform.

So, those are some reasons why we're establishing the DMI. Now let's talk a few minutes about what we've asked them to do. Some of these issues have been covered earlier, but I'll go through them quickly.

First is to catalogue and help us build a digital database of prior research and experience. Let's set the foundations. Collect, catalog, and make available a digital library of reports and studies related to defense management and reform. Develop the resources and the lessons learned. They are already out there. Many of you have been producing them for several years, in some cases, decades. Let's bring them together in a useful, organized, and searchable format so we can all benefit from this rich history and experience.

Second is to build a community of practice. Bring us together, practitioners, academics, FFRDCs, nonprofits, management consultants, for structured conversations. Expertise is distributed. But there is a loose community that would benefit from collective interaction. IDA, RAND, our colleagues on the Defense Business Board, Benz, Napa, Partnership for Public Service, there are many, not to mention DoD's own graduate-level schools and war colleges.

We need better visibility into this good work. We need to build bridges with the commercial sector, bridges that will help span the private sector ideas across the canyon to potential DoD implementation. No single element can do this alone. No single organization has the people or the background. No single element can corner their market on defense management expertise.

And importantly, we need to build a stronger nonpartisan bench for the future. In addition to building a digital repository, helping us develop a community of practice, there are two specific tasks DMI is taking on: one looking back, one looking forward. Peter mentioned them both.

Looking back, why was the CMO experience less than successful, and what should we learn from that? Much of our focus or my focus over the past 20 months has been charting the way forward following the Congressional dissolution of the CMO position at the end of 2021. But many will recall that this has been a 15-year discussion between DoD and Congress, and statutory functions associated with the CMO function, such as the many elements of the Government Performance and Results Act and other statutory features, remain.

DoD should be documenting and applying lessons learned from that past experience as our work continues in the future. The issues associated and the responsibilities associated with the CMO function have not gone away and they will still be with us in the years to come.

Looking forward, we've asked the DMI to assist the Department in meeting requirements of Title 10, Section 192, which requires periodic cyclical reviews of defense agencies and field activities. The precise details of this effort are still under discussion and will be reviewed over the weeks ahead. But the focus on DAFAs, the defense agencies and field activities, is intentional. This category of DoD components is among the most complex and sometimes misunderstood parts of the Department.

As we update our approach to Section 192 reporting, the DMI, along with your help, will help us develop a deeper base of data and knowledge on DAFA operations, and this will inform our work going forward as we look at the entire Department.

Finally, you might ask, what does success look like? Well, I'll offer two measures for consideration. In the future, when DoD leadership or a Congressional committee is considering establishment of a new component or the consolidation of agencies or functions, or wants to know how long it will take for their management initiatives to reach full operational capability, we will have available, based on your work, a ready reference of DoD's history on that subject, the lessons learned from related or prior efforts, and a ready stable of experts who are current on the issues and ready to support key decision makers. The time and distance and knowledge that we travel to answer these questions would be shorter.

Another major indicator of success is to develop and transfer that knowledge more quickly to a new generation of defense managers, so they have more time to get even better.

There's much to do in building and operating a network of defense management expertise, developing shared understandings of what constitutes best business practices, and how to implement across this massive DoD enterprise. Establishing DMI is a humble, a modest beginning, but it is a start.

DoD's organization and management will never reach a state of perfection, and some of us are too jaded to believe that rapid progress in solving “x” is within our immediate reach if only we would – you fill in the blank.

The good news is that, as GAO (Government Accountability Office) and others often remind us, in an institution as large and complex as DoD, there is always a target-rich environment for improvement at many levels.

Looking across this community of practice, we come from an extraordinarily broad range of professional disciplines from different components and career experience. But there are three things that strongly bind us together.

First is our passion for public service, and the importance of what we do. Defending the nation is our imperative. We may or may not wear the uniform, but defending the nation is our life's work.

Second is the respect we have for others across this community and our mutual efforts to support in every dimension, the effectiveness and the efficiency of the defense enterprise.

And third, we all share a passion for excellence to get better at what we do. National security is a team sport, and I do believe we can succeed through teamwork together.

Thanks again for joining today, and I look forward to the discussions that follow. Thanks.

(PETER LEVINE) Okay. We're now going to take a 15-minute break. Let's try to be back here and ready to go at 10:00 if we could. Thank you.

This page is intentionally blank.

6. Panel: What Every DoD Manager Should Know about the Way the Department Works

Moderator: Jason Dechant

Panelists: Mark Easton, Essye Miller, Marilyn Thomas, Patricia Zarodkiewicz

(PETER LEVINE) Today's first panel includes four civilian leaders who rose to the top of their fields in the Department of Defense serving as role models and mentors for other civil servants and helping guide the Department's work on many key management issues. The panel will be moderated by Jason Dechant of the Defense Management Institute. Over to you, Jason, for introductions.

(JASON DECHANT) Thanks Peter, I appreciate it. Good morning, everybody. The title of this first panel is, "What Every DoD Manager Should Know about the Way the Department Works." These management lessons are critical to the Department, as Deputy Secretary Hicks mentioned in her opening remarks, that the Department achieving its management goals is critical to also achieving its military goals.

So to address this topic of what every DoD manager should know about how the Department works, we are fortunate to have with us a very experienced panel with a background across a range of portfolios. Each of them will take about 10 minutes to provide opening remarks reflecting on their experiences to identify what they think every DoD manager should know about the way the Department works.

Afterwards, we'll certainly have plenty of time to hear and to take questions from the audience and online participants to engage in thoughtful discussion.

So our first panelist, to the left of me, is Mr. Mark Easton. Mark brings to this discussion deep experience in financial management, initially in the Navy and later in OSD. Mark served 29 years in the Navy Supply Corps as a logistician and financial manager. Upon retiring from the Navy, he entered the Senior Executive Service in 2003, initially serving as the Director of Defense Finance and Accounting Service (DFAS) Cleveland, and a Senior Navy Client Executive for DFAS. Later, Mark was the Deputy Assistant Secretary of the Navy and Director for Financial Operations.

In 2009, Mark became the Deputy Chief Financial Officer in the Office of the Undersecretary of Defense Comptroller, where he served until his retirement from federal service in 2020. Today, Mark is currently serving in a part-time capacity as a Professor of Financial Management within the Defense Systems Management College of the Defense Acquisition University.

To Mark's left, our second panelist is, Ms. Essye Miller. Essye is a recognized leader in information technology and business transformation initiatives, with over 35 years of federal experience. In the Department of Defense, among other positions, Essye served as the DoD Chief Information Security Officer, the senior official for all policy and governance matters related to the DoD Cybersecurity Program. And in 2017, she was named the acting DoD Chief Information Officer (CIO) by the Secretary of Defense.

In 2018, Essye became the Principal Deputy Chief Information Officer for the Department, where she served until retirement in 2020. As a Principal Deputy CIO, Essye was responsible for all matters pertaining to information management, cybersecurity, and digital transformation. Currently, Essye is President and CEO of Executive Business Management, LLC, and she serves on the Board of Trustees for Corporate Office Properties Trust and is an advisor for several industry and nonprofit organizations.

To Essye’s left is our third panelist, Ms. Marilyn Thomas. Marilyn is a financial management and information technology leader with deep experience in respective positions in the military services.

Marilyn's first position as a senior executive was in 2003, as the Director for the Budget Management, Execution and Investment for the Air Force. In 2007, she became Deputy Commander for Resource Management at Marine Corps Systems Command. In 2009, Marilyn became the Director of Budget for the Air Force Comptroller, and then in 2012, Marilyn was named Principal Deputy Assistant Secretary of the Air Force for Financial Management and Comptroller.

She went on to become the Deputy Chief Management Officer of the Air Force in 2014, and in 2017, Marilyn became the Acting Assistant Secretary of the Air Force and Space Forces Financial Management. Upon retiring from the federal service in 2019, Marilyn became President of MMT, LLC, and a management consultant for the defense sector at Guidehouse.

Our fourth panelist, to Marilyn's left, is Pat Zarodkiewicz. Pat is a financial management professional with extensive experience in the Department of the Air Force where she served for nearly 34 years.

Some of Pat's positions include Deputy for the budget, Assistant Secretary of the Air Force for Financial Management and Comptroller, the Deputy Comptroller and Comptroller Headquarters Air Force Material Command, and the Director of Budget Investments, Assistant Secretary of the Air Force for Financial Management. In 2017, Pat served as the acting Undersecretary for five months and was a Senior Transition Official for the Air Force. Her final position in the Air Force was the Administrative Assistant to the Secretary of the Air Force, SAFA.

Upon her retirement from federal service, Pat became president of PatZ Consulting, and she serves on the Aerospace Corporation's board of trustees, the Board of Advisors for the Intelligence and Security Academy, LLC, and as an advisor to Core Force, LLC.

As I mentioned at the outset, we've compiled an experienced and excellent panel to discuss this important issue of what every DoD manager should know about how the Department works.

So at this point in time, I'd like to turn it to our first panelist, Mr. Mark Easton.

(MARK EASTON) Thanks, Jason. Am I good here? I appreciate it. This is a little bit of a daunting task. When Peter was looking for volunteers, if I had known that we had the range of corporate experience, you know, in the room is daunting. And so, I feel like in terms of talking about what it's like to manage within the Department of Defense, you know, you're going to be able to ask questions, but we may want to phone a friend.

The first thing I wanted to mention is a tendency to, as you look back, as I look back over nearly a 50-year career, both in uniform and in civilian, you have a tendency to think about how things, you know, you sort of put your rose-colored glasses on. And so I need to do that. And so in looking back, I think we're going to talk a little bit about what worked and what didn't work on this panel, and even though I think we've got a financial management bias on the panel, I think financial management, as I joined that community, gave me an opportunity to look over the enterprise or where the enterprise wasn't really coming together clearly.

I wanted to talk a little bit about culture. I think culture underlines many of the challenges that we have. The Deputy had mentioned that specifically culture and the sheer size of the organization creates inherent challenges.

The culture is steeped in tradition, from a military service perspective, going back to the founding of our of our country. And so typically, that is a good thing. But when you talk about trying to make change, that culture, sometimes it's something that you have to work your way through.

The second thing is a mission orientation. I think that I grew up in uniform in the Navy in a support role. I think that it was clear to me that the mission comes first. The process of how do we get to that mission, which is inherent in some of the management challenges, was not always important. And so you tend to get into a situation where you find yourself in a first team, second team kind of a perspective. You know, I am, I am delighted that I think in some of the comments that the Deputy and Secretary Donley as well, to be able to say we're going to recognize management. Defense management is a specific discipline, because often times between the bandwidth and the time, it doesn't compete well, and I think we need to elevate that because the relationships to the mission are critical, and you've heard that a little bit this morning.

The Department is functionally stovepiped and organizationally diverse. I think it goes back to the culture where organizationally, I've always found that, you know, we’re loyal to our organization. We're in sort of a local kind of a thing.

Our business has evolved in the same way. I think our business has evolved. When people, you know, in working on the audit, we talked a little bit about the audit, the audit is a reflection of the business environment that is being audited as well. It grew up in an environment that was functionally diverse, very large, and so, being able to connect the dots is something that has been a challenge, and I think back on my transition from the logistics community in the Navy, into the financial management community. You know, it became clear to me that I had deferred too often to the Comptroller to take care of things, when I, you know, should have had more of a role. And so it became sort of an eye-opening experience.

I think that in talking to people, the more breadth that I think that you can develop across functional organizations, I think, you know, you're better off. And so, as we bring new people into the Department, I think it's important to be able to provide – and the question that came up this morning about onboarding, be able to provide our executives, particularly if they come from a different department with a breadth of understanding of the Department.

We have a culture that's risk-averse. This gets into in the management area more often than not. More often than not, you find yourself in working, you know, taking care of things or – credit is not easily given, I guess I can say it that way. In other words in the management, people take many management issues for granted and so, that risk-averse or the fear of not being recognized, I think sort of provides an impediment to change.

And the final thing that was mentioned this morning was sort of the frequency of leadership turnover. I think it's an element of our culture that's both good and bad as we bring new people into those into organizations. If we don't have continuity, if we don't have things documented, I think many things fall through the cracks. And so, good initiatives have a difficult time transitioning, as people change, as priorities change. The size of the organization is such that it takes time and so, this leadership turnover, that's another thing that I think that DMI can contribute to.

Okay. So, bottom line is management of the status quo in the defense management area becomes much easier than change, and the impact of the culture, the impact of that what I would call negative inertia, is reflected in a certain degree of inefficiency, and being able to create the enterprise. One of the things that I thought was important was the amount of time that the deputy is spending, and it harkens back to, as I see Bob Hale, the first time we went in to brief Secretary Gates. This was in 2009 on the defense audit. It was a little bit of a daunting task, in terms of as we tried to discover the nuances of the audit.

How do we deal with the environment? You know, these are things that I think looking in the audience, those folks that have been successful know that you have to manage your time and prioritize. And I think that that's a key lesson in terms of accomplishing anything. And within the department, and particularly within the building, you know, time is scarce.

Communication – the relationship, for example, of a lot of management issues to the mission becomes critical, and so, the clarity of your communication across the stovepipes is critical, and not always easy between the acronyms that each of the functional disciplines have developed, and I learned that and moving from logistics into the financial management community. There has to be some credible way to measure progress. I think the advent of data recently offers significant potential. Too often, progress has been very subjective and relating, you know, you need to be able to say if we’re effecting change, how do we measure that change, you know, what does success look like?

And finally, in what has been reflected here, both in the Deputy and Secretary Donley, garnering senior leadership support and building coalitions is absolutely critical. It doesn't necessarily guarantee success. But at the same time, if you don't have that kind of top-down focus and leadership in an environment this large, it's a challenge.

So three things I wanted to mention, three examples. One of them has already come up as the audit. I think in thinking back with the audit, I think that we tackled it in breadth. I think we had to be able to approach the audit in a very broad way, but it was difficult to prioritize and difficult to measure progress.

Communication – you know, more recently, I think the relationship of the audit that I found, you know, we began to make a lot more progress when we began to link it to the warfighter. And the Deputy, I heard, I loved to hear the deputy use those same examples, and those are the kinds of things with the turnover that you need to continue to reinforce.

The second thing is an initiative which tended to fall through the cracks, as we went from administration to administration, was managerial accounting, you know, financial accounting, budgetary accounting. I think that we're all tuned in to the budget clearly. We don't really like the financial audit with the audit word. But in between that is being able to use the financial information that's inherent in the audit to be able to evaluate progress and evaluate your operations internally becomes important. We made a transition from, you know, began to build the database to be able to support the audit. We brought that together with a framework for managerial accounting, and that's an opportunity for the future and an opportunity that I hope that the Department will continue to try to take advantage of.

And finally, what was mentioned, ADVANA (DoD platform for advanced analytics). Data is going to be critical. When I look back on my career, I think I always knew that the audit was important because we needed to have the data to be able to make decisions. But 15 to 20 years later, I think we're just beginning to be able to recognize the value of that.

One thing about ADVANA and the way ADVANA developed is we started on a small scale. People weren't watching closely because it was related to the financial audit. And then through a variety of circumstances and opportunities, it garnered significant senior leadership support. It was useful in COVID. And so all of a sudden, you had very, very senior people that never talked to the management side of comptroller finding themselves very interested. That interest, I think, we're going to begin to leverage moving forward. So, if I was talking to a new SES or someone coming to the Department, those are the things that I'd want to spend my time on.

(JASON DECHANT) Thank you very much, Mark. Next, we're going to hear from panelist Ms. Essye Miller.

(ESSYE MILLER) So, like Mark, it was a little bit daunting to think about what I'd say to a group of people that probably know much more than me. But I reflected on 35 years of experience and went to two very basic models.

One, I'm very foundational. Everything we need to know; we learned in kindergarten. It's a matter of carrying those things forward.

With regard to how we raise the force, be it military, civilian, or otherwise, we've got to continue to build a culture of trust and transparency, because in order to drive the changes that we're talking about, we have to be able to have real conversations and be open enough to expose the good, the bad, and the ugly in each of our functional areas.

When we're brought into the Department, we're brought in for a very specific job and we're raised very tactically for a while. And if we do this, right, we're broadening the force as they grow, from tactical to strategic, going back to looking at the way we do business as an enterprise. If you talk to, I think, pick a random person, we're still very stovepiped and very functionally focused, and at some point, we have to grow that, which drives to the question of, how are we training the force, the 13s, 14s, and 15s today so that they can be that next generation of leadership that we need?

As we look at this from a change aspect, we've been doing process improvement for years. Dave Wennergren is in the back, and I clearly remember as a GS15, all of us either have or have had a common access card, yes? Do you know what the genesis of that was? The military had a Teslin card, the civilians had a different card, there was a Geneva Conventions card, and oh, by the way, I had to have something – some credentials to get on the network, credentials to get into a building, physical logical access. It was probably the first major change that the Department put in place to put people, processes, and technology together to get us to that single card.

And we crossed every barrier then that we still have to do today. From the culture of the active-duty members, I will never forget saying I can't give up my Geneva Conventions ID card, because it has to have all of these tidbits of information should something happen while I'm away. We proved that wrong. We don't want to put our Social Security number on everything. Do you remember we had checks and we all had to put our social security number because everybody needed it. We don't want that now.

So we have to, I think, give ourselves credit for the process improvements that we've driven over the years using that as a decade-old example, but understand the barriers that we have to tear down our cross-functional areas, so that we can have the real conversations, understand what the real issues are, and understand the challenges within the organizations. But in order to do that, we've got to have the right people at the table and give them safe space to have those real conversations, to put facts and figures, and political challenges on the table and not be afraid to talk through it.

So for me, this is less about who's sitting where, but it's how we've trained the people that we've put at the table, to help them understand that they need to look up and out versus down and in, because in order for them to drive the types of changes that we're talking about, we have to understand context. And if Essye Miller had not been given an opportunity to work with a Dave Wennergren or a Pat Z. or some of the others to drive these big, daunting changes, we wouldn't be where we are today. The question now is, how do we drive that forward, and how do we reach back to this next generation who operates and thinks very differently than we do today?

You know, our kids have no issues putting data on social media. I shouldn't say kids. Our youth have no issue putting data out there. But we have to help them understand the impact and the outcome that they're driving in the way they do business and convey that into how we do business within the Department.

So I look at this as a huge opportunity. How do we drive business and mission outcomes and improvement? Where do we take advantage of technology to help us do that? And then how do we perpetuate that next generation of leadership that are not afraid and have the moral courage to make the decisions that the Department needs to make to meet the mission imperative.

So not as financially oriented as my partners here, but something to think about and how we drive starting with the basics with our people, understanding the processes and where we can drive improvement, and where technology can help underpin that. Thank you, Jason.

(JASON DECHANT) Thank you, Essye, I appreciate it. Next, we're going to be hearing from Ms. Marilyn Thomas.

(MARILYN THOMAS) I guess I'd like to start by saying over the course of my career, one of the things that has amazed me the most is that things actually work. I mean, we get a lot done and whenever I've gone through a milestone, whether it be putting a budget together or implementing a new system, going through shutdown, going through sequestration at unit, you name it. I look back, it's amazing, it's amazing what the defense institution, with lots of help, can get done.

I applaud this initiative, because part of what I would like to see happen is how do we harness what we learned along the way in doing some of those major feats, as lessons learned as the data repository, for people who come behind us, or with us on that journey to make it easier for them.

One of the other lessons I learned at various iterations in my career, whether it was entry level, an intern, a new supervisor, when I entered the SES, we get what we're issued. We don't necessarily get what we want or what we need to accomplish the mission. But it's really through the values of the institution, and the values of the people that work in the institution and support us that we get the work done.

And so I always, I think back on that, and I've got a couple of examples. I know we've got Charlie Cook here in the audience. So I was a newly minted Marine Corps SES at Marine Corps Systems Command and trying to figure out looking through R2s. So, for those of you who, you know, grew up in the budget world, you know, those infamous, already teeny documents, how to fix a system issue that a program manager had brought to me as the resource advisor. I'm trying to figure out how I move money from one little pot to another little pot. Thank God, Bob Hale, PPBE (Planning, Programming, Budgeting and Execution) Reform, hopefully, we can make that easier for people down the road.

But it was a family day. So I was pretty much alone in the office, and I was visited by a young Marine. And he had to ring the doorbell because the office was shut down, and I let him in, he was in uniform. So he came in uniform and on his day off, and he said, you know, and, of course, he was breaking all kinds of chain of command, we don't need to do that because I know how we can fix that problem. You don't need to go through all those gyrations. Of course, you know, the challenge for me was how to take what he was giving me as information, translate it back down to actually the program level without getting him in trouble.

So talking about cultural issues and problems, the ideas and the resources that we have, as defense managers, is really in the innovation of our people. I'd like to report that we were able to get that done, not without some shenanigans, and how would someone like me know how to fix a problem like that kind of thing. But we were able to do it without going through the entire PPBE process. But those are the kinds of innovations that show, as managers, how we elevate.

Later on in my career, when I had the privilege of serving as the Deputy CMO for the Air Force, Eric Fanning – who I know we're going to hear from later today – and General Spencer put in place and asked me to implement a Make Every Dollar Count campaign, which basically encouraged people who really know what the problems are, and know what the solution should be, to put those forward in a system that we automated.

I will tell you at the time, I kind of groused about it because we were inundated with suggestions. And I mean, it was just – it was a real bureaucratic challenge to sort through all of those and what was worthy and what wasn't worthy. But what impacted me was the energy and the ideas that people brought forward, from the very basic level all the way through the process. And I know that system is still in place today and still working. But I think we did a lot of good.

So I think in really looking at DMI and what I've heard from the leaders today, what we can do from our experience, and as values of current defense leaders, and past defense leaders, is how we harness those things, those ideas, that innovation, and drive the kinds of change and also document when we've done things right, when we've had successes, so that people don't have to reinvent those again in the future.

So thank you for letting me be here and address you today.

(JASON DECHANT) Thank you very much for those remarks, Marilyn. Last but not least, we're going to hear from Ms. Pat Zarodkiewicz.

(PAT ZARODKIEWICZ) All right. The beauty of being the last one is a lot of the things I would have talked about have already been covered. So I'll try to take a slightly different approach.

I think in the course of my career, there were three constant challenges. One was organizational change, two was performance management, or program management, and the third was transitions. Because every time, you know, as a young civilian, you get a new military boss every 18 months to two years, maybe a new political boss every couple of years. There's just a requirement to be able to manage through that leadership change and be able to always focus on strategic priorities, because you got to work your boss's problems, but you also have to look beyond that tenure, to really make organizational change stick.

And that focus on the things that you need for enduring change is, to me, one of the really hard lessons learned. And so, to me, it was about building relationships at every level of the organization, across the organization, across the stove pipes as Essye mentioned, but also across services, across to the defense committees, you know, to the professional staffers, to the stakeholders that were outside and could help influence change in the way that you thought about problems.

Those stakeholders on the outside were just a wealth of advice at different stages of my career, because they had experiences that I didn't have, and that's kind of what we're beginning to institutionalize now. And that gave me some of those hard lessons learned without having to acquire the scar tissue the hard way, and I think that was really important.

So relationships, knowing risk management, knowing where I was as a somewhat risk-acceptant individual in the Department, having to temper my decision-making to not put my bosses at risk, and having a number of them in the room makes this a little bit uncomfortable.

But, you know, where I was, as a decision-maker, I could take risk. Where I was as an advisor meant I had to think about risk differently, talk about it in a way that translated to that decision-maker so that is it, you know, risk to the mission, and what we're going to do from a readiness perspective. So is it now or is it a future risk? Is it a political risk? Am I going to piss off the Hill? Am I going to make, you know, us win at the risk of another department?

So how do you find win-win through all of that, so that you're making good decisions that sort of maximize the effectiveness of the dollar, of that resource, of the individual, and of that decision-maker, because the Department only works when we all work together. And so building that coalition at multiple levels to move everyone in one direction was difficult when I think about risk rewards, because everyone has different requirements on those things.

And it also means that you have to be resilient, because you're going to adapt to those different leadership perspectives, and the different challenges of the time that you're in. So you have to be really aware of the dynamics of what's the emphasis on the Hill, what's the priorities of this leadership team, how do I keep pushing my mission forward, and make those other things work. And that requires, again, a very adaptive leadership style and communicating to your team, your larger organization, your field organizations of why they have to move in that direction, and that requires you to always adapt the way that you're communicating as well. And across generationally can be a real challenge that way.

And so learning to use social media to be able to communicate with our youngest airmen and guardians was a really discomforting thing for me, but really important for us to be able to make that connectedness across the full range of our airmen, and it requires a relentlessness. And I think that's something that we don't talk to new SESs about. If you've got a priority, you've got to focus on it every damn day. You know, you've got to really just constantly push and be ready for the three steps forward, two steps back. But if that's where you're going, you've got to keep going. And again, building that coalition who will help you move in that direction, to me was really critical to some of the successes that I had. But it was that relentlessness of focus.

So culture is the hardest thing, driving change in the Department, and making sure that you're strategic. It's really easy to be captured in the churn of the Pentagon and the churn of the processes that we're in, and stepping away from that so you have time to think about it strategically, how to learn so that you're bringing in other perspectives, and you're, again, adapting to that environment was really hard.

I'm really good at "get things off my to-do list," and if I didn't put those strategically focused things on my list, it was easy to just get sucked up into the day-to-day grind. So it forced more delegation and more empowerment to free up my time so I could focus in on the things that were bigger and harder to do, and it was that sort of willingness to accept that doing the really hard things that was sort of personally uncomfortable. And so, getting to the point in your career where you're comfortable being uncomfortable is a really important thing because you do have to stretch, and you do have to do the things that are unpopular. You're going to make decisions, you're going to build coalitions that people don't necessarily like, and that's okay, you know.

I love working with people who I like, but I don't have to. I can work with people I don't like, and I can be as good at it. It's not as much fun.

And that's, I think my last point would be it's hard work. But the Department is also an incredibly supportive place. So you can have fun with it, you can be creative, you are going to laugh every day in the Pentagon. It might be, you know, a little bit of painful laughter. But that's also showing your team that you're human, and they can trust you, and move with you. So that's everything.

(JASON DECHANT) Well, thank you very much, Pat, and thanks to the rest of you for sharing your insights and experiences and certainly entertaining discussions we will have. In just a moment, I'll turn it over to you all to ask questions of our panel about what they learned from their experience that every DoD manager should know.

I thought I'd start the discussion by drawing upon comments that a number of you made about managing issues being part of the job, and then also driving change and reform. How is it when you identify something that has gone beyond the need to simply manage it and actually warrants change or reform?

(MARK EASTON) I'll take it first. That's an easy one. I think, at least in my judgement, you know, we go from many of the issues that have been mentioned here, you know, sequestration, government shutdowns. You're using the environment of the tools that you have. And so, that's where I put management. When you're asking people to change and to do the same thing but do it differently with different results, you know, it begins to go into reform.

You know, I used to say the financial audit – and Peter may not agree with this – but the financial audit was the baseline reform initiative. The only difference is that we were packaging reform in a way that was associated with trying to save dollars, so to move resources from the tail to the tooth. I came to understand that, you know, we were spending money on the audit. It was taking up those resources, and so it's a longer-term investment. But when you're asking people to change and to do the same thing differently, some of the examples that have come up, I think, that begins to get to the reform.

(ESSYE MILLER) For me, Jason, it's twofold. Where is there drag, and where is there opportunity to relieve some of that drag so that people can get their jobs done, and then where are there opportunities? And when we went through this last cycle of reform, particularly in the IT arena, and looking across the DAFAs, everybody had IT infrastructure, and we're well beyond everybody having your own server days. And there are opportunities for optimization and innovation and having folks that had that technical skill, be responsible for providing those services to the organization. To me, that gets at both.

We had an opportunity to increase the security posture of the DODIN (Department of Defense Information Networks) as we pull those resources together. But we also had an opportunity to really drag on the organization and be responsible for things that were not a part of their core mission. So, I think for me, you have to look at it both of those ways.

(MARILYN THOMAS) I think management – change management versus reform, that's an interesting question. Change management, in my mind is, it requires pain, it's painful. People don't like it, managers don't like to drive it, and you hear a lot of bitching and complaining along the way.

Reform requires, I think, a certain amount of breakage, which then requires recovery, and I think that, you know, kind of in physical terms, but you know, sometimes, you have to break something in order to make it better and it's going to take a while to rebuild it. And some of it is muscle memory, some of it is different people in the equation. But that's sort of how I differentiate between change management and true reform.

(PAT ZARODKIEWICZ) It's a little bit more of a continuum that always has to start with that question of why. So if I think about something, even from a "I want to just manage this to make it better" [standpoint], I still needed to explain to my folks, why did I care now differently about how many days it takes to process a security clearance? Yeah, well, I care a whole lot more now, one, because the metrics really went south. But there was a direct mission impact.

You know, we weren't getting young airmen out to be, you know, on the flight line, to be in intel training, because the problem was bogging us down and it meant that our mission was ineffective because of that. So I had to care more just because of that, so that could be a management problem, but it drove to reform on that continuum, because doing it the same way and hoping it would get better wasn't ever going to change anything.

So what could we do from a reform perspective, while we had some elements of it under our control, and then the big system was doing some of that breakage, so that you would eventually get over the hump into a new way of doing business. But in the meantime, I had to go from management to real change management to bring new, maybe more tactical innovations, but it still helped drive the numbers down so I could still get mission-effective airmen out in the field. So smooth change, or smooth transition, but really hard.

(JASON DECHANT) Well, thank you very much, and I certainly don't want to ask all the questions. So at this point in time, I'd like to turn it over to our audience, both in person and anybody online that's back here, if we can get a microphone. Thank you, Matt.

(DAVID BERTEAU) Thanks for all your comments here. I'm struck by, each of you focused a lot on process dynamics, right, collaboration, et cetera, and each of you did touch on results, but in every case, I believe the results that you were focusing on was really just an enabler for the next stage of a process, right? And in the non-government world, and particularly the non-DoD government world, much of management is driven by results that tie back to input and processes. This is tough inside defense. How do each of you think about results as a dynamic that drives your processes?

(MARILYN THOMAS) I'll take that first. I think that's a really excellent question. My limited experience in industry and having worked with people in industry, typically you can drive change and put in place systems, and shed the processes and people who don't comply. Within the Department, you really can't do that, you know, back to my comment, you get what you're issued. You get the systems, you get the people, and you have to implement the change and the reform around them. They're the best asset, they're the best resource.

But it is a longer, sometimes more arduous process. Measuring results really is an incremental process. It's not the bottom line. And I would say it's – in the DoD environment, it's often the difference between life and death. So it's more black and white, and less monetary. But at the end of the day, I think in the Department, kind of going back, I think, actually, when I look back on my experience, my history, we're pretty effective given the constraints that we operate within and getting the results we need. I mean, we are the best military, right, in the world. We've got the safest country, I think, in the world. I think we do a pretty darn good job.

(PAT ZARODKIEWICZ) Okay. So, I think, two challenges on the results piece is often I didn't feel like I had good data. I might have that for a specific program, you know, cost schedule performance data, but if it was an initiative, or a project that was longer term, that spanned fiscal years, that had to flow down through from the, you know, headquarters of the Air Force down to the major Commands, down to the squadron level. Collecting that data up in an accessible, timely way was usually problematic.

So I always felt like, you know, I had such a lag to really know where I was on uncertain initiatives. So the data was a problem, the time of it, and sometimes the impatience of the Department and our stakeholders to know where we were with certain activities. And so you might be reporting in mid-month when you don't have end-of-month data. There were things that we just couldn't always control that allowed me to say, this was or wasn't a success, or even if it was a subjective review, that it was, you know, red, yellow, or green.

And so the data work that's happening in the department, I think, will help that move along. But sometimes we also don't know what success looks like, you know, we haven't defined exactly what the Department wants out of a certain initiative. Is it higher levels of efficiency or effectiveness? Is it better use of dollars? Is better use of time? And those might drive different behaviors and be differently hard to measure whether or not I've gotten to the result that I shot for.

(ESSYE MILLER) I agree. I also offer that a result is not always your end game, and I look at Jim Ayers and the first thing that comes to mind, Jim, is War College and the OODA loop. You know, you observe – orient, observe, decide, act, and that action will always drive additional actions, another cycle, depending upon context and environment, and just the way the world looks at that time.

So we've got to be, I think, really, really careful at how we look at results, and make sure we're not capturing that as the end game because there's always something else to do.

(MARK EASTON) Okay. Now we're learning. The one thing I would have mentioned, is I would like to think data – the emergence of data is going to allow us to go much further. In my experience, I think that we are blessed with, you know, you can just look in this room, tremendous talent. We have the best talent within the Department of Defense, but we also have major challenges.

And so, you know, we tend to rely on our experience in the absence of data. And so I look at data as something that changes. The private sector, I think, is at least for good or for bad, when all money is green, and you can go to the bottom line and measure results using that as an example. Without good data, I think that we're going to fall back on experience more than anything else. And so, I think that it's an ongoing challenge. I hope that data will be a game changer.

(JASON DECHANT) Okay, thank you. And our next question, let's go right over here.

(DAVE WALKER) Dave Walker, former Comptroller General Manager of the Defense Business Board. Comment and then a question. When you're engaging in major transformation change, it's all about maximizing results and managing risk. You have processes to get there, but those are the outcomes you're looking for, and it's tough. And there are three things you have to have to achieve sustainable success. You've got to have properly designed incentives and encourage people to do the right thing and discourage them from doing the wrong thing. You have to have adequate transparency that's data-driven from reliable sources to try to assure that they do the right thing and don't do the wrong thing, and you have to have appropriate accountability, positive and negative. If you don't have those three things, you won't achieve sustainable success.

So, the question is, to do that, one of the key elements is you have to link your metrics to your performance measurement reward systems, both institutional and individual. What's being done on that?

(PAT ZARODKIEWICZ) You've got a good point because this was one of the hardest things that we always had to do in just writing my own performance measure report, let alone for my subordinates because the smart objectives, so, you know, I'm going to do, you know, "x" by the end of this fiscal year, and it will be measured by this performance measurement because it should have gotten "y" result.

There were some things that I did that were easily measurable, particularly in financial management. I can look at obligations and expenditures, that doesn't necessarily mean I got the right result. So I'm measuring something I can measure, but it's a surrogate for maybe what's the most important.

But I knew in some cases what my incentives were. But the accountability piece, because I had very little that I did just by me, and for my organization, particularly in SAFA, we were enablers for how the whole headquarters for the Air Force was working. So a lot of what I was trying to measure was tied to performance of others, who sometimes didn't have the same incentive, or even same goals that I had. And in some cases, again, the data was not good or even not available, or was very subjective.

The incentive piece, I think, in the Department is still very fractured. And the lack of availability of good data and the transparency of data makes it even harder. So until I can drive, you know, if I could have shown everyone in the headquarters the collective impact of some tactical decisions, I could have then maybe changed behavior, because my incentive was, again, to maximize effectiveness of every dollar for that headquarters activity. But the incentive for another organization was to maximize their own spend.

And so, we had differing competitive incentives, and the reward for each of us wasn't kind of like from a prisoner's dilemma standpoint, it wasn't going to get better if we both behaved correctly. So until you can break through some of that and drive performance in a measurable way, both as an individual or small unit and the larger organization, I think we're going to constantly struggle with that. I'm really hoping data is going to help.

(ESSYE MILLER) I think data will help. But I'd offer, we still need to look at how we do performance management and the system that underpins how we capture those objectives and how we measure them. It's just still very convoluted and very unclear, the system and the process. So we need to peel that open to just really get at the heart of what we want our executives to do and an easy way to measure that. And until we put that process in place, we won't be able to get to what Pat's talking about.

(MARILYN THOMAS) I just want to add, we operate in a system within the government at large, where it's very, very hard to provide those monetary incentives, it's very hard to remove non-performers. You know, it is limited in terms of how we achieve accountability. I think, fundamentally, though, it is the desire for public service and being able to measure that and recognize people who have contributed to the greater good that ultimately is going to help us achieve those results. We can't give people big pay raises. We can't give people cars as bonuses. We can't remove people easily. It is attracting the right people, grooming and preparing the right people for their responsibilities, and recognizing them for the service that they provide the country is really the bottom line, I think, with public service.

(MARK EASTON) I agree. I think that – I don't want to repeat everything that's been said – I think that we fall into the trap of confusing activity with results in the Department. And so, the performance management system that we have, I think oftentimes provides a disincentive, and I think that there's a lot of things that can be done. But the relationships you've pointed out are absolutely spot on. Implementing them continues to be a challenge.

(JASON DECHANT) And we have time for additional questions. Who has a question? Okay, let's go over here this time, Tina. Thank you.

(MARGAUX HOAR) Hi, Margaux Hoar. So speaking of the system that you have to work in, there have been a few pretty public resignations recently from DoD officials who had been in the private sector before, and their frustration was about their inability to kind of work around the bureaucracy. So I'd love to hear your perspectives or your experience with when you work around the bureaucracy versus when you work in the bureaucracy.

(MARK EASTON) I think that you have to work within the system, you know, to a large extent. I think, in my experience, some of the most successful ventures and things that I was able to accomplish involve some amount of working around the bureaucracy and ADVANA is one example, where to get ADVANA started, we were moving quickly, and often times moving around the bureaucracy.

But a dividend of that, for example, I found myself it's easier to attract really sharp young people that we're interested in, and we had the heads of resources to be able to do that. So there's a balance there. But, you know, when I was at least in the logistics business, sometimes it was more fun to work around the bureaucracy than to use it. And then the pitfall of that is sometimes you never get around to changing, you know, and getting rid of the bureaucracy, because you're enjoying working around it.

(ESSYE MILLER) I offer a slightly different perspective. We can't forget we work for a public service entity, and the bureaucracy is there for a reason with regard to checks and balances. That said, we have to understand why we want to work around it. I go back to my earlier comment, is it because we need to relieve drag in order to introduce innovation, or is it just because I don't want to work with my partners to get things done? So we have to be really careful about why and not usurp the entity as a whole, because ultimately, one of us has – where's Arun back there – Arun and any of the other staffers will question us about the validity of what we've done, and the way we used taxpayer dollars to get it done. And we've got to understand what's underneath that before we decide we want to work around versus in and through.

The other advantage of that, though, back to our earlier comment, partnerships. If we've established the relationships and the partnerships within the enterprise, it should make it easier and quicker to get things done. So we just need a balance and to understand the why.

(PAT ZARODKIEWICZ) Of the two things that I mentioned, one really is taxpayer dollars. That's always where we have to think about and, going around the bureaucracy, again, might be the right answer for your piece of the problem, then find work in the strategic requirements of the Department and the nation at large might still not be the most important, however you get. That said, there is institutional resistance and informal ways to penalize the people who play badly.

So I found that sometimes when I knew where someone wanted to go with that new idea, that new requirement, I could help them get there. But if they didn't want to communicate what they needed or to build that partnership to get there, I probably knew how to get through the bureaucracy in a timely way. Now you're going to go around and piss off a whole lot of people and bring the overall goals of the Department at risk.

And so, you know, I like the creativity of finding different ways, and it often did help us think about why do I have this roadblock? Why do I have that stepping process? Is it there because it's law? Is it policy? Is it just an old habit? And so, if it's the last one, I can change that. It's the first one, get back in the box and behave so that we don't put the institution at risk because you're looking for a solution that is now going to put Congress on edge, you know, other stakeholders in a level of disruption. That's not a good risk management approach from planning strategically.

(MARILYN THOMAS) The only other thing I would add is, the bureaucracy is very, very powerful, and understanding how to utilize that for good is an important skill and something I think that those of us who have worked within the bureaucracy for years, understand and effectively utilize to get the results. I know, we've talked a lot about results. But if you want an outcome, you've got to understand that bureaucracy and know how to pull those levers and how to utilize it.

(JASON DECHANT) Okay. We'll open up to our next question from the audience, please, at this point in time. Over here.

(TRISH YOUNG) Thank you, Trish Young. I want to circle back. Marilyn started to touch on it, so I want to pull the thread a little more.

As we talk about the panel, what will our future DoD managers need to know? We talk about processes. We talk about bureaucracy. We talk about the business. What are we going to do to attract and retain the future workforce when they have different values from what we grew up with, and how are we going to train them to understand win-wins when tradeoffs will be in perhaps their compensation packages, their incentives?

And so, Essye also talked about going tactical to strategical. How are we going to teach a different generation, because our values are different, our expectations are different, and retain them to lead very complex and difficult jobs?

(MARK EASTON) Great question, Trish. I think that we need to think differently about the way we develop our civilian cadre in terms of training, number one. I think that we need to take a look inward, whether you want to call it the process of the business environment, because it's not a particularly attractive environment right now, heavily transaction-oriented, and it's something that when I was at DFAS, for example, we were bringing sharp young people into the workforce who had learned about accounting, you know, we refer to DFAS as our accounting firm. But then we put them into an environment that was not the kind of an environment that they expected.

So I think that the changes that we need to make in the processes will improve efficiency but will also allow us to attract and retain those people. But at the same time, the younger generations are also looking for flexibility as well. And so some of the nature of the way we do business tends to be a little bit rigid. And so I think that we need to be thinking in terms of whether it's flexibility between work-life balance, or whether it's flexibility in terms of moving people from the private sector into the Department and then back out to the private sector. Those are things that I think are challenges that we need to be able to take a look at or opportunities we need to take a look at.

(ESSYE MILLER) When we came in, you clearly knew the competencies that the organization that hired us were looking for. And we had discussions about aligning those things. As we transition to a different kind of workforce and look at the different new ways of working, we still have to look at what are the competencies and how that matches up with the mission in the business of national defense. And in some areas that becomes, I think, a personal decision. Here's what the Department has to offer in terms of competency, education, training, and service. Essye Miller has to decide if she wants to step into that.

I think we have to look at it all. But I alluded to it earlier, we have to get back to make an investment in the workforce so that we know what we are training the next generation of leadership. We all went to either FEI or Center for Creative Leadership, we had these opportunities to go do that self-evaluation and understand where we fit and how we dealt with people and just the broad range of being leaders. I don't get a sense that we are investing to that degree. So we're promoting and putting people in roles. They know how to get things done, but not necessarily operate in the broader system.

(MARILYN THOMAS) I would just add one thing. I think we, as senior leaders and former senior leaders need to do a better job, and I love your question. But we collectively need to do a better job of modeling and showing people the value of a leadership role in the program. I mean, look around the room. Who gets to sit in a room with this many people with this experience, who have made huge, huge decisions. This is what we grew up to do, and the only way you do that is you enter government service, and you spend a good bit of time getting smart, and understanding the bureaucracy and how it works. The benefit is you get to make a difference, you get to sit in a room like this, which otherwise, you wouldn't have the opportunity to do.

(PAT ZARODKIEWICZ) I think there are a couple more practical things. And again, with Secretary Hale, we started a relationship with Stanford, you know, to bring in interns at the master's level, for summer. You know, people that were usually excited about the ability to bring what they were learning into DoD, and it was really painful. I mean, I think for them individually, they had great experiences, but getting a temporary clearance for 90 days, you know, the normal onboarding things were just rigid and barriers to entry, and we see that with apprentice programs that [indiscernible] really need a full range of skills. When you think about this environment next year, what if we had a whole row of grad students in the back that get them the opportunity for a coaching moment to talk with each of us?

And some of you guys know, I'm trying to get people to take the time as senior leaders to coach and mentor everyone from way down, not just in their own functional career field, but across and whether that's young officers, young Airmen, young guardians, or a young civilian. People weren't always willing to make the time for that. I wanted to change the incentive and make that a performance requirement. And there was great opposition to that and there was pushback on being on SES, you know, selection panels. It's an investment in time, and, you know, the Department has to push its senior leaders to make better investments, doing community outreach, to be able to go to a job fair. I can't talk about staff because I'm not a senior person, but there's hundreds of folks in the Department that can be a coach for the robotics team. I help them raise money because I know how to do that.

But I've never talked to a dozen kids about the value of public service. So there are ways to begin to do that. But it's something that we all have to think about, and look for those small opportunities, but at the Department level, how do you break through these barriers, to create relationships with colleges, universities, campus programs, so that the mission becomes the excitement. Their contribution is the thing that they want to do. It's not just a job.

(JASON DECHANT) Thank you. And our next question over here.

(DAN CHENOK) Hi, Dan Chenok, IBM Center for the Business of Government. Thanks to the panel for your insights. If you were still in your roles today, based on your experience, what are some research topics that you'd like to see coming out of a group like this?

(MARK EASTON) I think one of them would be lessons learned, applying lessons learned. In other words, going back into, how many times have we done the same things expecting different results? So I think there would be some good opportunities there.

(ESSYE MILLER) That's like the discussion we had yesterday in the car. How do we align the force to understand what's underneath the laws and statutes in their measurements that we're pushed to capture such that it drives mission effectiveness? How do we close that gap? So we don't look at things that come off the Hill as a list of things that we have to do. But really back to the basics of driving effectiveness and efficiency of mission. I think we've got to look at a way of closing the gap so that we're not looking across the river, or other external requirements as additional burden, but ways to help us increase the way we do business.

(PAT ZARODKIEWICZ) I'd like to see some research on some of the softer skills, what may change work. So I needed to teach someone, either a new executive, or a new political appointee about how to drive change and make it stick. What are those competencies? What are the skills that they need, [such as] communication, around this driving change because it can be really on any topic, but those were the things I really struggled with.

(MARILYN THOMAS) I think my request for a research topic is probably very contemporary right now. I don't have a good sense of how the current workforce works in terms of hybrid at home, in the office, and how to balance that within the Department. I mean, we've been a very physically oriented workforce for a long time, for a lot of reasons. I mean, our fiscal assets are there, our security is there. How, you know, how has that changed post-COVID? And frankly, you know, we blame it on COVID, but really, I think, the mentality of the environment in the workforce has changed and how are we dealing with that and sort of where that balance is right now? How do we strike that balance?

And then what are the impacts of that? Do we have efficiencies? Do we have building savings, you know, maybe we don't need as much office space. I don't know. I would like to see a study on that. There's probably many studies ongoing in that area. But that's something I would like to see and get my arms around.

(ESSYE MILLER) I'd look at too, how do we prepare the career force to operate in a political environment? We don't do a great job of raising the force to understand how to operate in that space, so that the first time you go to the Hill is the first time you're dealing with a staffer. We need to start early, teaching the force how to engage there.

Conversely, bringing in political appointees, how do we set them up for success for understanding the Department that they're walking into? We often deal with people, either from industry or politically, coming into the building and they know better because of the reputation government has a tendency to have. How do we break through that and help both sides understand how to integrate much better, so that they operate more seamlessly?

(JASON DECHANT) Thank you. And I think we have time for another question. Any questions for our panel from the audience? Yes, Dr. Chu.

(DAVID CHU) In the interest of management improvement in defense, as you look back on your careers, are there one or two incentives you'd most like to see changed either in part or in whole to foster a better management? And conversely, are there incentives you'd like to see preserved as important to future success?

(MARK EASTON) Incentives is something that's a challenge. You know, when I was in the DCFO position, I can't tell you how many times people like Arun or Peter would ask about what would motivate behavior? I think that one of the incentives that I think we need to preserve, but we may need to tweak a little bit, has to do with the resource allocation process, because I find that that's maybe one of the strongest incentives from a budgetary perspective, and we've got some budgeteers over here that can comment more on that.

But within that process, that I do think provides some sense, if you embark on a change, it needs to be tied into the way we allocate resources. And in some cases, those initiatives that were not, and you're trying to do it on the back end, just don't work. But within that process as well, I think that we need to take a look at some of the common things about spending your money, the incentives that are created to spend money, as opposed to realign it. So I would want to take a look at a couple angles of the resource allocation process.

(MARILYN THOMAS) So I guess, and maybe I missed the question a little bit. If I look at it from my personal perspective, in terms of looking back over the course of my career, having been a mother, balancing and raising three children and a wife, and a house and house repairs, an incentive for me, looking back, that I don't think I had to the extent that I really could have used and needed is more of that flexibility. If my time and my talents were that valuable, why couldn't I have more flexibility to deal with the other pressures and influences on my life?

(PAT ZARODKIEWICZ) And this might not really be an incentive, but maybe it’s more on the reward side. But every FEV (Federal Employees Viewpoint Survey) I've ever looked at, every climate survey I ever participated in and assessed, said everyone wants more recognition. And that's going to be, you know, just the pat on the back, but standing up in front of their peers and their bosses to get recognized for contributions that people have made, has been something that I think has always been within the Department’s ability.

But we really struggle with it, and my folks just constantly raised the bar, about what they needed. So it didn't always turn out to be an incentive from, I want more cash awards, or I want more time off; it was, I want to know I'm really contributing. And so if it was the quarterly award, the getting called just into a staff meeting to say, hey, you did really something awesome, it made a difference, and it was a good feedback, because the folks were in front of their peers that way. And I think that's small, but it's something that the Department has really struggled with.

(JASON DECHANT) Okay, I think we may have time for one more quick question if there's another question from the audience. Okay, we can go over here for the last question, please.

(PARTICIPANT) So, I haven't heard much discussion on Congress, and yet, they have effectively stopped BRAC (Base Realignment and Closure) to save more money than I think any other single initiative in the history of DoD. But on the other hand, I think they have allowed to go forward some initiatives like retiring older aircraft, with the notable exception of the A-10 and in between, I watched Bob Gates terminate a dozen major systems. So what should every person in the Pentagon know, in your view about Congress, as it relates to performance improvement, and, if you can, give us some specific examples of how it worked or didn't with Congress.

(ESSYE MILLER) Hmmm, who's reaching? I guess I end up with the football. It's quite timely. I was in a discussion with a couple folks in the room yesterday about the federal IT acquisition, and looking at how do we really help organizations measure the things that we know folks on the Hill are focused on? And if I look strictly at IT, you know, cloud adoption, IT modernization, and security. Really understanding where Congress is focused, and back to my earlier point, how our mission plays into that, and how to have the conversation.

The likes of Peter and Arun and some others can look across and question us about what we're doing. The force, I think, has to be able to clearly articulate how we are doing business, how we are using our resources to accomplish what they would have us do, and more importantly, how they can help us with the things that we need to get done.

I'm not sure that answers your question, but I think I go back to my earlier point, we've got to close the gap there to understand politically what the folks on the Hill are looking for, and how we balance that with the mission and the business of the Department, and there's opportunity in that Venn diagram somewhere.

(PAT ZARODKIEWICZ) I think there were a couple of things that I did earlier in my career, where, again, in the financial management business, because there's hearings, there's lots of opportunity to meet with staffers. Every year, we'd bring in a staff director, or senior staffer, and have them sit down with our budget analysts and talk about what they did and why they did things. So they got to understand that, you know, their job was not just oversight at a strategic level, but they needed to find money to help meet their boss's priorities. And we just spent six months doing that from an Air Force perspective.

You know, we rearrange money all the time. So it helped them understand that getting a budget mark wasn't a personal thing. Maybe you didn't do a great job justifying your budget. But there was somebody else who had a goal, and they actually own the pen, you know. Let's go back to the foundational principles of the structure of the government and why Congress gets to decide. And it was always a great lesson, and it helped particularly our younger folks to see what that relationship was about, and also then to send them to the Hill to sit in on a hearing. They got to see it work at a bigger level, which isn't just important for folks in the Department, but it's also important for us as citizens to understand that.

So I think there's some things, again, that are time-consuming and important to do that helped build that educational foundation. But it has to go back to the discussion of why – why do we do this, and how do you build those relationships? How do you get around the tyranny of time when Congress needs a result now, and I need to be relentlessly trying to drive toward a BRAC? Where do you find alignment of those things? Talking about, you know, BRAC savings, when it's five years out was really, really hard when we had to do depot closures, talk about scar tissue. You know, because it was jobs in a district, it was constituent issues, and yet, from a big efficiency effectiveness standpoint, it was the right thing to do in the Department. But you really got to see the interplay of higher-level national strategy down to that local level. And I personally wasn't well prepped to deal with that when I would go to a depot and get media questions and local Congressional staff just kind of flogging me because I didn’t have their perspective, and that wasn’t my job. My job was to close the depot.

So it was kind of a difficult way to get to that, knowing that we're believing that in the end, their community would be stronger, they would have a broader economic base. We had all those arguments. But we didn't always have the trust, and we didn't have the inside knowledge of all the different incentives of that structure.

(MARILYN THOMAS) I would say in answer to that, there are a number of occasions that I can reflect back on where it was more of a partnership in dealing with a particular Congressional staffer or group thereof, where they would ask what can we do to help, and if I could articulate whether it be enabling language or even a Congressional ad, in some cases, there was usually some good synergy there, if I had a compelling case.

So I don't want to leave it as it was always combative. It was a good tension, yeah, good healthy tension, but I often found the people I worked with on the Hill to be very helpful to me.

(MARK EASTON) I think a couple things. The tyranny of time, and so I think that, you know, we would be better off. I found that I got better results if I maintained the dialogue, even though maybe it wasn't always returned. So that's one point.

The second thing is often times when we would – the clarity of communication, which has already been mentioned, but combined with being able to measure, we spent a lot of time talking about measurable results, and so forth.

And then the third thing, and this is the recognition of the strength of constituent interests. The specific interest of Bob Spear and I spent a full day going from, you know, different personal staffs, committee staffs, based on a realignment of workload. It wasn't really a realignment, but we needed to explain exactly what we meant. I think both of you probably recall that. So, you know, those are examples.

I mean, I found that if you're able to clearly communicate, that's step one. If you can measure and support what you want to do, and then and then be able to maintain that kind of dialogue, I think we got as good as results as we could.

(JASON DECHANT) Thank you. And we've reached that time in our agenda that in just a moment, I'll turn it back to Peter to close it out. But before so, I hope you'll join me in thanking our panelists today.

I want to say thanks to each of you for sharing your insights and experiences on what every DoD manager should know about how the department works because it's been an engaging discussion. And thanks to you all for your questions throughout. So I'd like to turn it back to Peter at this point in time.

(PETER LEVINE) I'd like to announce that we're now going to take a half-hour break and lunch should be outside if everything is working right, and we'll see you back in here at noon for our next speaker. Thank you.

This page is intentionally blank.

7. Luncheon Address: The Honorable Beth McGrath, Former DoD Deputy Chief Management Officer

(PETER LEVINE) So our next speaker is the Honorable Beth McGrath, who served as the first Deputy Chief Management Officer of the Department of Defense from 2010 to 2013 and now leads Deloitte's Global Defense and Security Practice.

I had the privilege of working with Beth when she was Deputy Chief Management Officer, both acting and after she was confirmed, and I remember how delighted I was at the time that the Department had entrusted this important position to a career civil servant who had a deep knowledge of the way the Department works based on her experience at DFAS and in the Department of Navy.

Beth is well known for her incredible work ethic – I think we all know that – and for attention to detail, and she remains to this day one of our leading experts on every aspect of defense business systems. Please join me in welcoming Beth McGrath to the podium.

(BETH MCGRATH) So, I'm taking a risk. They told me all I have to do is lean forward and the mics work. So I'm taking a risk by sitting at the table, but really, I wanted maximum coverage and protection because I know most of you in this room.

First, I do want to thank Peter and Mike for, I'll just say, allowing me to participate today, and, as others have said, you know, sort of sitting in the front of the room looking out at everybody who's here, you all know more, way more than I do. But I also see so many battle buddies, you know, that I've had the privilege and honor of working with over many, many years. You know, I could honestly go around the room and say, oh, remember when we did this, that, or the other, most of them positive.

But as you all know, having the sort of change management job in the Defense Department is not for the faint at heart, and I think Pat Z. was talking about, you know, she doesn't always have to sort of like who she works with but needs to find a way to get stuff done. And, you know, I would always say, you know, I will never win Miss Congeniality, and that holds true today in sort of the various activities that I do.

I will also say that, as I am no longer in the Defense Department, I don't have a notebook where someone sort of made sure I covered all these salient points. And so, I'll say mine's a little bit of a story and a journey about both sort of what I see today, having sort of been out of the Department for nine years – which is sort of crazy to think about being out that long – but also still very connected to sort of the mission of the Department and public service.

And so, I thought I'd talk a little bit about – and hopefully someone will help me keep track of time – but, you know, I have the opportunity now to run Deloitte's government business globally, and it's fascinating in the fact that, it's defense plus all the other organizations across government. I'm constantly looking for things that work, lessons to be learned, how to apply this to that. But I will forever be a public servant and I will forever have sort of the Defense Department at the forefront of my very being. Honestly, my dad was Navy and so I will always be slightly tinted toward Navy blue. Otherwise, my parents will disown me.

But what has been interesting, I had the opportunity last year to be at the Munich Security Conference, I was at the Reagan Forum where some of you also were, I was at the Halifax Security Conference. In the last year, I've been in Japan, Australia, just came back from a trip to Israel and India. I met with the Chief of Defense Staff, UK, I was at the Royal Military Academy. And what's really interesting is sort of how small the world is becoming in particular around national security.

And I will get to the sort of the CMO and functions here, but the points made by General Schwartz and Mike and the Deputy Secretary around sort of the connection to the mission and the importance of the mission and the coalition and, you know, we've forever talked about the Five Eyes. But now, I mean, it's really interesting with the Russian invasion of Ukraine, you see sort of Germany, I didn't mention Germany, I spent a lot of time there looking at, you know, you're seeing different coalitions and partnerships happening across the globe, ones you wouldn't normally think about happening in addition to Five Eyes.

And one of the many focus areas, I mean, I don't need to tell you, sort of U.S. and Japan, no focus, you know, we need greater team work on emerging disruptive technology. They're looking at optimization of the supply chain, at the heart of all these things, I hate to say, is the procurement process. And, you know, that's both on the major defense acquisition platforms, but also on technology.

And then if we're looking at things like in – so who would have thought Germany's buying F-35s? They're starting from scratch in terms of infrastructure, maintenance, training, all those sorts of fundamental things that need to be done.

And so, you think about this notion of where the business of defense really needs to be an enabler of the mission of defense, I truly, truly believe that, and I think it is critical to the sort of the belief of the alignment of objective, which folks have talked about the why, right? Start with why and get alignment. There's so much power there, because without it, you're wandering, right?

And so I bring up these – I'm having all these conversations around – in various defense organizations around the globe, and so many people want to know, because I come from one of the biggest enterprises in the world, as I can't remember the GDP analogy that was made, but it's probably one of the biggest. And they said, well, how does the U.S. do it? They're constantly looking for lessons learned, best practices, those kinds of things. And then how do you help create sort of infrastructure where none exists? Again, the F-35, or some of the AUKUS – the Australia, U.K., U.S. collaboration.

And what's really interesting is you talk about all the, I'll say the opportunities around defense, but things like sort of, as I mentioned, alignment to objective, the Coalition of the Willing, understanding the network to how to get stuff done.

There is a bureaucracy and there's an organizational chart, but there's also the network of getting stuff done, and many, or probably most of you, are in that network of figuring out sort of how to get it done, I'll call it, despite the bureaucracy and/or the organizational chart.

What has been really interesting since I left, we were talking about cloud and I'm no IT expert, I did spend a bunch of time in acquisition. But things like sort of cloud process automation, artificial intelligence, machine learning, all these technological things that enable us to do what we want to do in terms of management reforms, are tools. They are not the end game, right, and they are the tools – which those who know way more about technology than I do – but with them has come sort of a change in the risk posture in terms of cybersecurity. Certainly we were talking about cyber while I was in the department, but I feel like it's gotten exponentially bigger in terms of some of those challenges.

And again, so then harkening it back to sort of business systems, I think Peter said, I'm an expert in business systems, which I smile at, and I'm thinking, oh, can't I be something more interesting. And it's because I spent so much darn time, you know, with many of you – I see Bob Speer and others – you know, I never thought I'd spend so much time talking about business systems. But if they're not connected, if they can't talk to each other, then they don't get the outcomes that you want.

But then overlay cyber and the vulnerabilities that exist, and maybe it was Secretary Hicks who talked about the technological debt. The Department is still carrying around so much technological debt, which increases vulnerability from a cyber perspective.

And so the game has changed in a way that I would think would really raise both expectation and anxiety around like, how vulnerable are my systems, and do you even know where you're starting from in terms of your risk posture from a business system, and I'll just stick to business system perspective, certainly those things apply to the command and control aspects.

And then certainly all the data that resides in them. And so I look at cybersecurity and again, some of the broader global things around cyber. Food security, all of a sudden, national security and food security, who would have thought they'd be in the same sentence, but here we are talking about them, because this is today's world. And that's part of the, I hate back office, I like enabling, that sounds more like in the mission. I mean, these are enabling functions, and you're talking about food and food security and getting stuff where it needs to go. That's all part of the enabling side of the Department, which is really, really important.

Not to mention energy security. We're looking at alternative fuels, but also what's the grid? How are we protecting these things? Again, to me, this is part of the sort of that management. How are we structured to really organize where the risks are.

Information warfare, more on the command-and-control side, but not exclusively, if you look at medical data, supply chain data, all those kinds of things, it all is part of the fight. You look at joint all domain, enabling us on the business side. We're part of that joint, all domain, but we need to, I'll say, act like it and be at the table.

When we're talking about information warfare, we're talking about, you know, platforms talking to each other, and the criticality of that happening. If the business systems consider them a platform, if they can't talk to each other, I mean, we should think of them the same way. And I get one like flies and drops, you know, munitions, but the other one enables stuff to get where it needs to go, payments to get where and who they need to go to, families to be taken care of, health, and all those kinds of things, which are so critical to our overall mission.

And again, I guess my plea is that, you know, as we look at management reform and really enabling better sort of people process technology, it's also how we think about this part of the business, or this part of the mission is at the table, you know, similar to a weapon system-type discussion.

Those of you who sort of had the, I'll just say, opportunity to sit at a Defense Business Council meeting when we stood it up years ago, it was all about like, how do we create a JROC (Joint Requirements Oversight Council)-like environment for the business systems, because no one would ever bring a helicopter to the fight without first understanding the role of the helicopter, going to the JROC, you know, all those kinds of things.

Yeah, on the business side, we just sort of bring what we want, when we want. That's why we have so much of the stuff I would say we probably don't need. Maybe that's what makes me an expert on the business systems is because there's so much stuff and there's so much complexity, that I really think a mind shift in terms of how we approach, again, the enabling side of the department in terms of the business system, and again, I'll talk about the IT.

Like, if you need, I think one of my examples I use all the time are, you know, learning management systems. They're probably less controversial than accounting systems. But you know, we had 11 or something like that, and I'm like, why do we need 11, and the answer is we don't need 11, we need maybe one. But to get to one might be hard from a cultural perspective. So, let's aim for four and then let's all figure out what do we need and why do we need it, and it's costing money that we could, again, move from the tail part of the organization, if you will, to the tooth and the mission.

And so, I really think this – I'm heartened to hear the Defense Business Council lives on. I see David Fisher back there too, total battle buddy with me for forever. I think we both have scars.

But I think the importance and continued recognition of a council focused on the enabling parts of the organization deliberately tied into the mission of the organization, and with the attention at the DMAG is super important to sort of drive sort of this institutional change.

So we talked about all the – I am going to talk about culture for sure – and then measurement as well. Again, I'm thinking of sort of the why, the what, and the how.

If I was to really, really focus on understanding the why and getting alignment to the why, there's so many parts of the organization that are incented different ways, which is why it needs to be really clear as to sort of the why, and then the sort of what you're doing, some of the activities around the processes. I guess that also gets into the how to really look at if you understand the strategic alignment of whatever your mission objectives are, you understand what role each part of the organization needs to play, and then you hold him or her accountable for achieving those objectives. I think it’s the most simple way to talk about sort of the management and the structure and using it in governance.

I will say every, I think, federal organization, sort of in the U.S. and external that I've had encounters with is looking for speed and agility. I do think really examining some of these processes that we know and love and have been around for decades, just need to be, I'll just say, shut down and redone.

I know that there's been a lot of work on acquisition reform. But I also think it needs to be tied to specific objectives around technology. I think technology is moving. You know, Terry, and I were talking about the requirements process and how long it takes and then tied to the budget process, and these are all things you know. But by the time you figure it out, you have money to do what you want to do, the technology has changed. And so, I do think sort of these technology funds are a good start to enable organizations to move with speed.

I think to figure out how to systemically embed it in the organization is super important, and that the governance bodies are really pushing people to drive the change and to achieve the outcomes, both from a technology perspective and otherwise outcome.

Transparency, transparency, totally, you know, I think when we created the Defense Business Council, and I used, it was a Tableau dashboard many, many years ago, and it was this like, revolutionary thing and everybody is like, wow, how'd you do that, and we're just like, oh, we just loaded your data into a visualization tool. And everybody thought, oh, this is really cool, except for, why are you showing my data to everybody else. And I said, because we're in it together, we created the Defense Business Council to really be the council to look at all the stuff, not just the way we're organized in terms of either Army, Navy, Air Force, et cetera, or by functional area.

So it was really trying to create a much more enterprise-based perspective with the information that we had. And I'll just say, the SNAP IT data at the time, stunk, but we used it because we said it's the authoritative data source for the Department.

So if we want to make, you know, data-driven decisions with accurate data, then we need to fix the data. And so it was a campaign around data cleanliness, which sounds super exciting, for like one person and – but we're all saying we need it, like, oh my gosh, data-driven everything but if we're not going to spend the time to clean up the data, then like, I would say don't bother. This is all non-attribution, right? This is what happens when Peter says talk about what you want, and I was like okay.

But, you know, I am a huge believer in data. I think without it, you can't decide as people, as consumers of everything, like we use data to make decisions every day, what to eat, where to go, you know, what are the reviews, you know, whatever. I mean, it is part of our every day. And I think as an organization, not just defense, but every federal government needs to look at how am I using data to achieve what I want to achieve in terms of culture for the organization, military outcomes, people outcomes, talent experiences, you know, whatever they are, we should use data as a tool to enable the things we want to do. But again, we need processes, and, you know, I'm not close enough to ADVANA to know, like, how many answers are in there. But I do think that we should be extracting the valuable data from all of those thousands of systems that we have to inform a way forward.

And then the whole tech journey, we went from, we need to go digital, there's digitization to digitalization to sort of digital transformation. And I really feel like tech fluency, if you want people to actually use technology in a way to enable their business, they need to be tech fluent.

I can talk about in my own company, we wanted everybody to be tech fluent, but not everybody understood. They thought they understood, but they didn't. So it was a huge campaign around do you really know what it means, there was education around technology.

We talk around things like DEI, and they all sound, you know, diversity, equity, and inclusion. Of course, we all want that, but do we all understand what it is? There has to be sort of an education and campaign around it, and how does it matter to your business and to you achieving your objectives.

You know, these are very cultural, these are soft skills. I think maybe it was Pat Z. who talked about the soft part. I mean, the soft part is the people part, and if we believe that people are our number one asset, then we ought to be paying attention to that part of the organization, in addition to all the normal I would call "training and education" that we would want folks to have.

So I do think the technology fluency across the Department, because it is part of everyone's every day, is a campaign I would push and extend to the Defense Management Institute to push along with its other industry partners, or academia, and FFRDC partners, I think that's important.

And then I would also say, RPA (Robotic Process Automation), I don't think we were talking – we started maybe talking about RPA while I was in the Department, and then nobody really wanted to do it, because we thought it was going to be a job, you know, that people were going to lose their jobs, and it was like, no, no. COVID happened. The silver lining there was we needed to virtualize networks, we needed to – we needed RPA yesterday. You know, people are calling and saying, hey, can I have that RPA thing you were talking about, and you're like, you're kidding me.

But, of course, because people understood it was the technology as a tool to again, get the information they want to do what they want.

So, this to me is part of the fluency piece. I think cloud – we're in the beginning of that journey. I'll just say globally, everybody's in different places. Data sovereignty is such a big issue. You know, Australia, Germany, it was like all private cloud, private cloud, data sovereignty, and it's like, well, who's out there as the providers? Well, there really aren't any European providers who can do that. And so, all of a sudden, it's like, okay, instead of just saying no, really understand what the sort of the cloud journey needs to be. Again, it's a different perspective and an aperture.

Again, I could go on about sort of machine learning, artificial intelligence, which to me are sort of advanced levels after you get through the basic tech fluency. But my whole reason for bringing up technology as part of a management institute is, we are tech-enabled everywhere, and it's part of everything we do from a management perspective. So people process technology, but then how is the technology enabling the process? How is it influencing the people? How are we using it as a tool, which is why I think it's so incredibly important.

Nearly every management consulting firm out there is becoming a technology firm because we need to be, right? We need to be. We need to understand it as a tool. We need to understand how to use data in the big sort of we, not just industry.

And I guess, you know, as the Department looks at its inventory of business systems, there's a lot of investment that's been made, billions of dollars in ERP (Enterprise Resource Program) systems. And I think it's also looking at how do you maximize the investment that you've made, but also move into the future with different low-code, no-code platforms. You don't have to just dump one to have another. There's a relationship there, where these investments can be, I'll say optimized and extended.

But again, to me, this becomes part of the, do people really understand how to maximize these investments, and I'll come back probably all the way around to the – I think the panel talked a little bit about professionalizing business management in defense.

I do think there's a gap in terms of training people, having a professional corps. If I look at my own journey, I don't remember all my job classifications, but it's like, a 343, a 5-something, you know, I feel like it was in every discipline. But I thought it, in hindsight and looking back, it probably prepared me well, in terms of spending time in acquisition, in finance, in program management, but it wasn't deliberate. It was very serendipitous, very serendipitous. And next thing you know, you're like, hey, I've had all this experience. I really think professionalizing sort of the management as a discipline in every government organization would be super helpful.

I also think, again, if you look at, we have a lot of experience, again, I had the opportunity to be the milestone decision authority for a bunch of the acquisition systems in defense, and we're really good at making functional leaders. You know, our star accountant in charge of the IT system. I'm like no, no, that's a bad idea. He or she has no program management experience. And so really understanding sort of this team approach to getting stuff done, I think is like – and I can't remember who said it – but you know, this is a total, total team sport, and I want the functional people to be like really good functional people because, you know, and I want the program manager to be the really good program manager. My analogy is always basketball because I love basketball, there's only five people in a quarter at a time, but you want each to play his or her position the best they possibly can, not to then play the other person's position.

I feel like if we look at, again, IT and program management and delivering technology, Terry and I were talking about when an IT program fails, the only person who's ever held accountable, if anybody is held accountable, is the program manager, when in fact he or she does not have control of the total.

And so it's really understanding like, really who's in the game, what is their role, and are they are they doing what they're supposed to do? And then there's a both a transparency and an accountability part there.

Gosh, so I talked about some of those data things. Structure. I will say it's a little odd to be standing up the first Deputy Chief Management Officer, and then the organization shut down. You know, we stood up the Business Transformation Agency, shut it down. So, you know, you have a lot of, I'll just say, scar tissue, and experience perhaps is a better way to say it, or lessons learned.

I would say at the heart of how it's structured, I think it needs to fit within the institution to introduce something and I think Peter mentioned, you know, being – I had the privilege of being the first Deputy Chief Management Officer, and I think that it had greater acceptance because I was part of the institution, and I knew people. You know, I had a role. I had existing experience, and I do think figuring out how the management initiatives and reforms are part of the fabric of the organization is really important. I do think it won't be enough for an institute to drive the Department. I think that the Department needs to drive the reform and use the institute as a tool in an enabler, so it doesn't abdicate responsibility. It just won't work that that way.

And so, you know, having Secretary Hicks talk about the importance of the enabling business, I think, is really key. I think tying it to the mission, as I've said, is really key. You know, I'd love if the – actually, I think we changed at one point the requirements, a directive to point to the Defense Business Council as the requirement part for the JROC. I'd actually like to see it be a little bit more forceful in terms of not allowing, or not, you know, business, another business system, or really understanding what objective we want to achieve.

I really think driving down technical debt is really important, again, from a vulnerability perspective. And so these things to me require sort of a systemic change in the organization. They need to be sort of fundamentally part of the policy and the behavior every day.

I also did want to talk about sort of more increased awareness for the initiative, and that the Defense Department hasn't sort of stopped thinking about it.

It was sort of like with the audit, when it was just the comptroller's responsibility, like it was just the comptroller's responsibility, and if others didn't have skin in the game, they didn't have skin in the game. It's the same thing on the management side. All the rest of the disciplines, like people need to understand it's what role they have as part of the management.

And then I talked about training and education and professionalization of sort of defense management. I think there are great tools out there in terms of education. We have all kinds of students going to, you know, business schools, but I think there's this, you can't just take a student who has only gone to business school and has no defense experience, and put them into defense and say, oh, you'll do great. They'll be lost, because they don't understand the institution of defense.

And so, I would love to see more internships, and again, the security clearance process comes up, I think, everywhere I go. But, there needs to be a way, and I know we can do a 24-hour interim secret without a problem, making sure we have the right controls in place, but as an enabler to bring students in in a more systemic way, in all the, not just the top Ivy League schools, but as many schools as possible in local jurisdictions where we've got Huntsville, Alabama, or out in California. We should be doing more and more and more, bringing students and giving them exposure because I will say, some would say the ongoing or the soon to come or soon to get worse recession is a great time for government to bring in people.

And I think that this is a terrific time to get out ahead of – well, again, ahead, you look at the current sort of inflation to say, well, how are we taking – what's the silver lining here, potentially, to bring in more people, because we've been around long enough, and this room has been around for decades. You know, there's the cyclical relationship with government. It's cool. It's not. More people are in or not. But I think with an, again, impending or current recession, however you want to define it, is a terrific opportunity to really lean in and take advantage of all kinds of experience and opportunity in doing some really cool stuff.

People ask me all the time, like, why did I join the Navy back in – I'll say back in the day – we don't put numbers on anything anymore, and it was like, well, because it sounded like it was really interesting. It was an intern program. I was 7, 9, 11, that sounded great, and I just had to not screw up and I got promoted from a 7 to a 9. I made less than $20,000. That's how long I've been around.

But what attracted me was like, how cool is this? You know, I went out to San Diego for a year, I got to do shipboard stuff. I learned all about our shipboard allowance process, which then was a manual, a big fat book, some of you might remember. But it was all about the experience.

And, you know, I'm forever about the experience. And I can't remember who mentioned it, but its purpose and impact, like that's why we do what we do, purpose and impact. And I think that is the superpower for the Defense Department to bring in that top talent.

Now you're not going to pay the same, but I'll just say I have two 20-somethings. They're all about purpose and impact and they don't want to stay forever. They want to have an experience, and this is an amazing place for an experience, like amazing. There's nothing on the private sector side that comes close, and I really think, you then take that to the management part of the experience and really grab these kids while they're in college and take them out on a ship or in a plane, like I mean, it's cool and it's fun, and it is, no kidding, a superpower for this organization.

The other thing I would say is for the Management Institute, to the extent that you could do pilots, in addition to research, like, or figuring out in the ecosystem however it's going to work. I know, there's a lot of details to structure, but how could you actually do some pilots, and maybe it's, you know, take a segment of a business unit or a management function, and then pilot something, and then if it works, let's celebrate it. If it doesn't, let's also celebrate and say, okay, we learned that. It should be part of some of this software factory, all that kind of stuff that's happening. I think that should be sort of part of this.

So I should probably stop talking. But I will close with just a couple of thoughts.

Again, the connectedness to the mission of the Department, whatever it is, that we do on the management side. I think they need to be inextricably linked. I do think that, and like I said, I'm super happy to hear about the Defense Business Council in its sort of enduring presence, and its stronger connectivity to the DMAG, I think, is critically important because the institution recognizes those as governance bodies.

The accountability piece and the measurement piece, it's sort of understanding where you're going, how are you getting there, and whether or not you're making progress. I do think it's really important to understand if you're making progress or not.

I do think the data-driven piece, again, I mentioned, I think it's also critically important, but I would also caution not to over-rotate on waiting until you have like all of the information, like sometimes good enough is good enough and we need to move forward. And then, you know, learn. Okay, we tripped, we fell, or oh, that didn't work, but then keep moving on this, you know, fail fast. We talk about it, but we don't do it very well in government.

I will say in industry, they're like, okay, we tried that, we're shutting it down. We tried; it didn't work. But most of time, people aren't fired. It's a learning opportunity, and it was part of the strategy. Well, let's try this, you know, if it works, then great, we'll do it. If it doesn't, then we learned, and we move on.

And this whole notion of team, you know, I can't say enough. So many people in this room are part of the coalition because it's the network, they get stuff done. I think I mentioned that. And there's the Coalition of the Willing. We had constant communication and partnerships. We didn't always agree. It was funny, if Alan Estevez were here, and most of you know Alan, oh, my gosh, he and I would go toe-to-toe all the time in the Department. You know, he's like, I don't care what it costs, I want stuff to get to where it needs to go. And I'd say, yeah, I want stuff to get there too, but, you know, we could do it in a more cost-effective way, Alan. And it was this great partnership of really, we were both aligned to the objective in terms of getting the stuff where it needed to go from a military material perspective, but to really challenge though, are we optimizing the investment that we have in terms of taxpayer or in our fiduciary responsibility?

And then, I guess the last thing would be, there are just a lot of challenges, but I think they're all overcome-able, if that's a word. But with leadership, transparency, focus, the institution is the institution. I can't remember who said the checks and balances in government, I mean, it was inefficient by design, judicial, and executive, and legislative branches. But it doesn't mean we can't sort of operate effectively within it and get things done.

And so I do think the size and complexity of the organization are no match for the people who have the will to drive the outcomes.

So, that is my sort of overarching, I'll just say, perspective on the role and focus in defense management is critically important. I'm certainly happy it's a sustained focus area. I do think it will take all of us in contributing from our own purchase to help the Defense Department continue to move forward and give Mike and team and Peter as much help as they will allow us.

So with that, I'm happy to take any questions. Sure, we can start with Dave. I'm shocked, Dave Berteau, that you're asking me a question.

(DAVE BERTEAU) We did not coordinate the question in advance.

(BETH MCGRATH) We did not, and I'm a little nervous about that.

(DAVE BERTEAU) So, one of the things, almost all of us in this room started in DoD and many of us then went somewhere else, right? And your perspective changes when you're not inside the Department anymore.

One of the real interesting things to me and I'd appreciate your reaction to this is most government agencies exist to serve people outside the agency. But almost everything DoD does, we're doing for ourselves. We are the end user of almost everything we do. You've now done both of these, there's actually more types of government agencies than just those two, but for the sake of making the answer easier, we'll stick with just those two. A, is this correct that DoD is kind of its own consumer, and B, how does that change how you approach management compared to what you do in other agencies?

(BETH MCGRATH) I would say DoD doesn't exist for DoD's sake, right? It has a national security mission that, I'll just say, preserves democracy in the United States and across the globe.

And so, while many of the functions within the organization, the service provision, for example, the DLA (Defense Logistics Agency), or those that our agencies provide to the

Department is within the Department, it's for a broader mission. So I don't see it, as you know, exactly sort of inside or outside.

I will say that on the civilian side of government, the voice of the citizen or the customer is loud. And then therefore, the accountability and performance-driven customer experience. I would like to see that louder in the Department to then hold – I'll just say service-provider organizations, whatever service you're providing – accountable to the sort of excellence that I as a consumer would want from a civilian agency providing me a service on the civilian side.

And so, I do think this notion of performance and customer, the whole customer experience, you know, user-driven in a performance way, I would like to see that louder. And I think there's been, I'll just say, progress along that way. I do think culturally, the shift toward a more customer-based orientation would be a positive effect for the Department, because I do think that is, I'll just say, much louder on the civilian side – much, much louder.

(MOSHE SCHWARTZ) Moshe Schwartz. I just have a question. I'd like to get a reaction to something because a number of people today have talked about how one of the best recruiting tools is the mission, and I question that, because many people probably have had similar experiences perhaps. I have a relative whose attitude is, "I'm working for a VC (venture capital firm), I'm going to revolutionize how we feed the world."

I have another friend working on technology saying, "I'm going to revolutionize how we deliver electricity to cars on solar panels in roads." I don't see that approach of mission, frankly, to government the way it used to be, but I do see it among people who are younger in private sector. So I'm not sure that recruiting pitch of the mission for government, which is how I grew up, by the way – government – holds the same water today for recruiting.

And then second, even if they're willing to do it, I think we make it impossible. My daughter just got an internship. I pushed her to apply to government. She went into USA Jobs and said I'm done. She said, I'm done. A week later, she had an internship in a lab at an academic institution. So when you put those two together, I just wonder if this strategy of going into a recession and getting the people who couldn't get jobs or are willing to actually go through the system is going to work.

(BETH MCGRATH) So, one thing, congratulations for getting into USA Jobs for your daughter, but – and I'll say that is not a platform the department owns. At least, I don't think.

I do, however, I would push back on the mission side. I, again, I'm speaking from my experience. I feel like part of it is the, you know, how we're messaging to the people about the experience that they could have if they join government. I mean, I'm right now doing work both in the United States and in other countries, helping people get food they need, and it's through a technology implementation. Without it, they wouldn't have access to food, they wouldn't have access to education, they wouldn't have access to housing. And so, if you think about what impact you're making to people, but not, you know, I'll just say with a different message campaign. Like government is never good at sort of the recruiting part from an impact perspective. And so, I do think, and probably our uniformed services do it better than on the civilian side, really talking about the experience and the opportunity with the military and folks here can talk better than I can. Because I've not been in the military, but the type of experience, the way they address, you know, the opportunities within that military organization, I think is very compelling.

I won't disagree that we don't do a good job articulating what opportunities you would have because we make the process so cumbersome. Even if it sounds cool, if it's so hard, if I can't do it on my phone, then I'm going to lose interest fast. And so, I do take your point on, we need a sort of a way better technological avenue to get people into government than currently exists. I do not think USA Jobs is the, you know, I think it is a poster child but for not the right reason.

But I do think, and I think all of those who have served should be part of the sort of evangelistic game plan for folks on, you know, bringing people in.

(JERRY MCGINN) Hi, Jerry McGinn, George Mason University. Beth, you talked about that you sort of lived the dream of BTA (Business Transformation Agency) and DCMO. Those are two organizations that were stood up as independent organizations within the Department of Defense, and can you talk a little bit about, you know, is that an approach that you think works, or how do you think we should approach performance, you know, that kind of role going forward, because there's no separate Chief Management Officer within a corporation; that's the job of the line, P&L (profit and loss) leaders, and the like. So, could you talk a little bit about your experience doing that, and what do you think will work better in the Department, because there's a lot of antibodies in the previous approaches, and we've got to do something a little different. Thanks.

(BETH MCGRATH) Yeah, Monday morning quarterbacking is an amazing seat to sit in. I would say we stood up the Business Transformation Agency. It preceded the Chief Management Officer, and then we looked at, do we need two organizations because of the mandate evolved.

But I would say, as I mentioned, there's a hundred different ways to effectively manage an organization. Most commercial organizations have chief operating officers and, as you mentioned, P&Ls and line units. But everyone's aligned to the overall mission, and I think if you have alignment in terms of what is it, we want to do, how are we going to do it, who's accountable, and how are we doing, you organize it any way you want, to be honest with you.

And I do think that the Deputy, the role of the Deputy as the Chief Operating Officer, is both appropriate but also can't be done in isolation. That job is such a big job that he or she needs help, like every day needs help, and to break a tie around policies that go horizontal, there ought to be a place you go to have those conversations before it goes to a deputy or a DMAG or something like that.

And so there needs to be, you know, part of the structure of the organization to then have the conversation and make recommendations really aligned to how it is, again, we're achieving the overall objectives we want to achieve.

And so I say, I do think, again, going all the way back to clarity of objective, who's doing what, how are we going to get there, and you could organize it, honestly, so many different ways. I think it's those other sort of foundational fundamental things that could make it work. I mean, the CMO could have worked. The decision was made to disestablish it and, going back to the we need to learn the lessons from like, why it did or didn't work, what were the good things, what could have been better, and then inform the way forward.

(MOLLY MCINTOSH) Thanks. Molly McIntosh from Rand.

So, coming in today, a little bit of background first. So, at Rand, I oversee a research program that's focused on personnel, mostly in the national security sector, personnel management. And I've been grappling in this portfolio with the fact that the personnel management research and also policy lane tends to be pretty siloed from other parts of research and policy lanes that deal more directly with global security, global threats, the actual threat environment. And I think that does a real disservice to the Department and how it operates. And I would imagine that DMI is going to face this, I mean, you've got other areas besides personnel, but the business management process that we're following within the defense, I think can also be sort of siloed or benched relative to the more global threat-reactive parts of DoD.

So until you sat down, I was thinking, nobody's talked at all about the global threat environment, and how it's rapidly evolving and changing and becoming harder and harder to predict what's going to happen, and I've been thinking, clearly the global threat environment affects what is managed by the Department, the missions, functions, tasks, what falls under that.

But we should be thinking about, should the global threat environment influence how we do business, the processes we follow. And so in thinking that through, one thing that you mentioned, which was an example of how this is happening, is in the realm of cyber, right? Because of cyber vulnerabilities, we've changed how we manage information, how we connect individuals.

I think another example is when you think about the changing partnership landscape, which you talked about. The U.S. needs to be the partner of choice for us to achieve mission success and many of our plans for the future. And one of those enablers of being a partner of choice, sorry, this is not testifying, I swear. I'm getting to a point. One of the key enablers is the Women, Peace, and Security Initiative, as making the U.S. a more attractive partner of choice as are broader DEIA (diversity, equity, inclusion, and accessibility) initiatives in general.

And so, one thing we can do in the management principles is incorporate some of those Women, Peace, and Security and DEIA principles into how we manage.

So I just want to kind of toss it back to you. Have you seen other examples? Can you imagine other examples of the ways that we can thread the threat environment into our business processes, because I think the real benefit here is it will create stronger connective tissue to the other parts of DoD and give the management function even more credibility within the department.

(BETH MCGRATH) So, I guess my thoughts are, supply chain actually comes to mind, and I mentioned sort of the F-35, I mentioned this new agreement between the U.S. and Japan to both look at disruptive technology, but also to really assess the supply chain. And, you know, actually, I think I put a piece out about a year ago about the changing landscape around globalization of the supply chain, and how these different partnerships are happening, and how no one nation can do everything for itself.

And so there is a zoom out to, like, who do we need which partnerships for depending on again, the outcomes we want to achieve? And so I do think from, again, globalization of the supply chain is a terrific example of – well, and then, then I'll just say, that paper came out, and then the Russian invasion happened, and then everybody was looking at critical minerals and energy, and then it was like, oh, my gosh, you know, all of a sudden, who knew most of the or 70 percent of the wheat came from Ukraine. Like we didn't know it until there was an impact.

And so I would say, not dissimilar to sort of tech fluency, an understanding of sort of what's happening globally. I'll just say you become a slave to your inbox, and either, it's the task of the day, it's the whatever of the day, and sometimes we get so myopic on the today's or right now issue that we forget about what the global landscape looks like.

And so I do think this reminder of there's stuff going on out there, the Department needs to be able to pivot to where it needs to go from, those decisions if we're going to pivot to Asia, or we're going to do this with North Korea, whatever it is you're going to do, the management side of the organization needs to be part of that discussion such that when you pivot, it all moves, you know. We can have aspirations one way, but if it all doesn't really understand again and go back to the why we're doing and what we're doing, then you lose the sort of the benefit.

I'm not familiar with the details of the sort of the fellowship that you mentioned. But I do think I do have the opportunity. There's a Peace with Women's Fellowship that is sponsored by the Halifax Security Forum where we have female military officers who spend time in the Department and National Security Council, and with Silicon Valley, really building coalition. I mean, there'll be lifetime, I think, partnerships among those very capable ladies, and they're in very senior positions across militaries across the globe. I think that gets to both the coalition piece that we've talked to and trust that we've talked so much about.

Okay, I have one more question timewise, I think.

(THOMAS HESSEL) Thomas Hessel with the Department of Defense. We talked a lot about motivation and notwithstanding the acquisition process, and to a lesser degree, performance-based logistics, competition drives innovation, creativity, it drives efficiency, it drives productivity. To what extent can we, and how, or should we bring competition back into our management reform process for defense?

(BETH MCGRATH) In addition – do you mean that in addition to the innovation competition initiatives that are currently ongoing?

(THOMAS HESSEL) I was thinking more in the context of some of the initiatives of the '80s and '90s that drove A76, high-performing organizations, just bringing competition into two government processes that are not necessarily competing with the private sector traditionally.

(BETH MCGRATH) So, I'd say broadly, I'm a fan of competition. I am also, maybe I'm a little schizophrenic. I also want to make sure I'm getting the best of whatever the capability I need to do the things I need to do, then again, without getting into sort of the acquisition process. I would want to segment the competition to understand who actually could help achieve an outcome and be more selective about how I did a competition without, you know, saying, I don't think every competition should be open to everybody, because everybody has a different set of skills, if that makes sense.

I do think within the Department, I would prefer alignment within the Department as opposed to competition within the Department as a broad construct. But I would want to incentivize performance in a way that might also lead to some amount of competition, if you will.

But I'm, again, I think, combined with some of the other sort of innovative, like DIU (Defense Innovation Unit) and those kinds of things are really good tools that should be extended.

I'm not sure exactly that I'm answering your question, but hopefully I got sort of close.

Okay with that, I think Peter is giving me the hook. I just want to say thank you so much for allowing me to talk to you today, but also for what you do every day for our government and our nation. Thank you.

(PETER LEVINE) All right. We'll take another break now. Be back in about 15 minutes to go with the next panel. Thank you.

8. Panel: The Next Steps Needed in Defense Management Reform

Moderator: David R. Graham

Panelists: Nelson Ford, Lee Levy, Barbara Romzek, Laura Werber

(PETER LEVINE) Our next panel showcases some of the diversity of experience and expertise that DMI has to offer. I don't see Dave Berteau in the room right now, but I was talking to him at lunch, and he gave a quick estimate that we have roughly 4,000 years of government experience in the room. He did say that he doesn't think that any one individual has been around that long, although some of us, I suppose, come close.

Our panelists include a Professor of Public Management, a senior Rand analyst, and two former DoD leaders, one civilian and one military, both of whom have gone on to provide advice and support to the Department in private sector roles.

Our panelists are experts on a wide variety of management issues, including health care management, resource and financial management, logistics management, acquisition and procurement management, and human resources management.

The panel will be moderated by David Graham of the Defense Management Institute. Over to you, Dave, to introduce the panelists.

(DAVID GRAHAM) Thank you, Peter.

So, the title of this panel is “The Next Steps Needed in Defense Management Reform.” So now we're shifting to thinking about the future of this overall endeavor in DoD, and the objective of the session really is to begin to table ideas for an agenda going forward. This obviously is a small first step in that effort, but an important step, nevertheless.

Peter has assembled, as he just described, an excellent panel to help focus the discussion. We plan to allow most of our hour and a half for engagement with the audience. As Mike and Peter both have emphasized, one of the underlying goals is to create a community of interest and begin building on the 4,000 years of knowledge that we've assembled here today.

But to kick things off, each panelist will spend about 10 minutes giving their perspectives on this question, and I'm going to introduce them each in turn, starting with Nelson Ford. Nelson will speak a bit about the health care business, and he's seen this business from pretty much every perspective.

Prior to joining the DoD, he had an extensive career in the government and private sector. Beginning in the '70s, he served as the Executive Secretary of HCFA, the Health Care Financing Administration, and also then worked in OMB on health care issues. And he moved to the private sector with Coopers and Lybrand and then was the COO of Georgetown University Medical

Center, and became in an entrepreneurial endeavor, I guess, became the CEO of Clinipad, which was a manufacturer of medical products.

Nelson joined DoD in 2002, first in OSD as a Deputy Assistant Secretary in Finance and Budgeting and Financial Administration, and then moved over to the Army where he was first a Principal Deputy Assistant Secretary, then an Assistant Secretary, and then the Undersecretary of the Army. And so, he saw a lot of these issues from that perspective.

And then following his departure from DoD, he served as the President CEO of LMI between 2009 and 2017. So with that, let me turn it over to Nelson.

(NELSON FORD) Thank you, Dave. I'm going to try and use my time to provide some concrete examples of the history of the attempts to reform the Military Health System (MHS) and give you some idea about what I think a next step might be with regard to the Military Health System.

I came to DoD at the end of my health career. I had started in OMB, working on national health insurance issues, then I went to HCFA to follow the money, which was a big theme in the 1970s. I spent nine years doing financial planning and operational consulting with Coopers and Lybrand for hospitals and other health care providers, then worked my way all the way back into the health care system. I was making alcohol wipes, and there is nothing quite as prosaic as an alcohol wipe. We had a company that had 1,500 different SKUs (stock keeping units), and it was deeply troubled when I got there. I'm not sure it was any better when I left, but.

So, I came in 2002 and back when I came, HA, Health Affairs, was responsible for the oversight of the Services Health Care programs under the direction of the Surgeon Generals and for TMA (Tricare Management Activity), which manage the TRICARE insurance contracts. Each of the services had separate GME (Graduate Medical Education) and research programs and there were 38 other separate programs that were defense-wide, 34 of which were managed by the Army for initiatives related to the health of the force.

TMA and the services were constantly wrestling over money and program responsibility. And the invasions of Iraq and Afghanistan simply added to the stress.

As we were trying to figure out how to streamline the MHS and identify resources to support the impending deployments, it was clear that we were operating many small and largely empty hospitals and there was significant overlap in finding the physicians necessary and the medical staff necessary to deploy, and we couldn't find the reservists to backfill the active-duty staff that we did deploy. We figured out that there were only two missions for the Military Health System.

The first was readiness – readiness of the force. And this was both the readiness of all members who were about to deploy, and provision of the appropriate level of care in theater to support the deployments.

So the care mission was most of the mission, nine and a half million beneficiaries, only a million and half of whom were actually on active duty or reservists that were on active duty. So we were trying to figure out how to split these two missions. And, of course, the service has told us there was no way to split the missions; they overlapped.

But in fact, there were well-understood ways to measure the quantity and cost of care and we collected that data in DoD. And so, we use that data to figure out what the value of the care mission was, and then we assigned the rest of it to readiness.

Back then there were 75 MTFs (military treatment facilities) licensed as hospitals. Only 6 had an inpatient census over 50, and the cost of providing inpatient care was substantially greater than the cost of providing the same care in civilian hospitals.

At the same time, almost 10 percent of the active force had a medical MOS (military occupational specialty), and there were lots of mismatches of experience to billets. For instance, there weren't enough general surgeons and anesthesiologists, but there was a surplus of obstetricians and pediatricians. As a result, we had obstetricians filling surgical billets on the grounds that they had one year of general surgery training early in their careers.

Back then, one person calculated that over half the 06s in the Navy were doctors. That's kind of a stunning number. But that's what we calculated at that time.

BRAC 05 provided us a forum for considering how the MHS could be streamlined and led, among other initiatives, to the consolidation of hospital capacity in the National Capital Area and San Antonio.

In 2004, I left briefly to go work on the implementation of the Medicare Advantage Program for Humana but came back to the Army in 2005. By then, most of the concerns around the deployments had eclipsed our efforts to improve the management of the MHS. The meltdown at Walter Reed, body armor effectiveness, suicide issues seemed more important than the resource shortage, and all the resource shortfalls were being addressed through supplementals. So there was plenty of money and the interest in reforming the Defense Health System diminished.

By 2012, challenges of recruitment and retention led to the creation of the Military Compensation and Retirement Modernization Commission. This was a sweeping review of military pay and benefits, and it was designed to ensure the long-term viability of the all-volunteer force, improve the quality of life, to foster successful recruitment and retention, and to modernize and achieve fiscal sustainability for the Armed Forces Compensation and Retirement Systems.

In 2015, the final report had 15 recommendations, several of which were about the health benefit. The first one was to create a new four-star Joint Readiness Command analogous to Transcom to focus on general readiness of the force and the clinical skills necessary to support deployed environments.

There were changes to the health benefit suggested to improve access, choice, and continuity of care to the DoD's nine and a half million beneficiaries, and there were suggested ways to increase collaboration and resource-sharing between the VA and the DoD.

The Commission's expectations were that the adoption of recommendations would improve medical readiness, make the health benefit more attractive to the current force, their families, the retirees, and their families, as well as reducing total federal outlays by about $6 billion a year.

So, the Commission's report was a win-win-win – everybody was going to win. That was six years ago.

Today, needless to say, few of the Commission's recommendations have been implemented as envisioned. DoD's spending on health care programs is not increasing as rapidly as health care spending in the larger economy, and health care spending is declining as a percentage of DoD outlays. But the significant savings haven't happened.

The TRICARE contracts have been streamlined, but giving DoD beneficiaries access to more health plan choices, particularly those available to other federal employees through the FEHBP (Federal Employees Health Benefits Program), hasn't occurred.

MTF consolidation continues. There are 45 MTFs today, 31 in the continental United States (CONUS), but there are still many military hospitals that have insufficient patient volumes to provide efficient and effective care to their patients. Of the 31 CONUS-based MTFs, only 8 have more than 150 beds, and very few of the MTFs reached the national average of 65 percent occupancy. They are small and inefficient.

As many of these MTFs exist in communities where there are larger community hospitals, the patients are choosing to leave the Military Health System to get their care through TRICARE, and the percentage of patient encounters that occurs in the direct care system is declining.

It's 20 percent; it was 28 percent at the time of the Commission's recommendations of inpatients. It's now down to 20 percent. It's slightly larger percentages of outpatient care, emergency care, and prescriptions. But it's declining based on the choices of the beneficiaries.

The medical force has grown. It's not more than 10 percent of the active-duty component, and I think it's 114,000 members of the force have a medical MOS. Not all are doctors, many nurses, medical administrators, but 114,000.

So what are the opportunities for improving the MHS today? It's a large complex set of programs designed to accomplish two goals. Care, providing high-quality medical services to the nine and a half million beneficiaries, and readiness, ensuring that the force is medically ready. Whether due to inertia or entropy, making significant changes in DoD programs is difficult, even when the potential benefits are large.

Therefore, before undertaking any de novo efforts to reform the management of the MHS, it makes sense to revisit the Commission's recommendations, and I would suggest that there are at least two areas where I think there is tremendous opportunity.

First, the recommendation on allowing all beneficiaries to access the FEHBP makes a lot of sense. The FEHBP offers dozens of programs to – and many of you, I'm sure are members of the FEHBP – and you get to make annual choices about which kind of a health benefit fits you and your family at that time.

And so, I think the potential benefits of that are large and the $6 billion in savings were related to the changes over time in the utilization of the active duty and their families, the retirees and their families, the utilization of their health care services as they were in programs that were better at managing the care.

Secondly, I think one of the things that I found when I went into the Army was that the uniformed military enterprise and the military services are kind of separate entities. Most of the money to support the medical enterprise comes from Health Affairs, but the surgeons general don't report to Health Affairs, they report to the Chief. And so anytime there is a question about who's going to be responsible, the surgeons go like this.

And so, I think the creation of a Joint Readiness Command with responsibility of managing all the readiness and returning the military billets currently paid for through the Unified Medical Budget through Health Affairs to the services would give, at the same time, people focused more intensely on what medical readiness means, both in terms of the medical component and the general readiness component and how much should be invested in making those, how many personnel should be invested in making those capabilities happen?

I would argue, given the low level of productivity of the Military Health System Direct Care System, it's an awful lot of people to dedicate to that function. Many others have done good work in describing these opportunities. The work of IDA and CNA (Center for Naval Analyses) is notable.

Consolidating what has been learned, I think should be a first step. What we know about the personnel and what we know about the care delivery should be a first step before we try to do any new and grand initiatives in managing the Military Health System.

(DAVID GRAHAM) Thank you very much. That was wonderful, thank you.

Our second speaker is General Lee Levy. General Levy brings deep operational experience in a broad perspective on military operations in DoD's logistics enterprise, and that's what he'll focus his comments on.

During his much-decorated career, General Levy served in numerous operational command and staff assignments in the areas of logistics, civil engineering, and nuclear operations. His assignments included the Head of the U.S. Central Commands Deployment and Distribution Operations Center in Operations Iraqi and Enduring Freedom. He was the Director of Logistics at Air Mobility Command. He served as the Vice Director for Logistics in the J-4 of the Joint Staff, and in his final Air Force assignment, he commanded the 43,000 officers and airmen in the Air Force Sustainment Center, headquartered at Tinker Air Force Base.

Since retiring from the Air Force, General Levy has served on the NASA Advisory Council, various boards, and is the leader of an independent consultancy. So please take it away.

(LEE LEVY) Thank you, David. First of all, thanks to the Deputy, thanks to Secretary Donley for putting this organization together. Thanks to General Schwartz and to Peter for hosting us today. This is a terrific venue. Thanks for the kind introduction, by the way, far too lengthy, just for the record.

So, our charge today on this panel is to talk about the next steps needed in defense management reform, and maybe if I could just sort of modify the title of that for just a moment to maybe calibrate what I'd like to talk about is next steps needed in defense management reform in order to achieve integrated deterrence, right? That's what the NDS is asking us, telling us, directing us to do, and it seems to me that so far today, we've had some great conversations, but I'm not sure that we've connected all of it to that frame of reference, and I'm not sure that I'll get an A-plus on this effort. You know, I'm kind of a C student writ large. But if I can at least get us thinking about it, then maybe that is some small modicum of success.

And I think the logistics lens is a good way to talk about that. Integrated deterrence, what is logistics, and how does all that fit together for us as a nation and as a department to achieve some level of presence that gives our adversaries pause? And, after all, I think that's kind of what we would prefer to do, right? The best war is the one we don't have to fight, because we convince them that it's not really in their best interest to do so.

So, I always like to start with, what is logistics? Well, if you ask 10 people, you get 12 answers, right? It's all over the map. It's a dog's breakfast, and I won't do the primer on it today. But I'll just say that I sort of used the one that's in the Joint Pub, and it covers all the normal things, maintenance, mod repair, overhaul, supply chain.

So, for example, in my last command, I had the Air Force Global Supply Chain. It includes civil engineering, it includes medical evacuation and warehousing and distribution, and it includes some things that maybe we don't talk about very much, but maybe we should be thinking about very much, like mortuary affairs, right? There are a lot of elements to this thing we call logistics that impose huge national risks. First of all, they drive potential risk to combatant commanders. They drive huge national risk potentially to our nation's leaders. They consume huge amounts of resources. It's somewhat of a leviathan. It's not necessarily very agile in many components, and certainly is a way for us to shape the battlespace in advance of an adversary taking an action and sometimes can be difficult to shape the battlespace afterwards.

So, I sort of like to calibrate what do we think this logistics thing is, and I would say – the next thing I usually like to say is, well, who do we think we serve with this thing called logistics?

You know, the normal answer would be the services, the nation. Okay, that's not inaccurate. But I would also offer that in this increasingly globalized and interconnected world, we serve partners and allies. So, for example, in my supply chain activity, I supported the supply chains of 63 FMS (foreign military sales) countries, right, and we rely heavily on partners and allies. That's before we ever get to the conversation about industrial bases and what do we buy from allies. And what do we rely on to buy from allies in order to achieve our national objectives?

So, who do we serve is a pretty broad portfolio, and it's very interconnected, whether we like it or not. And I would offer that when we think about logistics and how do we deliver management reform to the logistics portfolios of a service, I would say, maybe we need to think about the Physician's Creed, "First, do no harm."

So you'd say, well, Levy, you are the Senior Operational Logistics Commander for the Air Force, so you only worried about Air Force things, right? Well, you'd be partially correct. But I had a huge chunk of the Navy, NASA, some of the three letter folks, FMS, and others in my portfolio. So to the extent that I was really good at my job, or my team was really good at their jobs, things were great. But to the extent that I wasn't, or they weren't – let me correct that. To the extent that I wasn't, that's risk passed on to other services, other agencies, other parts of the federal government, and allies and partners.

So this notion of who we serve, and where does the risk lie is really important to us to understand as we think about opportunities for management reform inside of the Department.

And then lastly, I would offer, we have to think about logistics and the industrial bases, both organic and commercial, in the framework of a five-domain fight. So who in the room thinks that there's a lot of logistics in Space Force? Yeah, good. More than I thought – more hands than you normally see, right? Most people say, oh, Space Force, those are the big shiny things I see in the night sky going around, you know, when I stand out in my backyard. But 80 percent of things that are in orbit have a huge ground component, and if they have a huge ground component, that means they have a huge logistics component.

And somebody – actually several somebodies today talked about the logistics tail, and I would say that's actually an effects delivery mechanism, right? To the extent that the logistics infrastructure and the industrial base infrastructure is healthy, that in a 5-D flight creates integrated deterrence that dissuades our allies, or sorry, our adversaries from coming after our allies and ourselves. And yet, oftentimes, in the Department, we view that as the inverse.

And so, when we think about management reform activities, we tend to push the pendulum far over to the little "e" side of the equation, not the big "E" side of the equation. The little "e" is the word efficiency, and the capital letter "E" is effectiveness.

And Beth, I was very mindful of what you said in your remarks a few minutes ago, that there's always a tension there, right? There's tension and compression between those two parts of the portfolio, and it moves back and forth. But I think we, as defense experts and people that care deeply about the future of our nation, need to understand where do we lie on that pendulum between efficiency and effectiveness as a way of creating integrated deterrence that dissuades our adversaries. And I'll talk a little bit more next about how we might do some of that, while maintaining the efficiency that you saw and giving Alan the effectiveness that he saw and making everybody happy.

(BETH MCGRATH) We can't make Alan happy.

(LEE LEVY) That's a good point. But we could try, right, to get to that happy place.

So, a few things that I would offer that are our imperatives in our national security apparatus, is financial streamlining of how we measure the movement of monies in and out of the logistics system, right? Logistics is a Title 10 service responsibility. You have working capital funds, you have O&M (operations and maintenance) dollars, and a bunch of other kinds of money that occur, and what it creates practically for us, is a real impediment to the flow of capital that creates a seamless movement of money from factory to flight line, factory to foxhole, and in the 21st century construct and a 5-D flight, it's not factory to foxhole, it's factory to foxhole, back to factory, because a lot of things that we fly, fight, and operate today with come back off the battlespace somewhere to be repaired.

So, how we incentivize both ourselves, how we measure ourselves, and how we measure the movement of monies back and forth between us and industry, I think is really important to how we create a more efficient and effective logistics infrastructure. That then frees up resources for us to do other things. So I would offer that to you.

The second thing I would offer up is, and somebody mentioned this this morning, when we talked about business IT systems. We need better business – and that means financial and HR and logistics – we need those better business systems first, not last.

So we would never think about skimping on an IT system necessarily for, let's say mission planning for an airplane, right? We would say that that's an anathema. We couldn't even fathom that. But we're willing to skimp on the IT systems that allow us to efficiently acquire, field, and sustain, and support systems that those warfighters have to have. And, oh by the way, you can't acquire those after the flight starts, right? Those are necessary precursors to having an effective military in the 21st century and effective national security and by extension, effective integrated deterrence.

Long gone are the days where we have six months to prepare, pack up all our stuff and go somewhere else. We're going to have about six minutes, not six months.

And so, to the extent that we're ready in our logistics portfolio and our business IT systems, that big bucket of things called business IT, is the extent to which we will be ready to fight the next fight and win, but more importantly, prevent it from ever happening.

So, those are a couple of things that I think are really important for us to outline for ourselves because the logistics system is increasingly complex today. No single service owns their logistics system. It's all interconnected to other services, and it's interconnected to our defense industrial base. We don't go anywhere without industry.

So, to the extent that we have modernized our own practices, and we properly either incentivized or disincentivized businesses to be there for us, will certainly be key factors about whether or not we're successful.

And then I will leave my part of the conversation and look forward to your questions with two more ideas.

Performance management alignment, somebody mentioned that this morning. We're really not very good at that. We're just not, for a variety of reasons we could all talk about. But one of the things we're even worse at that we need to get better at if we really want to elevate our performance is root cause analysis, the five why's. So, we thought we had a performance methodology or measurement methodology, we thought we had alignment, and things didn't go the way they we thought they ought to go. Why? We usually only ask that about once and then we say okay, well, it's his fault, or it's her fault, or it's that organization's fault, and we take, you know, we don't send them a birthday card next year, and then we move on to other business.

But really, in order to achieve the kind of integrated deterrence and integrated efficiency and unity of effort inside of the Department, being able to understand the root cause analysis of why things don't go the way we hoped they go, is really essential.

And the last thing I'll leave you with, before I yield the mic to Barbara is lessons learned. We're really good at lessons observed. We're really good at lessons annotated. We're not really so good at lessons truly learned and absorbed. And by that, I mean, and we heard several of our speakers today talk about this, and the logistics system is certainly no different. We can collect lessons, but we don't teach the lessons, and part of that goes to the educational mechanisms that live inside of our Department, whether it's public universities, whether it's schools – some sort of school or training that that the services or the Department owns and operates. It's okay to collect the information. But if you don't find a way to put that inside of people's brains so they are better in the next iteration, then we're just observing lessons and writing them down and doomed to repeat them.

So, I'll leave you with that as a way forward that is an important management initiative that we ought to undertake if we really want to improve our performance and be a better, more integrated, deterring military and national security apparatus for the 21st century. And to your point, if we want to recruit and retain the very best young men and women that our nation has to offer, because without that, we're in a really difficult position.

I look forward to your questions. Thank you.

(DAVID GRAHAM) Thank you very much. Next, speaking will be Dr. Barbara Romzek, and she'll speak on government industry, contracting, and relationships, areas that she has published extensively on.

Barbara recently became an Emeritus Professor of Public Administration at American University, and she also served as the Dean of the School of Public Affairs at American University. Her government-related work has dealt with NASA, Congress, and the U.S. Air Force. She holds a Ph.D. from the University of Texas and is a fellow of the National Academy of Public Administration.

So, Barbara, please take it away.

(BARBARA ROMZEK) Thank you, Dave. I have a long career studying public management. I'm a longtime advocate of public management. So, I'm delighted to be here to talk to people who practice public management, and I want to thank Peter and IDA for inviting me to be part of this.

What I have been studying all these many years are issues of government reform, government accountability, and you can't talk about government reform and accountability and not touch on contracting, because contracting is so much a part of the reforms that government has undertaken because they are offloading so much of what government does and dwelling on the private sector, argument being, they provide better service. I'll just lay that out there, not as an assertion as much as a statement of what some people argue.

So, you have to understand the culture of the organization you're working with, you have to understand the culture of the organization you're trying to contract from, and you have to understand the dynamics to make sure you have accountability for proper performance under that contract. That's a nice easy little sentence to roll out. But in fact, it's an extraordinarily complicated process to accomplish. And I have to give acknowledgement here to David Van Slyke, who's also done a lot of work on government contracting, especially military contracting.

So, to understand contracting for the Department of Defense, you have to recognize it's a fact of life. The Department of Defense could not function without contracting, unless it were to grow into this mammoth behemoth that could not be managed.

So government contracting is here to stay. The question becomes, how do we get good at it? Now, before I go farther, how many people in this room work with government contracts? Okay, as I expected. The knowledge in this room about the pros and the cons and the pitfalls of contracting is significant. I am going to just give you the broad overview, and we'll explore some of the issues that you have in the Q&A part, I hope.

So contracting is positive, and contracting brings drawbacks. The positive is we get services we can't provide in-house, or we get services we can't provide in-house quickly, or we get higher quality service than we could provide in-house because we don't want to hire everybody to do those things.

So the good news is, we can get services that the agency on its own can't do. But there are some downsides to contracting that we have to pay attention to. We have to figure out when you write a contract, you got to figure out what you're looking for, you've got to write specifications. That, in itself, is a negotiation within house, let alone negotiation with the potential contract partners out there.

When you're trying to do complicated services or complicated products, articulating what you need, articulating the performance expectations, which are important if you're going to ever get to the issue of did you deliver on the contract as expected. So, contracts need reasonably articulate performance expectations. That's a negotiation in itself.

Then you have to judge whether the service was actually provided, whether the product works, and then get to the hard part, which is the accountability of, well, it doesn't work, or it doesn't work the way we wanted, or you built this, and we wanted that, or more often, you built this, and that's what that office wanted, but we needed this.

So that the agreement on what we need, the agreement on whether the product we've purchased, the service we've purchased, is getting us where we need to go is always a complicated challenge. Knowing whether we're spending our money well, knowing whether we're getting what we want out of that is a particular challenge.

So that's just the broad overview. What do you do about that? A couple of things. One of the things you can do is to develop long-term relationships with some potential contractors. So, you get to know them, they get to know you, you develop some shared understanding of what this means and what that means, and there's greater predictability you're going to get the product you want.

What happens when you do that? There's questions raised about is that too close of a relationship? Is it – are we getting our fair value? Is the contract really as low-cost as it could be? Getting away from the issue of whether low cost is actually the benchmark you want to use when you're trying to provide government services.

So those are the complications just to be into the contracting relationship.

So to succeed, you need to know how to manage contracts, and that means you got to work within the system of government contracting, and that's where all those hands who came up, you could spend lots of time briefing us on the friction points in the system where you want to contract but you can't because there's some glitch or other.

So, systems have to be managed. You've got to know the rules. And many of our speakers earlier today talked about the opportunities and constraints of operating within the DoD rules and operating in terms of budgets and in terms of processes.

Success typically comes if you have good long-term working relationships with a contractor. But again, that has issues about are you getting the best deal? Is it too close of a relationship? Sometimes a good close relationship is to the benefit of government. But outside observers don't always look at it that way. So you've got accountability questions coming in about, is this a favor to somebody who was well connected politically?

So, you can't divorce contracting from politics. You've got to manage the system of how contracts are structured, how they are bid, how they are awarded, and how they are monitored. But you also have to keep in mind the politics, and there was reference to this in many of the earlier comments.

Just think of the experience with the Jedi contract and the cloud servicing contract, how that, you know, it was a complicated contract to begin with, of who's going to handle the cloud services for the Department of Defense. We got a little bit of an issue of two IT behemoths who were vying for the contract. And then you had a President who got in the mix as well.

So, it's not that politics are always involved in contracts. That's why we have these military bases sited all over the country, because there are politics about where you're going to build things. So, politics are part of the contracting process. But you don't want them to be such a big part of the contract process, that it completely flips it upside down in terms of the agency being able to get that what it needs.

Now, politics are something that we are buffeted by. We can play a little bit in that game, but it's really somebody else's arena for us. So the politics are part of what we have to put up with in the contracting process.

So that's the managing the system, you got to know who the players are, you got to know what you're asking for, you got to know the pitfalls of what you're asking for, and then write performance expectations that you agree on, and that the contractor agrees they can meet. Then you've got to figure out how to measure that performance. How do we know for sure we're getting what we want? Sometimes it's as simple as does it work? Does it work the way we expected it to? Other times, it's much more complicated.

And so, IT, being an example. Does it give access to everybody? Does it screen out the people we want to screen out? Does it work fast? Is it integrated with all the different systems we want? Managing contracts, once you get them, is the second step. Managing the system is knowing how to write them for success, and then managing them is a challenge going forward because once a contract is written, it doesn't become self-executing. Somebody has to monitor it, somebody has to ride hood over, somebody has to look at the performance metrics over time to work with that, to make sure you're getting the product you want.

So you need to manage the system, but you also need to manage people. So relationships in contracting are as important as the words you put down on paper because the words you put down on paper are not adequate for yielding the product you're going to want or the service you're going to want.

Instead, what you need to do is to work on managing the relationship with your contractor, and that means cultivating the kind of informal relationships where you feel accountable to each other, and this is in an interpersonal way, it doesn't mean you go out to dinner with each other. But it means you exchange information that is useful to each other without violating – I'm not saying breaching any confidentiality here – but you have to develop a trust with the people you're contracting with. They have to be able to trust that when you say, I'll get there by next Tuesday, or I'm sure we can approve that, or no way on Earth we will ever let that go forward. They need to be able to trust that what you're saying will hold up.

And likewise, you need to be able to trust the contractor when they say we'll get it there by next month or we need six months to do this. I know we told you we could do it in four, but trust me, something's come up and we can only get it in six.

So the informal relationship becomes the smoothing function, minimizing the friction that comes about from a contract that cannot be completely specified in advance. So we've got the issues of managing the system, we've got the issues of managing relationship, and if those both work, then the final outcome of successful performance of the contract, successful accountability for performance will be there.

There are all sorts of issues about specifying contract performance metrics, measuring contract performance, that depending on what the particular product is, or service is, you will find yourself having an easy go of it or a hard go of it.

So the best success for contracting comes with a recognition of both the formal and the informal issues of contracting and a recognition that one can support or undermine the other. So, if you have a good, tightly written contract, everybody's happy with the words, but there's a bad working relationship between you and the contractor, you don't like each other, you don't trust each other, you don't share the information that's coming down the pike, that contract may actually be fully executed, but nobody's going to be happy, and you're likely not to get the best product or service out of that.

The flip side is the contract isn't written really well, if there's a glitch, if there's a gap, if there's something that you forgot to put into the contract, because – or you maybe didn't anticipate – the world has changed, the conditions have changed, and you need to add something to it. If you have a good informal working relationship with the contractor, there will be time and room to negotiate those modifications without winding up at starting over.

So, the formal and the informal become an important complement to each other. You can't do contracting without something written down because you've got to protect the government, you got to be able to defend what you're doing, what you've asked for, that is something that the government actually needed, and at the same time, knowing that you can't write everything down and anticipate everything. That's a straitjacket, if you say it's not in the contract, we can't do it, well, then you're just going to grind things to a halt.

So, these may sound like real simple things. But in fact, if we only pay attention to the system, to the rules, we won't get there. If we didn't have rules, and we just went with informal, what's good for you, what's good for me, let's go with that, we get into other kinds of trouble about favoritism or lack of documentation, lack of specification of what we wanted, et cetera, et cetera.

So, what you want is the best of both worlds, and if you can get the formal contract with specifications for product or service delivery, with stipulations for how you're going to measure outcomes or product, with clarification about who's going to judge the performance outcomes, and then, of course, it always goes with what's going to happen when you succeed or fail. So, when you succeed, is there going to be performance bonus, you're going to get a little extra if you get in certain amount of time? And then, how do we hold you accountable if you don't live up to the contract?

So that's the formal but then the informal is, am I sharing information with you? Am I benefiting your reputation by saying, hey, you know, we're working with so and so and they have done just a great job. So, the next time around they become, you know, they kind of go up a little higher in the priorities for whom you might want to contract with.

Lee, next to me, had a really interesting comment he ended with. I want to mention it now. He said, "We don't go anywhere without industry." Government contracting is here to stay. It's not going away. What we need to do is to get good at it. We do a lot of it, and we're pretty good at it. But there are enough gaps that it warrants continued attention – continued attention to how we're doing the contracts, how we're writing them, how we're monitoring them, how we're measuring success, what we're doing about failure in contracting, that seems – that's one of those areas.

Failure to perform doesn't always result in financial penalties for failure. That's an issue, and I don't know how to handle that one. But that's one we need to acknowledge. And then the value of the informal dynamic that lets you accomplish, smooths the rough edges of things that weren't quite written the way they should have been.

Together, they will get you the services and the products that the Department of Defense needs when it needs it, and then if they don't succeed, then that's when all of the accountability stuff kicks in, and you've got to figure out what to do with that contractor and where to list that contractor in future negotiations. Thank you.

(DAVID GRAHAM) Thank you, Barbara. So, I think Barbara's comments underscore a theme that's been important throughout the day today, which is that competence, the integrity, and credibility of the DoD workforce is a critical underpinning of management reform.

And here to talk about that is Dr. Laura Werber, who has done extensive work on DoD workforce issues at RAND during her career at RAND, where she's a Senior Management Scientist, and a Professor at the Pardee RAND Graduate School.

Laura's recent studies have addressed specifically defense civilian workforce management issues of the defense nuclear workforce, and she is currently leading projects about the civilian employment of guard and reserve personnel and OSD's Workforce 2030 Initiative. So we're looking forward to your comments, Laura. Thank you.

(LAURA WERBER) Well, thanks, everybody. It's nice to be here. I broke with the norm here, and I actually have some slides. But it's late in the day, so maybe some visual aids may be helpful, there's only a few. Go to the next slide, please.

I basically have four slides that outline what I consider a call to action for human resources management, which actually is the first thing I want to point out is, I just want to encourage everybody to think strategically about human capital. That's a theme that I think we've heard a lot about today, starting with Deputy Secretary Hicks. People talk about human resource management and personnel management. But I take some issue with those terms. I think human resource management, sometimes people get caught up in thinking about benefits and labor relations and in processing actions and things like that. And while that's super important, there's so much more to managing what you arguably have as your most important asset within the organization.

For similar reasons, I feel like personnel management is also somewhat limited in one's thinking, because that tends to focus on faces – on government faces, and doesn't think about as much about the manpower side of things, who you need, how many, what kinds of skill mix, and other kinds of people who are not necessarily government personnel, such as contractors. So when I'm thinking strategically, even starting with the terminology, that makes a difference.

And also things that have both practical value and symbolic value in shaping a culture with respect to human capital, strategy and talent management, which is more how I think of it is, it's where the human capital management function is placed within the Department.

First, within the DoD echelon, where in the organizational structure is talent management placed? How is it regarded? This is something that came up last year in the Defense Business

Board report, just, you know, who's responsible for this? There's a Chief Human Capital Officer, where is he or she placed? And in other parts of organization, where is this important function carried out? In large corporations in the private sector, sometimes it's a C-suite kind of role, but that varies, and it's just something to think about.

And then even beyond that placement in the structure, take a look at the workforce. Who is performing this important function in this series of different functions? Sometimes it's a strategic advisor. In the civilian workforce, it's a mission-critical occupation. But at the same time, I've also heard in my work that it's a collateral duty or their shadow HR. So, it's like, where are we going with this? If it's really this important asset for the department, again, it comes back to thinking strategically, and that starts with the language, the organizational structure, the workforce structure, this all reinforces how you regard human capital. Next slide, please.

The next thing I want to bring up, which is something that hasn't come up as much today, other parts of what I'm going to say have, been this idea of committing to a total force model. We hear a lot about that. But what does that really mean in light of the increasingly dynamic operating environment that DoD finds itself in? It's an imperative. It's critical. When you're thinking about your workforce, you need to be thinking about your government, civilian personnel, your military personnel. It's the active component and the reserve component and the contractor portion of what is your workforce. You have to recognize the synergies there and really also recognize the permeability of this workforce. You have people going back and forth, and that's not necessarily a bad thing, especially if you're aware of it happening and you can even cultivate it to happen because that fresh blood and cross-pollination is something that will benefit the Department in many ways.

However, in spite of this clear importance of the total force model, there are many barriers to achieving this critical end state. First, thinking about contractors, you know, and thinking about contracting, this is going to happen, it's here to stay, you know, I'm nodding to my colleague here. But how do you do it? One of the big problems is many parts of the DoD enterprise, but not everyone doesn't have like good to have a good sense of how it's using contractors. So it's the shadow workforce. This is in part, but not perhaps only, because there are some concerns that oh, there's mission creep, or oh, we don't want them to be doing inherently governmental things. But it's still happening. Having it as a shadow workforce doesn't mean it doesn't happen. It means you're not maximizing optimizing this part of your workforce.

Looking at government civilians, there's disincentives to using them, even though from the federal level, they're the cheapest source of labor, and they provide important continuity of operations. But there's disincentives to use them sometimes. Civilians historically are the first people to be cut when there's budget cuts. It takes very long to hire them. We've heard about USA Jobs today. There are other impediments to bringing on civilians. So, sometimes military personnel are held onto perhaps when they shouldn't be.

And then looking at the military in general, not only is the process for budgeting and planning military personnel completely separate from the civilian personnel management standpoint, there's also within the military really a disconnect, in some ways, looking at the Reserve component in particular, and that's something I've had an opportunity to learn about through my own work. Within the Reserve component, there's actually a pretty large contingent of individuals who also hold civilian employment with the DoD. But that is not as well-known as it used to be with the demise of the Civilian Employment Information Database, and this means that DoD really isn't benefiting as much as it can be from this dual career if someone is both military wearing a uniform for DoD and working as a civilian, and much less being able to tap into their civilian skill sets.

So these are some of the things that we have to overcome to really embrace this total force model, and the good news here is, you know, this is a problem, and it is a call to action here. But there are parts of the department that have made headway on this. I mean, I've done work where I've had an organization give me, here are our contractor FTEs (full time equivalents), you know, we know how many FFRDCs we have working in each department, A&S contractors, you know, and looking at how their numbers compared to military and civilian organic personnel. So, it can be done, which I find encouraging. So, it's really a matter of understanding, where are these promising practices? What are the contexts they're working in? How can we export and cross-pollinate this across DoD? Next slide, please.

So, this third point is something that has definitely been a recurring theme. My angle is thinking about talent management here with respect to performance management. It really needs to be more than just this annual formal process that focuses on raises. There's so much more to performance management, and really thinking about it as an ongoing basis. And what I have in this first bullet here is like sometimes I feel like there's a lot of attention, and rightly so, to recruiting and retention. So, the bookends here. But when you have people, you know, you really need to not only make sure they are trained and developed, but how are you going to motivate and reward them? That's just critical and it has implications for recruiting, it has implications for retention, and it's just something I haven't seen as much about in actually a couple of decades of working on Department of Defense issues.

But again, it's really important to think about this beyond the full annual performance review. There is a part and place for that formal review, but really, the ongoing monitoring, the feedback, whether it's formal and informal, from supervisors, from coworkers from different levels of hierarchy, that is really a critical part of this process to be successful.

And then the third aspect of the performance management system has also come up as well in different context today, and that's incentives – the use of incentives. I'm thinking about an individual perspective here, and it's both formal and informal incentives. It's not just about the raise. It is about, as someone said earlier, recognition is very powerful. You don't have to have a lot of money to motivate and reward people. And when you do have some money, how you use that the small monetary incentives can be really powerful. I've seen organizations use buckets of money they have for awards, and they gave everybody like $10. It's like, well, how far does that go if you give one or two big awards, and they're very visible.

So, there's very strategic ways to make use of limited money when you have it. But then there are many incentives that don't require money to motivate and reward and depending on the type of employee you're talking about, I mean, things like autonomy, decentralized work, you know, we're hearing more about hybrid work or remote work, working conditions matter whether you're part of the Child Development Program workforce, which is something I'm working with now, or you're working with the STEM workforce for the defense enterprise. People care about where they work and how they work, and we've talked about public mission. These are all very, very powerful tools that should be considered part of your menu of incentives and aren't necessarily always that way.

The last point to make here is about not only motivating and rewarding your high performers, but also doing something with respect to your poor performing employees. And I'm actually still on slide three for those who are actually reading. So I have had the opportunity to look at poor performers as well and while statistically there are not many poor performers within DoD, when you look at something like the Federal Employee Viewpoint Survey, or the Merit Principle Survey Board, a lot of people say, hey, I do have a poor performer in my unit. So it's sort of an under the radar problem.

The thing is, people don't want to raise their hand and have to go through the hassle of saying, oh, I have a poor performing employee, I need to do a PIP (performance improvement plan), I need to do all these things. The default, it's easier to not do anything about it, but, you know, that creates a bad situation where you have on the Federal Employee Viewpoint Survey, one of the lowest scoring items is that my organization has something about poor performers. That affects morale, that affects the co-workers' productivity, and DoD and the Federal Government at large has a tool, the probationary period.

That first year, there is something you actually can do. It's not quite at-will employment, but it's not as hard to remove someone if you can take advantage of that first year. But a lot of times supervisors lose sight of that for various reasons of that first year. So really, addressing poor performers should be on par with rewarding your high performers, because the former can affect the latter.

And again, I have seen lessons and insights about where this can be done well. One example is within the Acquisition Workforce Demonstration Project, where they actually have the performance ratings, and they have found that they hold onto higher performers at a higher rate than they do their low performers, and they actually have done the analysis to support that.

So, last slide, my fourth call to action here, I'm going to drop the other D word today, which is data. I just wanted to echo the importance of having the data in the data systems that are really enabling instead of impeding, you know. In my case, I'm thinking about talent management, and that strategic human capital data. The data are out there. It's just not universal across the enterprise, you know, to have indicators of the total size of your force, not just the military or the civilians, but trying to think of ways to get at the contracted service dollars and turning those into full-time equivalents, and understanding not just how many but who, and what are the capabilities? What do they bring to the total force?

Performance ratings. When I work with personnel administrative data, actually, a lot of people are missing performance records, or there's a lack of variation. So really, it's really hard for you to link, in many cases, are you retaining your high performers, and then doing things about your low performers, and also identifying development opportunities using those ratings. The supervisors of record are often missing, and sometimes that's hard with respect to that probation period.

The Army, for instance, has found a way to get around that and they send out automatic notifications so that supervisors know, hey, this window's coming up. Do you want to opt in and keep this person or do you want them to stay on and enter government service.

And then I didn't talk about this today, but another gap with respect to data systems has to do with education and training. For instance, in the civilian workforce, we know like, someone has a graduate degree, but to say, well, who has an MBA? They don't necessarily need an industry rotation as someone else. We don't know that, you know, in many cases, or in training and development, who's doing what? I mean, this has implications not only for personal career development, but looking at, you know, what learning assets does the Department need to cultivate? What learning assets does it need to find externally? If you don't really understand the capabilities of the workforce at hand, how does that shape that strategy?

The good news, again, is there are success stories within DoD. It's just a matter of finding them, understanding why they work, and exporting them to other contexts. And that's one thing that, you know, I'm hoping that this new institute can maybe, you know, help to lead that effort, because there are a lot of good news stories in the Department on a positive note and to inspire reform. It's really about identifying them, understanding them, and setting the stage for them to be used more broadly.

So, hopefully this will give you some good ideas to think about. I'm happy to discuss further. Thank you.

(DAVID GRAHAM) Laura, thank you very much.

(LAURA WERBER) Sure.

(DAVID GRAHAM) So, now we turn to questions from the audience. But before, let me ask everyone to thank our panelists for these really, really thoughtful and very meaty comments. I think it really set the stage for a discussion. So, any questions from the – right here in front and then, okay.

(WENDY MASIELLO) Hi, Wendy Masiello. So, I'm going to do the contracting and the workforce conversation. But, Laura, thank you for recognizing that we have contractors that represent a large portion of our workforce. I literally wrote a paper on that at Joint Forces War College in 2007, and they laughed at me and ignored me. But the fact is, so much of our workforce is contracted. The one thing I would suggest you add is make sure we have organic capability to oversee the performance of the contractors going forward too, because we have lost that in way too many environments, and yet, it's critical to truly having a total workforce and managing that.

But loved it. Thank you very much, and it's a new insight that a lot of us haven't really even taken the time to understand. So thanks.

(LAURA WERBER) I would just –

(WENDY MASIELLO) No question, just applaud.

(LAURA WERBER) Well, thank you, and I would just comment on that quickly because, I mean, you're right, because that's why contracting personnel are so critical, like the contracting in the acquisition environment, the program managers, those are the people who are directly, not the only ones, but that's two big functional communities that are interacting directly with contractors. And so, it's really important that they are sufficient in number and that they have the capabilities, and I know both of those are really, you know, hard demand.

(LEE LEVY) In my last uniform job, a huge amount of my workforce were contract airmen. Huge amount, mission critical.

(WENDY MASIELLO) And when we don't pay attention to that, we lose the ability to oversee the quality of the work that's being done. And I've seen bases fall apart for that very reason. Nobody knows how to hold a contractor accountable because there's nobody left who knows how to do it or nobody left who knows how to do logistics. So, that has to be a very deliberate process going forward in the Department of Defense, is defining what that workforce looks like. So thank you for even thinking about it. It's awesome.

(BARBARA ROMZEK) And if I can add, there are so many instances now where contractors are supervising contractors, you know, we're two steps removed.

(CYNTHIA COOK) Cynthia Cook from CSIS. So, I have a question, and I'm going to use a mountain climbing analogy, because I know that Laura is a mountain climber. When you're climbing a mountain, you think you've gotten to the top of the mountain, and then you realize there's actually a taller peak somewhere nearby. So you're on the false peak, and you have to go down to get up. So we all know we have the strongest military in the world, yet the four panelists have identified some serious challenges. So the question is, how do we get from the false peaks we're at to the performance improvements you identified? Do you have any success stories of past examples where the Department has been able to make that leap? What are your recommendations for getting beyond the challenges you see to a better place? Thank you.

(LAURA WERBER) Okay, I'll go. That is true. So, well, one thing I think about is, again, looking within the Department, there are, at least on the personnel side, several demonstration projects, you know, the STRL (Science and Technology Reinvention Laboratory) Labs, the Acquisition Workforce Demonstration Project. I mean, we have these incubators for ideas, at least within the talent management spectrum. But I haven't seen the lessons learned and shared and codified and really absorbed elsewhere. And so, I think let's look within first because there are these incubators for ideas and things to try. So that's one place to start.

I mean, like I mentioned with the Acquisition Workforce Demonstration Project, which I was involved in and studying in detail, they actually did find a way to really identify the poor performers and the high performers and do some things about it. Some of what they did – and I think it's evolved since I studied it – some of it was a little clunky, a little hard, a little complex, but they have done things to simplify. But the bottom line is they're actually getting results that they can measure and were happy with. And there are other things that they have been doing with respect to things like hiring authorities, which I didn't talk about today, because I feel like a lot of people think about that already. But there are some lessons there from the demonstration projects that I think could be exported more broadly. So that's like one thing I would offer.

Another thing is to really look at the private sector for some strategies. I know sometimes I get this oh, well, the government work is different. Federal, you know, government service is different. We can't fire employees, it's not employment at-will, and I'm like, well, it's not that easy to get rid of private sector employees. You can't just willy-nilly, you know, fire people. There are discrimination laws, and some states have some pretty specific employment protections too. So, there actually are some lessons, some from industry for workforce management that we can take. Performance management, there's a lot of tools there even with things like for informal feedback, like the smartphones and tools and having things like Slack and actually capturing the data on a system like Slack and analyzing that and working with it. So, I feel like there are some strategies there.

Another thing I would say, and then I'll definitely give other people airtime, is this idea of a false peak, like do we really think we're at a false peak right now. Are people, you know, really thinking this is the best we can do and sort of, you know, resting there? I guess, I still am always, you know, looking up and looking further. So, I do wonder what's leading to people assuming that the peak that they're at is – do they recognize it as a false peak? That's sort of maybe a metaphorical question, but I can't help but think about it. Are we accepting where we're at is as okay or not, you know, or really needing to look beyond that. So I'll stop there. Thank you. Thanks, Dr. Cook.

(DAVID BERTEAU) David Berteau, a question for really all of you. A couple data points. When we took the FY13 8 percent sequester in DoD, we did an analysis, I was at CSIS at the time, maybe sitting in the office Cynthia's in right now, I can't remember. But we concluded that about 80 percent of that cut ended up being taken by contractors, because that's how the dollars flowed down. And Nelson, thank you for reminding me about HCFA. Anytime those of us who are on the industry side now think about how hard it is to deal with DoD, go visit HCFA. DoD is heaven, okay, when it comes to contracting. They [HCFA] were by far the worst customer I ever had, except for the Office of Government Ethics. But we won't go there, which was not about ethics.

But the question that I have. So you asked how many hands had been in industry? I think, Barbara, you asked that question, a lot of hands went up. But almost all of us started in the government, and then came out and virtually every one of us when we came out realized we only knew one side of the acquisition and contracting coin. We didn't know the other side of that coin, right? And I think you guys, a couple of you have experienced that as well. What can we do? And it's such an incredible part of management. It's not just understanding the business, Wendy, it's also understanding the process at the receiving end, as well as the sending end, because it's a cyclical thing. What can we do to improve defense management with an understanding of what that whole cycle looks like, both sides, or maybe all three or four sides of the government contracting business?

(LEE LEVY) So, David, I'm going to jump in there because I saw this very starkly in my last uniformed job; $26 billion a year P&L working capital fund, contracting, supply chain maintenance, repair, overhaul, modification, and a workforce that worked in all of those communities to make these things happen. A couple of observations that I took away from that, and maybe I had a better perch than most because I have a business degree, and I worked in that business part of the Air Force, if you will.

One of the challenges we have is a lot of the experiencing programs that we used to send young folks to, whether they were military or civilians, things like education with industry, and there's a bunch of other ones, we don't do as much of that as we used to. Also, what I observed was that a lot of our workforce had never worked in a private sector business. So they didn't understand how to do P&L work, they didn't know how to read a balance sheet, they didn't understand anything about free cash flow, or you pick the business concept 101, and they didn't understand the time value of money, right? I don't need to do this today, I can wait till next month to do it because it's no skin off my nose, but it may be off one of my vendors, so to speak.

So, my point of all of that is for us to look for ways to A), recruit people with some of that background, but B), to make sure that our educational and training systems provide that kind of experiential learning to our government workforce, such that they have – I'll call them sensitivities and experiences and insights that I think is very much lacking in a large part of the, I'll call it the business part of our Air Force, or our DoD. And if you're a plane driver, or a ship driver, or a tank driver, frankly, you don't care so much, and I don't mean that pejoratively. But that's not what you're worried about today, you're worried about, you know, driving your ship, et cetera.

So, I think for us that operate in that other part of our services and in the part of the enterprise, it's really an essential component for us to try to get after because it's very problematic, and I'm sure everyone in this room has heard this from industry people. Gosh, what takes so long, you know, they're killing me, and I'll give you one snippet about how this manifests itself and what it means to national security.

Last year, NDIA (National Defense Industrial Association) published their vital signs report on the Defense Industrial Base, and they said over 5,000 companies left the Defense Industrial Base one year prior when they do the survey and put it all together. But in the year prior, and for the first time since World War II, there were less than 100,000 businesses inside of the Defense

Industrial Base. That's a frightening, frightening statistic, if for no other reason, if you think about how many businesses and industries were required to make an advanced fifth-generation fighter go, or an advanced aircraft carrier operate and sustain or, you pick the advanced weapons system.

(NELSON FORD) One in every state.

(LEE LEVY) And then some and a couple –

(NELSON FORD) One in every Congressional district.

(LEE LEVY) And every country to think about partners and allies. So, the problem is even more stark than perhaps we'd like to give it credit for. So that's just a few thoughts on it and I'll yield to my panel mates.

(BARBARA ROMZEK) Well, I have to put on my old professor hat here. There's a lot of talk about the people who work in DoD going to work for defense contractors. Is there a way we can get a little training session for people who are still in DoD and monitoring contracts? Some of these junior people, who don't have the business experience. Is there a way we can get them some intensive training or send them for a week, for a month internship – I don't know what the length is – to the industry. Is that a possibility?

(LAURA WERBER) It happens, yeah.

(BARBARA ROMZEK) Okay.

(LAURA WERBER) It is happening to some extent just to echo what's happening in the audience there. One issue with it is just, you know, who gets it at what level in their career. Sometimes it ends up being maybe more senior than what you're talking about. So, maybe it should be lower grade.

And that's one thing I know, I was thinking would be great to take advantage of the trend towards remote work or hybrid work now to try to expand that, because there are some rotations with industry happening that are great, you do have people in the DoD civilian workforce interning at places like Amazon and Google and places, Boeing and, you know, part of the defense industrial base. But sometimes civilians don't want to move somewhere. So I'm wondering if there's a way to take more advantage of that, say, hey, for three months, or six months, you're going to be basically doing a project for Amazon or Boeing. But now you don't have to move, there's a way to make it work remotely. So I'm just hoping that there's a silver lining with a trend towards more remote work to maybe allow for more of those opportunities and do it earlier in someone's career, and this could help with recruiting and training and retention, as well.

(NELSON FORD) I think in the military – in the military services – there may be more attention to that. I know, in the Army, we had a quite active training with industry program, and we had people in a wide variety of related to their military MOS training, and they were quite valuable and tended to be the kind of person you wanted for the next assignment because their skill sets were broader.

(LEE LEVY) I don't have the data on it, but I will tell you that my observation over my career is that for both our civilian workforce and our military workforce, we've reduced those opportunities at all levels, at all times in service because first we had a peace dividend, right? Then we had the global war on terror and was all hands on deck taking care of that. And, you know, it's the next thing and the next thing. So, what you see is this training pressure, cost pressure, workforce manpower pressure, however you want to articulate it. So writ large, I think the opportunities per capita were much higher, you know, 10 years or 20 years ago than they are now. So I think that's the burning platform. I believe this adds value to our workforce, and what they bring to the conversation, then, okay, let's make the conscious commitment of resources to up the per capita opportunities at different levels in folks' careers to attend these kinds of experiences.

(BARBARA ROMZEK) And what it amounts to is investing in the human capital.

(LAURA WERBER) But the big thing is, there are a lot of these great opportunities. The big issue is the backfill part, you know, like, who's going to cover your main job, if you're offering this great rotation. There are ample opportunities, there's sometimes barriers against having someone to be allowed to be put in that place. Maybe there's some way to sort of daisy chain, well, you're going to do this job as a rotation while this other person does this training. But what usually happens is like, I can't afford to send you to this, I'm sorry, I'd love for you to do this. But what am I going to do with the mission you're contributing to directly and so, we have to deal with that? Yeah, there's just with the tightening of the workforce, that's part of the reason these opportunities are diminishing.

(PARTICIPANT) So, if I'm allowed to back over a couple of decades, I can think of a couple of decades, I can think of a number of examples of major reform initiatives. I'll give you a couple of examples in a moment. But I want to ask the panel, I'm going to tell you what I think led to those and see if you agree. A couple of examples, the purchase card, may be the biggest reform of contracting we've seen. Travelcard got cash out of the system, Gates abolishing Joint Forces Command, a big deal, consolidation of finance and accounting, which the service is strongly opposed, but would save probably a billion and a half a year for the Department. I could go on, but I think there's something that characterizes what led to those reforms.

One, there was a specific idea if you could get your arms around it, you could analyze it. There were cost savings potentially or improvements in capability.

Second, there was a senior leader who was willing to invest his or her time in building a coalition to make that idea come to pass not just in DoD, but also in Congress. And that senior leader or successor didn't stop after it got approved, but they've watched for execution, because sometimes you can get a good idea and it just dies with the next administration.

And finally, celebrating our successes. I don't think we give the Department as much credit as it deserves sometimes, for having done or having made a number of important changes.

So that's my "how we got here," or how you get there. I'd be curious about the panel's thoughts on whether you agree or disagree with that good idea, senior leader, pay attention to execution, and celebrate your successes. Over to you.

LEE LEVY: Yeah, I think that you nailed it pretty squarely to include the coalition and constituency piece of that and the follow-through that is really essential. But part of that, I think, is the good idea has to show up at the right place at the right time. For example, the senior leader has to be fairly new in his or her tenure, right? Sometimes a great idea shows up in your last year in a job and you know this is a great idea, but you're probably going to have a very difficult time getting this initiative launched. So, I think that that's really important. So I think all of those are absolutely central.

But I think really sort of what you framed there is change management, right? How do we do change management. And I would – something struck me when you said, we don't do very good at taking credit for the successes we've had in the past or words to that effect.

I think part of that is the Department has a success bias in the sense that we assume success, and anything less than glorious success is failure, and that's how we talk to ourselves, right? Everything I give you, everything you give me, you're assuming I'm going to do with great success. And so, if I do that, if I deliver great success, you go, that's your job. And that's, that's kind of the bias by –

(NELSON FORD) And you get promoted.

(LEE LEVY) Yeah, you get promoted, you get some other, you know, potential benefit, or you get more work, right? But the point is, we have this presumption that we're going to succeed, and so when you do, nobody makes a very big deal out of it. Only when we don't – when we do something less than success, that's when we sort of, you know, wring our hands and talk about it in public.

So we have some of our own work to do with respect to how we view ourselves and what good and success is and looks like and how we talk about it.

(DAVID GRAHAM) Any more comments?

(NELSON FORD) I think you've got the right constellation of things, but I think that success is more random than that, and I think we start efforts, and they are popular, and then cycle out of popularity, then come back into popularity. And a decade later, we've kind of achieved success of an idea from a decade before, and then we look back and say, oh, this started then. And so it's very difficult for a senior leader to follow an idea through to completion, just because it kind of makes everything a five-year problem, at least.

(LAURA WERBER) One thing I just wanted to say about the success stories is also, are there incentives to share successes across the DoD enterprise? Sometimes things could be seen in a zero-sum way. If I share my secret for success, is that going to make it harder for me to succeed in doing that, if I found, you know, really savvy, clever ways to attract STEM personnel, if everyone in

DoD starts doing that, am I going to lose my competitive advantage? So just putting out there about the incentives to make sure that they're aligned with promoting information sharing more broadly.

(DAVID GRAHAM) I think we have time for one more question.

(PARTICIPANT) I don't want to be last question, and it's going to be a hard one. All right. So, integrated deterrence, my passion. Lee, thank you for saying it very loudly, right? Our adversary – we'll just talk about the Chinese Communist Party – has a very clear strategy alignment, Made in China 2025. Every five years they come out, they're going to own 10 new industrial bases, which scares the crap out of me. By 2025, they're going to own the aerospace industry as AVIC (Aviation Industry Corporation of China) gets larger than most of our – actually, they are larger than our all of our industry partners that build aviation. That's a scary thought.

As SMIC (Semiconductor Manufacturing International Corporation) grows larger than our other industry partners in the microelectronics industrial base, that scares me too. [The] Thousand Talents [program], multiple programs that the Chinese Communist Party run in order to court and retain our best and brightest talent out of this country. And then the Military Civil Fusion Program, which is very clearly articulated, there is no contractors, everyone's an industry partner, regardless of if you're working on a commercial or national security asset. So all three of those industrial policies are collapsed together to shape our adversary.

I think we need to be disruptive. You guys are coming up with some disruptive ideas. I would love for you to – hopefully we're not at the false peak, hopefully we aren't comfortable in our laurels at this point, and that we are going to be disruptive. But I'd love for you to come up with or help us create disruptive ideas.

I sit on the PPBE commission with Bob Hale and Peter and Arun. Thankfully, Peter and Arun took the Congressional stabs because I'm an appropriator. So, that's the money people for you folks that don't know. And so, but that disruptive thinking has to be inherent here. I mean, if there's 4,000 years of experience in this room, plus or minus a couple thousand, I really would love for your ideas. I mean, the talent management process is super important. Relationship management is super important. Our medical, industrial base – sorry, I have to buy the drinks later for us – is so important, especially as the biomedical executive order that just came out, highlighting our vulnerabilities in our supply chain. So, I would love for some disruptive ideas from you guys, more of them, or keep them coming, or from this brain trust here.

(PARTICIPANT) Okay, I'm adding one. So, I'm riffing off a very compelling thought from Beth McGrath. Beth, I'm sorry, you hate it when I say that, but it was good. Okay. I know, too bad. And thanks to Peter for getting this whole group together, because only Peter could do it.

So given what you said, there's discourse, and there's disagreement between the House and the Senate, and we don't have Peter Levine on the Senate side, and I'm not going to name your House counterpart, but we know who he was, and then Bill Greenwalt, right, working that connective tissue, and that's why we have a thousand pages of NDAAs, where we used to have a nice, high and tight 500. It was great for us data scientists. It was so easy. I could say I know exactly what's going to end up after the conference markup. There's no mystery here, even the sections are even up. That hasn't happened in quite some time.

So going back to Beth's thoughts on optimization, one, are we in a little trouble on these peaks because we can't because of the chaos. Discourse is good. But chaos, hmm. Have we gone a little too far on the Senate and House side, and what can we do – this group – to kind of help, I don't know, harmonize? That's a good word. I'm into – supply chain is boring to me. Resiliency and retiring risk is a good thing. Thoughts on that. That's disruptive. Peter, thanks for getting us all together.

(LEE LEVY) I'll jump on this one first. So, resiliency is an interesting word that we don't understand very well in the national security space. We want to talk about resiliency and supply chains are boring, maybe, but they're critical. You know, two and a half years ago, nobody thought the little metal tab doohickeys that went on the top of an injection vial was really very important, and overnight, it went to become extremely important, right? The enemy gets a vote, and it could be – it could be the enemy across the ocean, or it could be a little, you know, microbe or a virus of some sort.

So, our supply chain understanding has to be far more comprehensive than it is now. If it took 1,000 vendors to make an F-4 fly, I'll just make up a number and say it takes 5,000 to make an F-35 fly. That's just specious numbers, but you get the idea.

The supply chains and the defense industrial base and the national security industrial base have to be much more thoroughly understood, not only in terms of its capacity and resiliency, because we built it to be brittle, whether we liked that or not, because we push it towards efficiency.

But the other piece of that is we have to understand from a security aspect, who's really behind those companies, and where are they, and what are they going to do to us, and what are they going to deny us in the background? Because they've already figured it out. Remember, the adversary would much rather force us to culmination through a logistics system than having to shoot kinetically at one of our platforms.

So, we need to shore up that and make sure we understand that and make sure that we're not at that false peak. And then secondarily, we need to think about how do we understand that universe outside of the United States.

(DAVID GRAHAM) Peter, we have hit our allotted time. And let me thank the panel again. Thank you.

(PETER LEVINE) Thank you, Dave, and thank you to the panel. We will take another 15-minute break. We'll come back here at 3:00 for our final speaker of the day. And thank you all for your patience. This has been a great meeting so far. So, thank you all.

This page is intentionally blank.

9. Concluding Address: The Honorable Eric Fanning, 22nd Secretary of the Army

(PETER LEVINE) I know it's been a long day here and you've all been very patient, but I'm glad to see that we've retained a very large portion of our audience.

Our final speaker of the day is the Honorable Eric Fanning, who served as the 22nd Secretary of the Army and now leads the Aerospace Industries Association. I first met Eric at the beginning of the Obama Administration when he served as Bob Work's Deputy when Secretary Work was the Undersecretary of the Navy and the Navy's first Chief Management Officer.

Over the subsequent years, I watched with admiration, as others recognized Eric's exceptional talent, and he moved on to become Undersecretary and Chief Management Officer of the Air Force, Chief of Staff to the Secretary of Defense, and then Secretary of the Army.

Eric's service in senior positions in the Office of the Secretary of Defense and all three military departments gives him a unique perspective on defense management issues. Please join me in welcoming Eric Fanning to the podium.

(ERIC FANNING) First, let me acknowledge I have the most energetic slot of the day for a full-day symposium. So I called Peter, I said, why don't we make this a fireside chat, because I've actually never given an hour-long presentation in my life, except one, maybe one on Lean Six Sigma or something when I was in the Navy job, and you were the DCMO, and I've never tried to replicate that.

So he asked me to just give a few remarks on this. And I will say I was little taken aback when I walked in the back of the room, because this is a lot of familiar faces here. I think half of the PPBE Commission is here. So I don't know if we can count this as a meeting when we report on our interim report. But so many people here that I worked with, learned from, worked for, I always say I worked for Peter Levine, but other people in the room as well.

So I was trying to think, what am I going to say for a little bit that won't touch on what Peter wants to ask me later, maybe questions that you will have, and I'll just start with a little history and how I got involved as he mentioned this.

I first heard about the DCMO, I had to unpack that, upon landing at Dulles Airport from San Francisco in 2009. And I had worked [with] Richard Danzig in the Clinton Administration, who was Undersecretary and then Secretary of the Navy, and he called and I said the Transition Team wants me to go the Department of Homeland Security. I'd already had an interview there and I took as a sign from the heavens that when I walked into this – to the suite where the Secretary of Homeland Security sits, this is way up in Northwest Washington – the x-ray machine was broken, like that cannot be a good sign about this department, and there was no energy, and I thought I don't want to come up here.

I want to go, because I just came off the WMD (weapons of mass destruction) Commission, and so I thought they were, you know, any of you who have gone through a transition know that they're just, it's a factory. They're not necessarily thinking very creative. And I had worked on the WMD Commission. I think they thought Homeland Security is a good place to put him.

But Richard said, no, I know who's going to be the Undersecretary of the Navy. He was my military assistant; he needs a Deputy to be the Deputy Chief Management Officer. I'm like, well, I don't know that person. I never thought about working in a military department, and I have no idea what a Deputy Chief Management Officer is, and I don't suspect that I have the skill set that's necessary for that. But I took it and I'm glad I did for a number of reasons, and part of what was interesting is, my first introduction to the culture is the military department has not only been in OSD, the Navy put a political appointee in the job, the Air Force put a senior civil servant in the job, and the Army, as the Army does, puts a general in the job. So the three of us together had a lot of fun learning from each other and trying to sort this out.

I was excited when I moved to the Air Force because I could move on to other responsibilities until Bob Work reminded me that as Undersecretary, I'd be the Chief Management Officer, and it was ironic too, Beth will remember this and many of you will too. The Air Force had just gone through its ECSS (Expeditionary Combat Support System) cancellation and debacle. So, as the DCMO of the Navy, I loved testifying with the DCMO of the Air Force because he'd get all the questions. And that was karma and fate and everything intervening at once when I ended up going to the Air Force that I used to make fun of when I was in the Navy job. But it was great to be able to take what I've learned in one department and take it to another department.

But I had – and of course then I went on to the Army and was able to let someone else be the CMO as the Undersecretary, but I couldn't get away for a number of reasons. But I remember being, as I think many of us here, I mean, just about everyone in this room, I think was working on these issues at the same time that I was, I remember being pretty frustrated. And Peter will not remember this, and he's not going to probably be happy that I tell the story. But I asked to come and see him on the Hill, and we didn't know each other very well then. And I said, I think this was a bad law that's being implemented poorly, and the meeting didn't last very long. As I recall, you got a text and hopped out of the room pretty quickly.

But I thought about why that was, and before I went into the Navy job, I spent a few months working as a special assistant to Bob Gates to help with the transition. I remember him saying to me, when I came in, I focused exclusively on the two wars and gave everything else to the Deputy

Secretary, who was Gordon England at the time, I think, and then I realized in year two, as Charlie Cook and others already knew, that I've got to get involved in the budget, because nothing I do is real unless I get it into the budget.

And I think that's my sort of my overarching comment, before I sit down and talk about a couple other things and sit down with Peter, is what we have spent the preponderance of our professional lives doing is critically important. But it will get nowhere if it's not tied to mission. That was what I learned from Gates, and that's what I've seen over and over and over and over again. These great ideas that start on the Hill, and I think many, most of them on reform start on the Hill. I think the Hill is sort of ahead of the curve a little bit in many cases.

But the way the laws are written, and then the way the Department implements them, makes it a compliance exercise. It's not linked to the people who are making the decisions, who then can be leaders that force these things forward. All the work we tried to do, we were trying to do without the right top cover because it wasn't necessarily linked, as I said, to mission, and there's two examples that stand out to me.

One is, those of you who were in the Navy Department at the start of the Obama Administration know that one of Secretary Davis's priorities was sustainability, alternative energy sources, what have you, not something anybody in uniform was excited to invest in.

But I remember two things. I remember the Marine Corps, we got them excited about this, because we had data that showed one in twenty Marines injured in theater was moving fuel – was in a convoy moving fuel, and all of a sudden that clicked. If we move less fuel, we will have less Marines exposed to this danger. So that's tying it to mission, getting the operators really interested in what you're doing.

And then the leadership coverage that is a part of succeeding and doing that we were in, I don't remember what it was called in the Navy when you're making your budget decisions with the Under at the head of the table, and the N-8 at the time would always do three COAs (courses of action). It was so obviously Goldilocks that I'm surprised it just didn't sit at the top of the slide.

But the Under, he's got three COAs for sustainability, alternative energy, and the Under says, which would you invest in? He goes, I'd put zero, but I know what the Secretary expects to see, so we're going to number three. And you've just moved because you had top leadership cover and you had tied it to mission.

And then the second example, and I can't believe I'm bringing this one up, because I was really glad to get away from and we have so many people who are leaders in this auditability. And, you know, for so many leaders, because I saw it, senior, senior leaders, it was something that someone else needed to do to get the Hill off our back. But now that we've had success at this, there are so many things that we can point to that are operational.

I got this list from Dave Norquist, who's another one of our PPBE commissioners. So, if I mention his name, I think that gets us to a quorum. Things that he found on his watch when he was comptroller is one example that – and there are many of these – the V-22s are grounded due to a lack of rollers. Someone was talking about the supply chain earlier. It is frustratingly, maddeningly boring at times, but so critical, and here's an example. There were actually parts available, they just weren't in the system. And so very quickly, they were able to get a whole bunch of V-22s that they thought were grounded and waiting for the supply chain to catch up back in the air.

So I think it's critical, and this is probably going to come up a lot in the in the Q&A, the fireside chat that we have, that we make sure we always tie this very important work to mission, and I think there's an opportunity right now. Even though we have the commission here, everything I say is Eric Fanning and personal. We have not come up with any recommendations yet. And so I want to make clear on that. But I look at the PPBE and this is something that is not interesting to a lot of people even if they recognize that it's important. But there's a moment in time because what got Congress – I had dinner with my appointer last night, Congressman Smith – excited [was] China.

So all this is now tied to something real, something that's mission, and is motivating people to put the time into it and take some risk on it.

And again, a disclaimer, because this is not just related to PPBE, but to sort of my experience in all this is transparency is critical in getting people to give you authorities and let you take risk and support you in taking risk. And that transparency comes from data, and from systems where you can access that data. So all the things we've been working on, for many years now, and we're on generation, I don't even know what, there's some new positions that in your questions you said you were going to ask me about, that help us lean forward on things.

It's not just Congress. It's also DoD – I was about to say us, I'm not in DoD anymore, but I think of DoD. And now, from where I sit, industry. The more data and the more clarity, the more transparency that all the partners in this have, the better and faster we can make decisions and the more trust that develops amongst all those partners.

And then finally, I'm going to say this, because I know you all live to this, there is a workforce component here, and I mean that all the way up to leadership. Perhaps it's a culture issue, but we have to do a better job of training people how to use the authorities that they have, of making them think about risk. But none of that matters, I mean, I don't know how many generals and admirals I've heard, say, we have to take risks, we've got to fail, we've got to fail early, and then they shoot whoever does that.

So I've always been an organizational nerd, but really, it's the people that you put in the boxes that are most important and how you support them and train them.

So I think all of these things that we're going to talk about have to be tied to mission, have to have leadership that are pushing, because we all know how hard it was to affect change without that, and it has to be a larger workforce issue in terms of training and empowerment. We can't just make the workforce aware of the authorities because there are always, we know this, more authorities than are being utilized even as we ask for more. But it's making the key people we're trusting and putting in these jobs truly feel empowered and supported to take those risks and use those authorities.

So I said I was not able to talk that long, but I think it went over my mark.

(PETER LEVINE) So, before I start in here, I want to take note of Eric's slip of the tongue and using the word "we" for the Department of Defense. For those of you who are still with the Department of Defense, one of the great advantages you have is with people in this room who are no longer with the Department of Defense, which is that we all use the word “we.” We all think of the Department of Defense still as “we” and that's something you have because you know we're on your side, we're here to help you, and that's part of what building this community is about and what the Defense Management Institute is about. So I appreciate the slip of the tongue.

(ERIC FANNING) Five years now, and I keep saying "we" when I talk about DoD. So, I haven't yet gotten skepticism with some of my memories.

(PETER LEVINE) So, we will open up the floor to questions a little later, but I want to ask Eric a few myself first.

Starting with the unique perspective you have, having served in all three services and having served as Deputy Chief Management Officer, Chief Management Officer, Secretary, we have seen, now, the demise of the CMO and the DCMO. What do you see as the legacy of that? Have we lost something in the disappearance of those titles or is it a plus-plus here?

(ERIC FANNING) I actually think we kind of have to try something new and rebrand a little bit, and that's through no fault, in my view, having seen this way up close of anyone in this room. I knew Beth before she was the DCMO. I watched how that selection process took place. I watched who cared and who didn't care about having that job.

It goes back to my point earlier about it being a box that senior leaders, political leaders had to check and having seen it in all three military departments, it just was, it was something that everywhere it existed, it was being sort of put – the team was assigned and put in the basement. And we stood up the Business Management Council, the BMC. That was under the ACMAC (Assistant Commandant of the Marine Corps) and the VCNO (Vice Chief of Naval Operations).

But it was focused inward on our particular issues, not the connectivity to what it was supposed to support and enable, and the decisions weren't being made in the rooms where the important decisions were being made, where the people who could make something happen or say no to something. And the Department, you know, the fights between and just complete talking past each other in terms of what those supporters on the Hill wanted and what senior leaders in the Department wanted, just meant that the job got squeezed over time, and I think it – you kind of need to take lessons learned.

But I think it would have been hard at this point to get a lot of success with the DCMO after the history that it had making it the CMO. You know, it works well in the State Department, I think, from what I can see. But you have already such complexity in the Department of Defense compared to any other department, that this really, this is a position that needed to be much better empowered from the jump, and I think trying another angle at this is important.

(PETER LEVINE) With the DoD DCMO in particular, I've always viewed OSD as essentially a policy-making organization and I have a question as to the extent to which it can effectively give directions to the military departments on management issues. How do you think OSD plays into the management of the Department given that the military departments really do the management functions themselves? What's the appropriate role for OSD to play there?

(ERIC FANNING) Well, my perspective on that changed pretty dramatically. My entire time in the Clinton Pentagon was in OSD, and I remember someone taking a Deputy Assistant Secretary job in the Army, and like why would you want to go to the military departments until I had my first job in the military department, and I got it quickly. It's where the people, the money, and the stuff are, and you're much closer to the end user of anything that you're doing. It was immediately a more interesting, exciting place to work, and unless you get in trouble, which happens, OSD tends to leave you alone, which is really a bad instinct on the part of OSD leadership, again, because we're – if you want to get something done, who's implementing it, the military departments.

So I had a very different perspective when I got to the Department of the Navy on that question. But I do think, especially on the topics we're talking about, I do think OSD should focus on strategic goals, let's say, and then standardization. So much of, I think, in anything we might talk about DCMO, PPBE, it's how do you define the data you want? How do you gather it? How do you share it? How do you collect it, when everybody is speaking a different language? And so, I think there are important roles for OSD to play where there's an actual efficiency, because, of course, there are good byproducts of competition between the services. We don't want to squeeze them into a uni-service, except where it makes a lot of sense to do that.

But my experience, too, on OSD was it had gotten a lot bigger between Clinton and Obama and then we hacked it. I think it grew in places where maybe it wasn't helpful, and then we hacked it in places that were very detrimental to us. It's sort of this cyclical thing we go through of adding contractors, cutting contractors, where it becomes a math numbers game instead of a real strategic exercise.

So I do think, because my experience, I don't see any of my fellow DCMOs from that time here, my experience is the three DCMOs would go to OSD, and we were in a room full of people whose job was to say no, to prevent the last bad thing from happening again, like, oh, well, what do we do next, then? Crickets. But I think we have cut too far into parts of OSD, in fact, parts of the civilian workforce all over the Department of Defense. I see that in this job in particular.

But I think it is the inclination of, because OSD is sort of top-heavy, to want to control and to manage instead of allow the departments to do what they do well.

(PETER LEVINE) When I was at OSD as DCMO, but even more so with P&R (personnel and readiness), I think, I viewed among my most important relationships, my relationships with my counterparts in the services. So at P&R, it would have been the Assistant Secretaries for Manpower and Reserve Affairs and their military counterparts, too. And so, we would meet on a weekly basis, and my feeling was, I wasn't going to get anything done unless I had a relationship with them and worked closely with them. Did you perceive from the other side, from the service side, did you perceive that relationship in that sort of joined-at-the-hip approach or is that something that needs to be built and isn't always there?

(ERIC FANNING) Well, it goes back to I was saying earlier about how organizational structures are interesting because if you get it wrong, you can stop progress.

If you get it right, you can really accelerate progress. But personalities are important, relationships are important. There's no way to get around that. And I was lucky when I did become Service Secretary or Acting Secretary of the Air Force to observe over many years relationships, for example, between Service Secretaries and Chiefs, just to two people. But it can grind the headquarters to a halt, and I've seen it many times, the Army Secretary and the Chief of Staff of the Army's Offices are linked by a door. There's not even a hallway or anything between them. It's just one door. If you have a loud Chief of Staff, you can hear him through the door, and you can go into the calendar and see who my Chief of Staff was.

But that door is kind of historic in the Army Headquarters. There was a bookcase put in front of it once. There was a large potted plant put in front of it once. When those leaders didn't get along, it's just not very effective. And so, I have seen OSD leaders who don't operate that way. I've seen service leaders who aren't receptive to that type of thing. I don't know how you get things done otherwise.

I will tell you that when I was Undersecretary or I was Acting Undersecretary of the Army and Lisa Disbrow was Undersecretary of the Air Force, and I think Brad Carson was in the Army job at the time, we all got together very frequently, and one of the things we talked about is, okay, who can we work with an OSD? Who do we trust and who don't we trust, and I, you know, the criticism from the military department perspective is that OSD had gotten so big, it doesn't check the homework, it really does the homework.

But I found that very helpful because when you're a Service Secretary or a Service Chief, there are glaciers that are flowing towards you, and it is very hard to discern the credibility of information you're getting. So I liked having a good relationship with CAPE, a good relationship with Comptroller.

But it really is – it's personality driven. Because, I mean, I don't say that just because we're sitting on the stage together, Peter was DCMO and then yanked, and I was Ashton Carter's Chief of Staff into the acting P&R job, and you landed a lot of planes and obviously, that was a part of it if you had a good relationship. But I've had other people in that position that it wasn't as easy to work with.

(PETER LEVINE) I'm looking at the chairman of the PPBE Commission right in front of me, and I'm thinking that should I do this, but I'm going to anyway, I'm going to reveal some confidential deliberations we've had, not as to any recommendations, don't worry, it's not going to happen.

But one of the things we've discussed is the need to think not only about the rules that govern the process, and what the laws are, but also about what best practices are. And it strikes me that you mentioned that Congress is much more active in the reform arena than the Department is sometimes. It strikes me that one consequence of that is that we tend to think much more in terms of laws and rules than in best practices. And I wonder whether you'd comment on that, and whether maybe that's counterproductive in some ways, and maybe whether it's something that we as the Defense Management Institute can encourage is thinking more about best practices rather than rigid kinds of requirements and directives. What's your thought on it?

(ERIC FANNING) Yeah, I guess, let me start – am I still, okay? I'll start at the end of my answer. I mean, one of the things I think that the Defense Management Institute can do, because I know one of the questions, you're going to ask me is, what was the first thing I would have asked if this existed.

Bureaucracies are additive, and in my experiences, generally new processes or requirements are put in place to prevent the last bad thing from happening again. And there is no formal process or even informal process for someone to come through and clear the brush. I think of President George W. Bush going to the ranch all the time and clearing the underbrush, that image just always sticks in my mind. I wish we had someone who did that for the bureaucracy. And, you know, when Congress has a cycle where it gets interested in reform, boy, does it get interested in reform, and these things – the number of things that come over in an NDAA, someone was talking about the number of pages in an NDAA, and part of that, by the way, is it's kind of the one thing you can count on passing every year.

So everyone wants to get their thing into the NDAA. When that list of things hits the Department, you know, the large uniformed executive secretary function just farms it out, and someone's got to check the box. And so we don't, you know, again, it goes back to everything – things being perceived and structured as a compliance exercise rather than thinking, what can we do this as a best practice.

But a part of that has to be if we're going to do these five new things or these six things differently, then what aren't we doing anymore? What does this replace? It just doesn't happen that way. So it can be hard to look at the best practices.

So I think it's critical that you think about best practices, but you've got to do the hard work of Marie Kondo-ing, or whatever her name is, your bureaucracy regularly to make sure that you can focus on the best practices.

(PETER LEVINE) That's the first mention of Marie Kondo today.

(ERIC FANNING) There you go, yeah. Of course, that's now outdated because apparently, she came out and said, she's got kids, so she doesn't care about a clean house anymore. So all my references are outdated now.

(PETER LEVINE) You mentioned earlier the problem of data in the Department, and we had several speakers who've talked about that. I wonder whether you have, you know, from your experience in the Department, whether you have strong views about where the impediments are to getting better data for decision makers, and are there additional steps or directions that we should be taking in order to try to overcome those things?

(ERIC FANNING) Well, I just think back to my experience, Beth, there with me a number of people in the room, when I just don't feel we had a lot of top cover to do some things we were doing. You know, part of why these ERPs – I was in the Navy Department for four years, I get to the Air Force department when the report on ECSS comes in. I'm like, I could write that. Who did we have do that? How much money did it cost us? It's the same 10 things, and part of it is that we don't try to standardize data. We had very few levers, tools in place to say to everybody who is coming in wanting a modification to the best off-the-shelf system we had. We had very few recourses to say no, and so you just were turning this Christmas tree into something that would collapse on itself.

But, you know, the ERP is the tool, it's the data, that's really what's important. And so, we weren't standardizing how we were collecting data so that we could aggregate it in a military department, let alone across the Department of Defense. And you know what, I'm a perpetually frustrated optimist or disappointed optimist. So, that's a caveat, what I'm about to say, I always look for a silver lining.

Data, you know, I think there's more of a realization among decision-makers on the Hill and the Pentagon and elsewhere, that we've got to get better at the decisions we make or we're going to continue to lose the edge against a potential serious adversary in China. So there's that mission element.

But the other is AI (artificial intelligence), and we know how important that's going to be in general, and we know it's built on data, and we know the Department is not structured to collect, let alone process the data that we need to succeed with AI.

So, I'm hopeful that there's some new mission imperatives here that link to data. Will Roper, who many of you know, said something once and others have said it, I'm sure, too. He said if I could rebuild the Department of Defense from scratch. This was a question when Space Force was founded, like, are we going to keep building out this way or would we – if we built DoD from scratch today, would it be Army, Navy, Air Force, Space Force?

But he said the first thing he'd do was a Department of Data, that we have to get at that problem. And that's – if we can get that right for these very direct mission issues, then we have data that we can pull on for other things.

(PETER LEVINE) I'm going to ask Eric one more question up here, and then we'll open it to the audience for questions. So you go ahead and sharpen your knives now and get ready here.

(ERIC FANNING) End of the day, end of the day.

(PETER LEVINE) So, if you stick around government long enough, you end up getting to be on multiple sides of an issue. So I'm going to confess that I was government for many years and when I was on Capitol Hill, I was a, I guess I'd say, a fierce opponent of headquarters cuts. I came in and I saw what the reductions in the workforce in the 1990s had done and I spent many years first trying to build up the acquisition workforce again, but then trying to repeal headquarters cuts to give the Department more flexibility to build its headquarters in the way that it needed to go, because we were still under restrictions that dated back to the early '90s and had become obsolete.

Then, of course, I came into the Department and was faced by a new round of headquarters cuts, which I was personally in charge of administering. So, I got to be on the opposite side of the issue.

You mentioned sort of the pendulum swinging there, and there are two sides to these issues because, obviously we cut the wrong things, we cut our capacity to deal with things we need to deal with. At the same time, I can understand the concern of people in the field of the headquarters getting bigger and bigger and bigger, and I'm suffering for resources. This needs to rebalance. What's your take on this? Are we too far in the direction of headquarters cuts again, now? Do we need to recalibrate? Where would you say we are on that?

(ERIC FANNING) Well, I think maybe given that we're coming probably to a new budget phase where we may see, if anything, another wave coming, it seems to come every time we get the tight budgets.

When I was in government, I tried to make civil servants a part of every presentation or speech that I gave, because I think they just get squeezed in every political vise that there is and an additional one at the Department of Defense, because you can't do something on the civilian side if you don't do it on the military side. And we'll skip years of doing something in the civilian side, and then try and do something and they'll say, well, you know, your salary changes are related to that and they look at the various numbers there, when the real question should be, what should someone in uniform do, and then you can look at how you spread it across the total force. What should a permanent career civil servant do, and what is a service you want a contractor to do? And it's not an easy mathematical problem to solve.

But let me, if I could just rephrase the question a little bit, because I think I distinguish headquarters – it's hard to define headquarters. I mean, the Pentagon is, I guess, a headquarters building with 25,000 people, and it's pretty remarkable. The companies that work with the private sector, it's been eye-opening to me how lean they want their headquarters. All of their field agencies though are where they want to have, you know, their business units, are where they want to have their workforce.

And so, I think of where we've cut too hard – the contract workforce, acquisition workforce, these types of, you know, because industry will try to get you into a two-on-one situation very easily, and they know what they do very well, when it comes to contracts, when it comes to managing the customer. I was going to say managing a program and I want to say managing the customer. And so, I think those are errors, we've cut too much.

And they're bill payers, you know, you come to everything's a bill payer. Frank Kendall was AT&L (Acquisition, Technology and Logistics), and I was Secretary of the Army, and he called, and he said, you just cut 1,000 contract workers and I'm like, well, they can make it work without that. Well, now I see from the industry side, no. And it actually isn't to the advantage of industry, and they don't think it's the advantage of them. They want to have equal capability on the other side they can work with and get things done quickly.

So I do, I think in some areas, in many areas, we have cut too much. But I think it's part of a larger problem. I think there needs to be civil service reform and let me explain that. I'm not talking about NSPS (National Security Personnel System) or whatever that was. We have to find a way to make career development, you know, I'm just afraid that we have a system now that will attract fewer and fewer people into it.

We've got to find a way that things are more dynamic and that the really good people can move through the career at the paces for them and make sure that we have the type of talent coming into the civil service that I was lucky to work with, with a lot of people into this room, because I don't know that we're attracting the same type of people these days. And part of that is not just career development, and all the many rules that are around civil servants, but it’s the political vice and years of – you have a lot of people in government who just want the federal government as small as possible, and one way to do that is fewer, fewer, fewer people in it.

(PETER LEVINE) We've had some good discussion on that earlier. I think that if I could summarize it, it was that we really need to make the government workforce a more attractive place for people to come to and actively use our mission and the good features of government employment to bring in the people that we need and do everything we can to treat them well when they're there. And you're right, there's sometimes a political message that runs across.

(ERIC FANNING) Because it is different. I know we tend to just use the cliché term “millennial” and someone pointed out to me that the oldest millennials are 40 now, so we get to move down a little bit. But when I took the job, I have now, someone said could this ever be as rewarding as being Secretary of the Army, and I was like, well, in different ways, yes, and one of them is I've got 55 people, and every decision I make, I can see its impact at the end user and I have flex. I get to my office.

My predecessor is a retired Army three star and we're in those curved buildings in Rosslyn on the Potomac where USA Today used to be. Unbelievable views, the best office I've ever had, and modern in light and I'm thinking well, this is nice, it's not the Pentagon. I walk into my old office and there's three of those big, fake leather puffy blue chairs that are standard issue Pentagon for a General Officer, because that's what this guy wanted. And it took me a couple of weeks of negotiating with the landlord – crazy overpriced. I don't know how much this chair cost. Office furniture, and I'm like, wait a minute, I'm not in government. I'm the CEO, I have a credit card, and Room and Board is right around the corner from my house, and I just went and ordered things. I can do that with my workforce too, my team, and it's incredibly rewarding and very important because especially coming out of COVID, it's just different and it's changed quickly. And having the flexibility to be able to do that, my board hasn't squawked at me yet, has been very important in attracting and retaining the talent that I need to get done what I'm asked to do, and those flexibilities don't exist. It's quite the opposite.

I had a woman when I was DCMO in the Navy just stop showing up for work. It was months, and I move on to the Air Force, and then I find out later they just settled with her.

(PETER LEVINE) Questions from the group? Do we have somebody to bring mics around? Can we start with Molly in the front row here?

(MOLLY MCINTOSH) Hi. Molly McIntosh from RAND. In my corner of RAND, we usually have conversations about what share of the reports are put out are A-plus reports, and that question really irritates me, because I think if you're constantly aiming for A-plus, you're probably aiming too low because we should take some risks, get a couple of D's and C's in there, but learn from it and grow. And I don't see this mentality being currently feasible in the way that DoD leadership practices management, because there's such risk aversion, and there's very little reward to taking risk in the way that at least the civilian workforce is constructed.

So my question to you is, first of all, does that premise like you shouldn't get all A's, does that resonate with you? And secondly, have you found in your current role that you're able to do things to try to affect a culture of risk tolerance that you were not able to while you were in DoD?

(ERIC FANNING) So, wow, that's a lot. I don't know what made me think of this, but, you know, I'm not a lawyer but I'm fascinated by courts and the Supreme Court in general and the justices that people write about decades later are the ones that wrote the really important “before their time” dissents.

So yes, I think there's a lot of value in not necessarily shooting for A-plus. I guess I don't – I wouldn't know how to define what an A-plus report is necessarily. David Berteau, who's in the audience, is smarter on services than I am.

I found it interesting when I was looking for outside help, so many different types of even reports or consulting, and really trying to sort of delineate that and figure out how to get what you need, and what's to tee up things for the future and what's not.

You know, it's really interesting to me, my five years on industry now, I'm kind of stunned at what I've learned and how simple some of it is. On the one hand, the reward incentive in industry is such that you're rewarded financially for doing well. But there's great risk to it. It took me a long time to figure out. My COO for a long time was Bob Durbin, who many of you may know, retired

Army three-star who just is the greatest –

(PETER LEVINE) He was the General Officer who served as DCMO, right?

(ERIC FANNING) He was – yes, he was the general. The Army bifurcated the DCMO and business transformation, and because they had a sort of civilian DCMO, there was the business transformation to a general that ruled the roost in the Army side. But Bob was great. And I think I was a year or two into this job and I'm like, they're not letting me swing for the fences and trying to make some big movements here, and he said, their most important audience is – are the analysts and the investors – there are investors and the analysts who actually communicate between them, and all things being equal, they won't take a risk unless they know what the effect is going to be because they don't want to have some perturbation in their quarterly calls.

So we do have, you know, the private sector has sets of incentives that do tolerate reward risk, but also sets that take us back. I don't know what the incentives are in government that encourage people to take risks and we could go through a litany of things. You know, you get called up to the Hill pretty quickly. David has a great line about nobody ever gets called to the Hill for not buying enough stuff, but they will if they bought too many things, you know, if your warehouse is full, which now we wish had not been the incentive structure we had in place a year into Ukraine.

And I don't think that we have leaders in place long enough in some – there's so much – my first confirmation hearing, God bless him, Alan Estevez was there, and I forget the other person, and John McCain was really, he was on a tear about ECSS, and I was going into the Air Force, so it seemed like I'd be the target of it. But he asked Alan, who was going to do an acquisition job, then he asked the guy – this guy was going into the Manpower Reserve for his job, I don't know what happened – and this guy violated the cardinal rule of not answering questions that aren't in your field, but he did. By then, McCain got tired, so I was spared.

But the question was, whose fault is it and who should be shot, and this is terrible, I would never do this in the public thing. I operate in a hearing with one half of my brain sequestered generating the answer I wish I could give. It's dangerous because it could leap over to the other side without me realizing it. But I'm thinking the only person in this room who was involved in ECSS when it went off the rails was you because the poor program manager that you're shooting is six generations after the bad decisions were made, and it was probably the program manager.

So I think there are lots of reasons why the incentives are all to avoid risk in the Department, and we've got to figure that out. But that's – again, I'm speaking only for Eric Fanning – that's something in the back of my mind when I think about any reform going through, including PPBE.

(PETER LEVINE) Another question? Dave Berteau. Wait a second for a microphone.

(DAVE BERTEAU) Eric, you and Peter, the two of you have brought up something that's kind of been lurking on the side of the discussions all day today that hasn't been touched on, and that's the role of political appointees in the whole management structure and process of DoD.

Some of us have been political appointees. Some of us are career civil servants who became political appointees. But there are a couple of dynamics that go on there that I think I'd like you all to comment on.

One is the average duration of a political appointee in any position – and Eric, you're a living example of this, right – is something I think on the order of, Mike, you probably have the data, 22 or 24 months, right? In fact, sometimes it takes so long to get there, you've actually left before you arrived. And so, that's one element of it. There's a lot of churn that goes on there.

The second is there are many reasons why political appointee gets a job. Typically, the primary reason is not are they really competent, capable, and able to do this job. There are other factors that come into play. First of all, do you agree with that premise that political appointees don't arrive – present company excepted, of course – but political appointees don't always arrive with comprehensive competence and experience in the job in which they were picked? And then secondly, the duration or the cycle time of that, are those factors we ought to consider as we're looking at improving defense management? Over.

(ERIC FANNING) Yes. I think, I mean, political appointees – I've worked with multiple generations of both parties are really smart, competent people, but maybe not with the skill sets that align with the job they're being put in. I think that on the political side, we tend to value and perhaps even more on my side of the aisle, the policy chops, and that's very different from running something and we're all the product of the lessons we learned from our parents and early in life.

You know, my first boss was Les Aspen, the chairman of the House of Armed Services Committee, who became Clinton's first Defense Secretary, and was the first Cabinet Secretary fired – first Cabinet Secretary to depart. Because this was a brilliant man when it came to national security, who had never run anything larger than a Congressional office, and not only didn't have the right skill sets aligned to that, wasn't interested in or capable of delegating to the people who should, because remember, his Deputy was Bill Perry, who I think was one of the greats in so many ways.

And I see that over and over and over again, and maybe that's why, certainly Donley has a better sense of this. Over the course of administration, I usually see them squeeze the political appointees at the start out of the military departments and then gravitate there, which is good. But most political appointees in DoD are in OSD, because that's where the policymaking body is, and then you want people who can manage on the other side.

But tenure is not, you know, I'm not really a subject matter expert. I climbed the ladder in a very weird way, one little rung after another, and they would move me where there was a problem. And I kind of wish I'd had – I do wish I'd had – I mean, I had a great experience to see so much of the power in defense, but it would be nice to park someplace for a while and have a little longevity to get at these things because they're grueling jobs. They're tough on individuals. They're tough on their families.

It's my perception that people are staying longer now than they used to, but I didn't think of something in my calculation, David, that you brought up, how long it takes someone to get there. Everyone thinks Mark Milley has been Chairman of the Joint Chiefs for 110 years. It's because President Trump named him a whole year before Dunford's time was up. So it just seems like it's been long.

But tenure is important there, and I remember a year before the reelect for Obama, Panetta gathered us all and said you can leave today or you are committing to me and you'll stay for a year, and I think we need a little bit more of that the flip side.

But also on the other side, too. I don't know who's listening in on this thing here. Obviously, I think we have very impressive Generals and Admirals, but we do have a bias towards people with stars on their shoulders being able to do anything, because they're great leaders, but they're great leaders in a certain area. And so we put them in charge of things that maybe we shouldn't, and we don't leave them there very long.

I mean, I had – Beth will remember that the PEOEIS (Program Executive Office Enterprise Information Systems) in the Navy was a really great surface warfare officer, a two-star. He'd never done anything like, you know, been in a PEO, especially of information systems like that. And then in two years, someone else replaces him as he goes on to something else.

So I do think we've got to think about that, and I think there are positions where we should require more longevity, but we have to think about how to reward that too, because that quickly becomes something that's a career ender.

But the political appointees, you know, if everybody approached it with a little more humility about what their strengths are, and what they're not, and realized that just in the Pentagon alone, you've got 25,000 people that you can pull in for help.

(PETER LEVINE) Another question for Eric? Over here. Let me just say before you start on that last question, Eric surprised me by coming up with some ideas of things you could actually do about it, like Secretary Panetta asking people to stay an extra year – to commit to stay an extra year. But I think there's a significant degree to which those issues are real, but we're not going to change them much except at the margins, and the question that we have to deal with is, what can we do given that those are facts to live with them better and to make the system work with rapid turnover because some of that rapid turnover is always going to be there.

(PARTICIPANT) Yes, sir. I'd like to revisit your comment about the relationship and the relative sort of distribution of duties between the services and OSD, which has been that way forever. But, you know, the services are really the sort of the operational components. They're the ones that develop concepts, acquire systems, and actually go out and fight.

And, you know, in the '50s, '60s, '70s, and '80s, all of that was really based on the fact that down at the service level, they were making decisions that had implications and requirements in sort of minutes, hours, days, and at the Joint level, it was essentially sustainment. They were making decisions that were, you know, decision timelines of more like, you know, weeks, months, and years almost, and that's even after Goldwater-Nichols says, the combatant commanders are more proconsul and long term.

As we look at that and that sort of mirrors in the Joint Staff what goes on in OSD, where the Joint Staff isn't really empowered to get much into operational thought process.

Unfortunately, though, every service right now has a host of, you know, whether you're looking at speed or distance and range, there are theater-level assets and theater-level concepts in each and every service. And when you look at particularly the China-Taiwan operating concept, it's really inefficient to have multiple services trying to come up with a way to fight, and it mirrors the way we manage the department.

So I guess my question really is are you happy with the way things are tiered between service and DoD, and how do we address this gap of sort of the real-time implications of cyber, hypersonic, and dozens of other capabilities at the theater level if we're going to continue to manage it with a hands-off approach?

(ERIC FANNING) Well, wow, there was a lot in that one. I'll forget all the elements of it. But I think, you know, I go back – I found a very big part of my job when I was Acting Secretary of the Air Force. By the way, I was Deputy Undersecretary of Navy one day, and very excited to be picked to be Undersecretary of the Air Force, which was a big jump for me, and I think in my first meeting with Secretary Donley, he said, I've cut a deal with Deputy Secretary Carter, I'm leaving in 60 days, you'll be acting. I'm like, I don't even know where in the Pentagon the Air Force offices are yet. So it was those – that was like the biggest jump in my entire career, and I wish I'd had more time with Secretary Donley.

But so much of my time was balancing these types of things, the military issues inside of the headquarters of the military department. And they're all different based on the leaders, based on the history that they have, and the balance in my experience is never quite right.

The civil service issue that we had a real imbalance between on policy issues when I was Ash Carter’s Chief of Staff [was] between OSD policy and the Joint Staff, because we were having a hard time filling the civil service billets based on the rules, based on availability, whereas the Joint Staff could move people very quickly and bring people in.

And so, I think that balance takes a constant tending if you're in a leadership role, just in day-to-day basis. But if you're now looking at it, or over a longer historical timeframe, and more strategically, I do think, you know, one of the incentives, I think for risk that you could offer is more of a reward for a service that comes up with a solution. So I like the competition element of – I think it's important to introduce problems rather than requirements earlier into the equation. To industry, but also to services and see what they can come up with, and then make sure you have a mechanism to reward the people who get it right and support them and let them take the lead.

We're fighting different now. There's more technology, more of it is in invisible domains and it's faster. And so the joint concept, which may have seemed like something that slowed us down decades ago, is critical now to make sure that everything is working together more closely.

But when you talked about the combatant command sort of thinking about the future, well, in my experience the combatant commands now is they're tasked with something that could go off at any given moment. And so they're the “fight today” people. The military departments are kind of the FYDP (Future Years Defense Program) people. When they split ATL into two, I thought – which I didn't think was a great idea, and I'm still not sure it was, but it is what it is – I thought maybe this R&E person will be the one that looks at the post-FYDP.

And the most interesting year in the FYDP, by the way, is the sixth year because – Charlie Cook taught me this if he's still here – that's where you park all your problems. You just keep pushing them into the sixth year. So maybe A&S will focus, or R&E will focus on the sixth year.

So, I think people are afraid to say it's time for another Goldwater-Nichols, but I've thought that way for a long time. It's such an enormously complex department, with so many redundancies, but sometimes redundancies are a good thing. But I think it's time to take another look at how all these things that you just mentioned because it's been a long time since the Goldwater-Nichols changes have taken place.

And I had an issue with the creation of Space Force. I wasn't a big fan of it. I think what crystallized it for me was John Hamre saying, "So, we think we have a pacing threat from an adversary and our solution is going to be a bureaucratic maneuver to create a new entity."

But, you know, but because I used to think that you go around – I see General Schwartz out of the corner of my eye – you go around the Air Force and its air space and cyber, but it was air, air, air, air is what we talked about, but we have changed the Department even since Goldwater-Nichols. So, I think a rationalization is worth it. It might look the same and it might not to try and get those incentives and responsibilities in order.

(PETER LEVINE) General Schwartz, your name has been used. Do you have a question?

(NORTON SCHWARTZ) First of all, I'd like to thank Peter for being the engine behind DMI. We're grateful to you, Peter, and you're providing a wonderful public service. Thank you.

Eric, let me go off the reservation, if I may, and ask a question that really relates to your current portfolio rather than history. How do we save Boeing?

(ERIC FANNING) Wait a minute, who's in the room, who's on the radio here? You know, I – there are many things I had to learn in this job. Associations are interesting beasts, I didn't really know much about them, and there are so many of them doing very important work. But one thing you have to be careful is you don't pick winners and losers. And so, I have to make sure I'm always focused on what's industry wide. There is an exception to that. And I still have to be careful, and it is Boeing, because actually, AIA (Aerospace Industries Association) is defense, commercial aviation, and space, and those things all overlap.

But by dollar, even with the perturbations of COVID, commercial aviation is bigger, much bigger than defense, actually, and half of my members – you know, I went in with a bias, okay, I know the customer, the customer is the Pentagon, and the commercial aviation people, we don't trust you at all. You don't know us at all. And even on the defense side, for most members, the customer is another member. The Department actually has very few direct relationships with few companies compared to how big the ecosystem is.

But Boeing – half of my membership at least is dependent on the survival of Boeing. So we can lean into that a little bit. But I am really careful not to talk about individual companies in a public setting. So, I'm even pulling my punches here a little bit. But companies that are too big to fail go through cycles, and I think that's what we're seeing with them right now, and I think they would admit that.

I mean, I've got 50 people. You've seen Boeing's Washington office. It looms over the Pentagon. They've got a lot more people in Washington than I do.

And big companies can play with sharp elbows, you know, they mobilize their supply chain, which can include other very big companies to do what they want them to do. And when Boeing, you know, the first set of problems, the two Max crashes, I watched people – and I tell Boeing this too – I watched people circle and unsheathe their knives, and then say, oh my God, I need this company to survive. Our country needs this company to survive.

Sometimes in problems like this, one of the elements is a change – leadership has to evolve, and we've seen that in Boeing, we've seen that with some people on the Hill, that really just I think were blindly antagonistic to Boeing. And then they've got to do their internal housekeeping and reprioritize the voices they need to, and they've made some changes. They have a new CEO. They've made some changes with the presidents of their business unit to include very recently the defense unit. And I think they're on the right track.

I will say, you know, I like to think that the main strategic purpose of my job is to do what I can to make American aerospace and defense as strong and competitive as possible globally. And it's interesting, because it's global supply chains, global markets, so it's not necessarily as simple as that. Airbus has tried maybe three times to become a member of AIA, and they've not succeeded at this time, but they are an associate member. But that's something, you know, wherever Boeing is, there's competition out there, and the gap between Airbus and Boeing is growing to a way that I think should be a strategic concern of the United States of America.

And by the way, it applies to these – I have to testify next week for HASC on the industrial base, and you know, Ukraine and China are going to come up a lot.

We're making a lot of really fast moves as a country about China, and I don't think we're doing it in as much lockstep with our European allies as people claim we are. One of my most frustrating moments in the Pentagon was in the Air Force on a drone – I can say drone now because I'm not in the Air Force anymore – selling drones to Italy and I remember there was still a senator from California who didn't want Italy to have this capability. I'm like, you're not deciding whether Italy has this capability, you're deciding whether it's American made, because there are other places that get it. It's the same if we're not careful about making quick decisions on China. They have places they can go. And so, it's the same with Boeing. So, for people who think Boeing needs to lick its wounds for a while, the global economy does not stop for that.

So I'm glad you asked that question because I think it is a unique company in aerospace and defense for the United States, and it's in all of our interests, national security, economic security, that that company thrives.

(PETER LEVINE) Can we all thank Eric for a wonderful closing. Thank you, Eric, that's great – fabulous. I don't want to hold you much longer. I just want to say a few quick thank you's before we close out the day. Hosting an event like this obviously takes a huge cooperative effort by a lot of people.

I'd like to thank our Corporate Communications Group, Reggie Marcellus, Tonya Buford, John Frost – I know this sounds like Academy Awards or something – Matt Coursey, Alisa Posey. But we talked about how it's important to thank people and recognize people, so I'm going to do that. Patricia Sadiq and Scott Gannon, our IT and conference support, PJ Lee, who's the one guy who keeps us going – who keeps his whole place going in IT. Security, Ike Rivers, Russell Boone, Dylan West, Sharon Cavitt, Monica Johnson, and the rest of the security staff. Facilities, Barry Homberg and his team, as well as Dana Barbee, Tracey Kenney, Aida Muzo, Brian Rieksts, Stephanie Barna, and Matt Reed.

And most of all, I'd like to thank Tina Patterson, who, for those of you who had anything to do with this conference, know she coordinated absolutely every aspect of it and was essential to putting it together and it would not have happened without her.

And then finally, I'd like to thank all of you, because, as I said at the outset, this conference is all about the people in this room. Thank you for coming. Thank you for your contribution, and we look forward to working with you in the future.

This page is intentionally blank.

Appendix A.
Moderator and Speaker Biographies

Jason Dechant, IDA

Jason Dechant is a Research Staff Member at the Institute for Defense Analyses (IDA). He has served in that position since January 2000, leading analysis in the Strategy, Forces, and Resources Division. From 2001-2004, Dr. Dechant served as Special Assistant for Strategy in the Office of the Undersecretary of Defense for Policy (USD(P)) in the Department of Defense.

While in USD(P), he developed policy guidance on force development and operational planning. At IDA, Dr. Dechant leads studies on topics ranging from defense resource management to risk assessment methodologies. Currently, he manages the organizational effectiveness research portfolio where he's led assessments of the Strategic Capabilities Office, U.S. Army Recruiting Command, and the Joint Staff, among others. Dr. Dechant has also advised foreign partners (on behalf of the U.S. Government) on strategic planning and resource management and their organizational dimensions. He is an adjunct professor at the Schar School of Government and Public Policy at George Mason University where he teaches graduate courses in public policy theory and practice and international security policy. Dr. Dechant received his bachelor's degree in political science from Kansas State University, his master's degree from the Patterson School of Diplomacy and International Commerce at the University of Kentucky, and completed his Ph.D. at George Mason University's School of Public Policy.

The Honorable Michael Donley, DoD Director, Administration and Management (DA&M)

Michael Donley was appointed DA&M in May 2021 and previously served in the same position from May 2005 to June 2008. He was most recently a Trustee and Chairman of the Board for The Aerospace Corporation, a Federally-Funded Research and Development Corporation (2013-2021), and was an independent defense consultant.

The DA&M is the Principal Staff Assistant to the Secretary and Deputy Secretary of Defense for organizational and management matters. The DA&M manages the Pentagon Reservation, including all construction, renovation, facility operations, maintenance, and security; provides administrative, personnel, and budget support to OSD, selected Defense Agencies, and DoD personnel in the National Capital Region; and supervises Washington Headquarters Services (a DoD Field Activity) and the Pentagon Force Protection Agency.

He has also served as Secretary of the Air Force (2008-2013); Assistant Secretary of the Air Force (Financial Management & Comptroller) (1989-1993); Deputy Executive Secretary, National Security Council (1987-1989); Director of Defense Programs, National Security Council (1984-1987); Professional Staff Member, Senate Committee on Armed Services (1981-1984); and Legislative Assistant, U.S. Senate (1979-1981).

Mr. Donley served in the U.S. Army from 1972-1975 and holds B.A. and M.A. degrees in International Relations from the University of Southern California.

He is a recipient of the Department of Defense medal for Distinguished Public Service and equivalent awards from the Departments of the Army, Navy, and Air Force. Mr. Donley also received the W. Stuart Symington and General Bernard Schriever awards from the Air Force Association, and is the 9th recipient of the Air Force Order of the Sword, an honor conferred by Air Force enlisted personnel.

Mark E. Easton, Professor of Financial Management, DSMC

Mark Easton is currently serving in a part-time capacity as a Professor of Financial Management within the Defense Systems Management College of the Defense Acquisition University at Ft. Belvoir, Virginia.

Prior to this, he served as the Deputy Chief Financial Officer (DCFO), in the Office of the Under Secretary of Defense (Comptroller) from May 2009 until his retirement from Federal service in December 2020. In that capacity, he was the principal advisor to the Under Secretary of Defense (Comptroller)/ Chief Financial Officer, as well as to Defense senior leaders, on all issues involving the amended Chief Financial Officers Act of 1990 and related financial management reforms. His portfolio also included responsibility for the Department Manager's Internal Control Program and annual financial audit support and remediation. Following extensive audit readiness efforts, DoD executed its first comprehensive Financial audit in fiscal year 2018.

Prior to becoming the DCFO, Mr. Easton was the Deputy Assistant Secretary of the Navy and Director for Financial Operations. In this position, he was responsible for Department of the Navy financial improvement initiatives that involved systems and processes employed by 9,000 Navy-Marine Corps financial managers. He was appointed to the Senior Executive Service in January 2003, initially serving as Director, Defense Finance and Accounting Service (DFAS) Cleveland, and the Senior Navy Client Executive for DFAS.

Mr. Easton retired from the Navy at the rank of captain in September 2002, following a 29-year career in the Navy Supply Corps, serving in assignments both afloat and ashore, as a logistician and financial manager. A native of Kansas City, Missouri, he holds a Bachelor of Science degree in economics from Miami University (Ohio) and a Master of Business Administration degree from the University of Michigan. He is the recipient of various personal awards, including the Presidential Rank Award (Distinguished and Meritorious), the DoD Medal for Distinguished Civilian Service, the Defense Superior Service Medal, and the 2019 Scantlebury Award for Distinguished Leadership in Financial Management Improvement.

Eric Fanning, 22nd Secretary of the Army

Eric Fanning is President and Chief Executive Officer of the Aerospace Industries Association (AIA), the leading advocacy organization for the aerospace and defense industry with nearly 350 companies in its membership – ranging from multinational prime contractors to family-owned businesses. As AIA's leader, Fanning develops the association's strategic priorities and works with member CEOs to advocate for policies and responsible budgets that keep our country strong, bolster our capacity to innovate, and spur our economic growth.

Fanning joined AIA after serving as the 22nd Secretary of the Army where he provided leadership and oversight of our nation's largest military service. He previously served as Chief of Staff to the Secretary of Defense, Acting Secretary of the Air Force and Under Secretary of the Air Force, and Deputy Under Secretary of the Navy/ Deputy Chief Management Officer. He is the only person to have held senior appointments in all three military departments and the Office of the Secretary of Defense.

During his more than 25 years of distinguished government service, Fanning worked on the staff of the House Armed Services Committee, was Senior Vice President of Strategic Development for Business Executives for National Security, was Deputy Director of the Commission on the Prevention of Weapons of Mass Destruction Proliferation and Terrorism, and was associate director of political affairs at the White House.

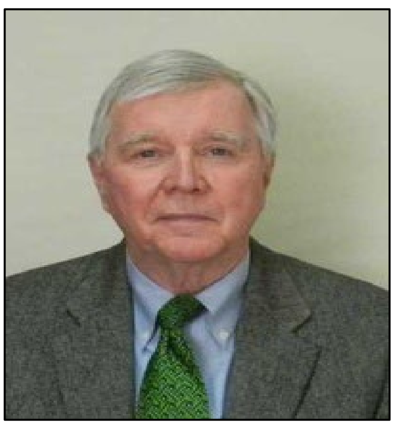
Fanning holds a bachelor's degree in history from Dartmouth College. His awards include the Department of Defense's Medal for Distinguished Public Service (twice awarded), the Department of the Army's Decoration for Distinguished Civilian Service, the Department of the Navy's Distinguished Public Service Award (twice awarded) and the Department of the Air Force's Distinguished Public Service Award and Decoration for Exceptional Civilian Service.

Nelson Ford, former LMI CEO and Under Secretary for the Army

Nelson Ford is Past President and CEO of LMI in Tysons, Virginia. Ford has served as the Under Secretary of the Army, Assistant Secretary of the Army for Financial Management and Comptroller, Principal Deputy Assistant Secretary of the Army for Financial Management and Comptroller, and Deputy Assistant Secretary for Health Budgets and Financial Policy in the Department of Defense.

In the 1990s he was the Chief Operating Officer and Chief Financial Officer at Georgetown University Medical Center, and in the 1980s he managed the health care consulting practice for Coopers & Lybrand. He has extensive experience in the governance of health care organizations.

David R. Graham, IDA



David Graham joined IDA in 1984. He served as a Deputy Division Director in the Strategy, Forces, and Resources Division until 2019 and is now an adjunct staff member. At IDA, he has led a wide range of IDA studies, with study teams of up to 20 professional staff, and has contributed to a number of national panels and study groups. Areas of focus include national security roles and missions, organizational effectiveness, human capital management, and defense and the economy.

Before joining IDA, he studied the government regulation of industry at the Board of Governors of the Federal Reserve System, the Civil Aeronautics Board, and the U.S. Department of Labor. In 2000, he was awarded IDA's Andrew J. Goodpaster Award for Research Excellence. He holds a BA in Economics from Wabash College (Indiana) and a Ph.D. in Economics from the University of California, Los Angeles.

The Honorable Kathleen Hicks, 35th Deputy Secretary of Defense

Dr. Kathleen H. Hicks serves as the 35th Deputy Secretary of Defense; she was sworn into that office on Feb. 9, 2021.

Prior to becoming Deputy Secretary, Dr. Hicks held the position of senior vice president, Henry A. Kissinger Chair, and Director of the International Security Program at the Center for Strategic and International Studies. From 2009 to 2013, she served as a senior civilian official in the Department of Defense. Confirmed by the United States Senate in 2012 as principal Deputy Under Secretary of Defense (DUSD) for Policy, she was responsible for advising the Secretary of Defense on global and regional defense policy and strategy. She also served as DUSD for Strategy, Plans, and Forces (SPF), leading the development of the 2012 Defense Strategic Guidance and the 2010 Quadrennial Defense Review and crafting guidance for future force capabilities, overseas military posture, and contingency and theater campaign plans.

Prior to becoming the DUSD for SPF, from 2006 to 2009 Deputy Secretary Hicks was a senior fellow at the Center for Strategic and International Studies. Deputy Secretary Hicks launched her career as a civil servant in the Office of the Secretary of Defense, serving from 1993 to 2006 in a variety of capacities and rising from Presidential Management Intern to the Senior Executive Service.

Peter Levine, IDA

Peter Levine is a Senior Fellow in the Strategy, Forces and Resources Division within IDA's Systems and Analyses Center. He previously served as Acting Under Secretary of Defense for Personnel and Readiness, Deputy Chief Management Officer of the Department of Defense, and Staff Director of the Senate Armed Services Committee. His recently published book, *Defense Management Reform: How to Make the Pentagon Work Better and Cost Less*, seeks to capture lessons learned from 40 years of management reform efforts in the Department of Defense.

Lee Levy, CEO of Levy Group and former Commander, Air Force Sustainment Center

Lee Levy brings 34 years of distinguished military service as well as unparalleled global leadership and expertise in national and international security policy, acquisition, sustainment, logistics, global supply chains, advanced manufacturing, civil engineering, strategic planning, strategic deterrence/nuclear weapons and munitions, and joint/multinational military operations as well as humanitarian assistance and disaster relief operations.

Levy is CEO of The Levy Group, LLC, which brings deep expertise in global security policy, global supply chains, Air/Space/Cyber capabilities as well as strategic analysis, risk and crisis management as well as organizational and leadership development. Additionally, he recently served more than three years on the NASA Advisory Council (NAC). Appointed by the NASA Administrator, the NAC is the senior external advisory body to the administrator on program and policy matters related to the U.S. space program. Levy has also been appointed by the Governor of Oklahoma as a member of the Oklahoma Aerospace and Autonomous Systems Council. He is a Senior Non- Resident Fellow at the Mitchell Institute for Aerospace Studies, in Washington, DC. Levy is a nationally certified Corporate Director, serves as an independent director on a number of for- profit and not-for-profit corporate boards including appointments to Audit and Compensation Committees. He also serves on the Board of Directors of the National Defense Industrial Association as well as the Chairman of the Logistics Management Division. Levy is currently a Doctoral Candidate at Vanderbilt University.

During his final general officer assignment with the Air Force, Levy was Commanding General of the Air Force Sustainment Center (AFSC), Air Force Materiel Command, headquartered at Tinker Air Force Base in Oklahoma City, Oklahoma. He served as CEO of the Air Force's organization responsible for worldwide logistics, supply chain, sustainment, and maintenance, modification, repair, and overhaul (MMRO) of Air Force, other U.S. military, and allied aircraft, space, and cyber systems. He led a global enterprise of a 43,000 primarily civilian workforce located in 73 locations across the globe with over $16 billion in earnings, the Air Force's only true profit and loss organization. Levy also directed and had global responsibility for the Air Force's supply chains, and Agile software development and sustainment responsibility for Air, Space, and Cyber weapons systems as well as sustainment responsibility for much of the U.S. Nuclear Deterrent Forces. He previously had multiple Air Force and Joint general officer assignments, commands, and deployments of increasing responsibility.

Levy's military career began in 1985 when he received his Bachelor of Science in business administration from Louisiana State University. He also has earned a graduate certificate in systems management from the University of Southern California, and a Master of Science degree in international relations from Troy State University. Levy earned a master's degree in national security and strategic studies from the Naval War College. His varied education includes completing Harvard's John F. Kennedy School of Government's Senior Executive Fellows Program and Senior Executives in National and International Security programs. Levy completed the Air Force Enterprise Leadership seminar at the Darden School of Business, University of Virginia as well as LOGTECH Executive Program and the Air Force Enterprise Leadership Program at the University of North Carolina, Chapel Hill's Kenan-Flagler School of Business. He is a nationally certified corporate director through the National Association of Corporate Directors (NACD) and was in the inaugural cohort to achieve this new national accreditation**.**

The Honorable Beth McGrath, former DoD Deputy Chief Management Officer

Beth McGrath is a managing director in Deloitte's Government & Public Services (GPS) practice and leads Deloitte's Global Defense, Security & Justice (DS&J) practice. Beth has broad, multi-disciplined, strategic, and operational management experience acquired from 25+ years successful performance in the federal government, while in positions up to the undersecretary level of the Department of Defense (DoD). She possesses exceptional interpersonal skills with specific expertise in strategic planning and performance management, investment reviews and program management, and thought leadership and transformation.

Prior to joining Deloitte, McGrath was confirmed by the Senate as the Deputy Chief Management Officer (DCMO) for the DoD. During her tenure, she addressed numerous management challenges, in part by instituting an investment review process for the Department's $7 billion of "business IT" systems, authoring the DoD's Strategic Management Plan (SMP) and overseeing needed improvements to the Department's business architecture and security clearance processes. She also advised the Secretary and Deputy Secretary of Defense on matters relating to management and the improvement of business operations. As DoD's Deputy Chief Management Officer, she was extraordinarily effective in transforming the approach to business operations away from short-term, risk averse, status quo behaviors to a more strategic, enterprise-focused environment. She brought a dedicated focus to improving the business operations, and her business-minded approach reaped great dividends for the DoD in the areas of strategic planning, performance management, change management, process improvement, and business information technology acquisition and investment management.

McGrath served as the vice chair of the Federal Suitability and Security Clearance Performance Accountability Council overseeing government-wide security clearance process reforms. She has extensive experience designing, executing, and overseeing complex interagency partnership programs involving senior White House officials and multiple heads of agencies/departments. She has developed strategies to modify national policy, streamline interagency practices, and modernize information technology (IT) capabilities in areas as diverse as suitability and security clearance processing and military and veteran's health services/information technology.

She also served as the deputy director for Systems Integration, Defense Finance and Accounting Service (DFAS) where she created a financial migration strategy that included a comprehensive architecture and identification of DoD-wide systems valued at more than $1 billion. Additionally, McGrath held numerous business/acquisition roles within the Department of the Navy.

Essye Miller, former DoD Deputy Chief Information Officer

Essye Miller is the President/CEO of Executive Business Management, LLC, providing consulting services focused on national defense issues related on information management, information technology and cybersecurity. Essye serves on the Corporate Office Properties Trust Board of Trustees and is an advisor for several industry and non-profit organizations. Essye served as the Principal Deputy Chief Information Officer for the Department of Defense from 2018 until her retirement in 2020. Essye is a recognized leader with over 35 years of Federal and Department of Defense (DoD) experience driving cross-cutting information technology and business transformation initiatives.

As the Principal Deputy CIO, Essye was responsible for all matters pertaining to information management, cybersecurity and digital transformation. During this time, she was key to the development of the DoD Digital Modernization and Cloud strategies; establishment of the Joint Artificial Intelligence Center and shifting DoD from compliance-based to risk-managed cybersecurity posture. Prior to this role, Essye was the DoD Chief Information Security Officer, the senior official for all policy and governance matters related to DoD's $8 billion Cybersecurity program. Essye was named the Acting DoD Chief Information Officer by the Secretary of Defense in 2017, leading the organization through a critical political transition. Essye earned her Bachelor of Arts degree from Talladega College, a Master of Business Administration degree from Troy State University, and a Master of Strategic Studies degree from Air University in Montgomery, Alabama. In May 2021, Talladega College conferred an Honorary Doctor of Science upon Essye. She has been awarded numerous medals and commendations throughout her career, most notably the 2018 Meritorious Presidential Rank Award.

Barbara Romzek, Professor of Public Administration and Policy, American University

Barbara Romzek is Professor of Public Administration and Policy. She served as Dean of the School of Public Affairs at American University from 2012-2017. Prior to her time at American University, she held numerous academic appointments and leadership positions at the University of Kansas. Dr. Romzek is recognized for her expertise in public management and accountability with emphases on government reform, contracting, and network service delivery. Her research has encompassed complex work settings, including NASA, Congress, and the U.S. Air Force, as well as state agencies, local governments, and nonprofit agencies.

Dr. Romzek is a Fellow of the National Academy of Public Administration and has been recognized for her research with awards from the American Society for Public Administration, the American Political Science Association, including the 2014 Gaus Award for a Lifetime of Exemplary Scholarship from the American Political Science Association. Dr. Romzek is currently a member of a multi-year joint project, mandated by the U.S. Congress, of the National Academy of Sciences and the National Academy of Public Administration to track and assess Governance and Management Reform in the Nuclear Security Enterprise.

Norton A. Schwartz, IDA

Norton A. Schwartz is a retired United States Air Force General who served as the 19th Chief of Staff of the Air Force from August 2008 until his retirement in 2012. He previously served as commander, United States Transportation Command from September 2005 to August 2008. He is currently the president and Chief Executive Officer (CEO) of the Institute for Defense Analyses in Alexandria, Virginia.

General Schwartz graduated from the United States Air Force Academy in 1973. He is an alumnus of the National War College, a member of the Council on Foreign Relations, and a 1994 Fellow of the Massachusetts Institute of Technology's Seminar XXI.

Marilyn Thomas, former Air Force Chief Financial Officer

Marilyn Thomas is a Managing Consultant for the Defense Sector in Guidehouse. Previously, she served 33 years as a civilian for the Department of Defense, 15 years as a Senior Executive, culminating as the Air Force Deputy Chief Manager and the Acting Assistant Secretary for The Air Force and Space Forces financial management. Her experience spans all business functional areas – predominantly financial and information technology. She led many key business reform initiatives; validating requirements, business architectures, and spend to advise the Deputy and Air Force Secretary on key investment decisions to support implementation and integration of ERPs. During her senior tenure she worked on special details to establish the Air Force CIO organization and institutionalize category management policy within the Department of Defense. In addition to her extensive financial background, she has mentored many professionals, many of which serve in key senior positions today, inside and outside the Department. Marilyn holds four Service Medals and two Presidential Rank Awards.

Laura Werber, Senior Management Scientist, RAND

Laura Werber is a senior management scientist at the RAND Corporation and a professor at the Pardee RAND Graduate School. She applies organizational theories and methods to a wide array of policy issues, including talent management, performance management, organizational design, veteran reintegration, and military families.

Her recently completed military projects include ones related to defense civilian workforce management, the defense nuclear workforce, and performance management of federally funded research and development centers. She is currently leading projects about civilian employment of reserve and guard personnel, use of the probationary period for defense civilian personnel, and veterans' social networks. Her domestic research projects have focused on issues facing urban communities, such as law enforcement recruiting. Across policy areas, Werber is routinely tapped to assist program assessments and process improvement efforts involving issues such as structure, culture, coordination, and measures of effectiveness.

Werber received her Ph.D. in organizational behavior from Stanford University and her B.S. in economics (cum laude) from the Wharton School of Business, University of Pennsylvania.

Patricia Zarodkiewicz, former Administrative Assistant to the Secretary of the Air Force

Patricia Zarodkiewicz, President, PatZconsulting, LLC, provides national security, organizational dynamics and leadership consulting to private and federal markets. In addition to her consulting, she currently serves on the Aerospace Corporation's Board of Trustees, the Board of Advisors for the Intelligence & Security Academy LLC, and is an advisor to Core4ce, LLC. She is a retired Senior Executive with nearly 34 years of experience in the Department of the Air Force.

In her final USAF position as the Administrative Assistant to the Secretary of the Air Force (SAF/AA), she provided advice to the Secretary of the Air Force and Chief of Staff on executive personnel and Headquarters management, and led an organization responsible for over $5.6 billion annually, and supported 37,000 people. As the Air Force's Senior Security Official, she led the Air Force's insider threat program, information, personnel and industrial security policy, and provided oversight of Special Access Programs. Pat served as the Acting Under Secretary for five months in 2017 and was the senior transition official for the Air Force. She served as the Chair of the Strategic Planning Committee for the $6 million DoD Concessions Committee and was the Chair and Board Member of the Air Force Board of Military Corrections.

Prior to her SAF/AA role, Pat served as the Deputy Administrative Assistant to the SECAF and was the Principal Deputy Financial Management and Comptroller for two years. She served as the Deputy Director of the Headquarters Staff. Her previous positions include Deputy for Budget, Assistant Secretary of the Air Force for Financial Management and Comptroller (SAF/FMB), the Deputy Comptroller and Comptroller, HQ Air Force Material Command, and the Director of Budget Investment, SAF/FMBI. Her career includes 20 years of experience in financial management at base, Major Command and Headquarters. Pat was a Distinguished Graduate in 1995 from the Industrial College of the Armed Forces, graduating with a M.S. in National Resource Strategy and her studies focused on space programs.

Pat has a Master of Arts in International Affairs from American University, and a B.A. in economics and political science from the University of Rochester. She attended the Seminar XXI program at Massachusetts Institute of Technology. Pat's leadership was recognized with two Meritorious Presidential Rank Awards, one Distinguished Presidential Rank Award, the Air Force Exceptional Service award, the Navy Superior Public Service Award and the Army Meritorious Public Service Award.