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DOD Acquisition and Logistics Excellence Week Kickoff—Bureaucracy to Battlefield

Remarks as Delivered by Secretary of Defense Donald H. Rumsfeld, The Pentagon , Monday, September 10, 2001.

[Under Secretary of Defense (Acquisition, Technology, and Logistics)] Pete Aldridge, Service Secretaries, distinguished officials of the Department of Defense. [Vice Chairman of the Joint Chiefs of Staff] General [Richard] Myers, thank you very much for those kind words.

The topic today is an adversary that poses a threat, a serious threat, to the security of the United States of America. This adversary is one of the world's last bastions of central planning. It governs by dictating five-year plans. From a single capital, it attempts to impose its demands across time zones, continents, oceans and beyond. With brutal consistency, it stifles free thought and crushes new ideas. It disrupts the defense of the United States and places the lives of men and women in uniform at risk.

Perhaps this adversary sounds like the former Soviet Union, but that enemy is gone: our foes are more subtle and implacable today. You may think I'm describing one of the last decrepit dictators of the world. But their day, too, is almost past, and they cannot match the strength and size of this adversary.

The adversary's closer to home. It's the Pentagon bureaucracy. Not the people, but the processes. Not the civilians, but the systems. Not the men and women in uniform, but the uniformity of thought and action that we too often impose on them.

In this building, despite this era of scarce resources taxed by mounting threats, money disappears into duplicative duties and bloated bureaucracy—not because of greed, but gridlock. Innovation is stifled—not by ill intent but by institutional inertia.

Just as we must transform America's military capability to meet changing threats, we must transform the way the Department works and what it works on. We must build a Department where each of the dedicated people here can apply their immense talents to defend America, where they have the resources, information and freedom to perform.

Our challenge is to transform not just the way we deter and defend, but the way we conduct our daily business. Let's make no mistake: The modernization of the Department of Defense is a matter of some urgency. In fact, it could be said that it's a matter of life and death, ultimately, every American's.

A new idea ignored may be the next threat overlooked. A person employed in a redundant task is one who could be countering terrorism or nuclear proliferation. Every dollar squandered on waste is one denied to the warfighter. That's why we're here today challenging us all to wage an all-out campaign to shift Pentagon's resources from bureaucracy to the battlefield, from tail to the tooth.

We know the adversary. We know the threat. And with the same firmness of purpose that any effort against a determined adversary demands, we must get at it and stay at it.

Some might ask, how in the world could the Secretary of Defense attack the Pentagon in front of its people? To them I reply, I have no desire to attack the Pentagon; I want to liberate it. We need to save it from itself.

The men and women of this department, civilian and military, are our allies, not our enemies. They too are fed up with bureaucracy, they too live with frustrations. I hear it every day. And I'll bet a dollar to a dime that they too want to fix it. In fact, I bet they even know how to fix it, and if asked, will get about the task of fixing it. And I'm asking.

They know the taxpayers deserve better. Every dollar we spend was entrusted to us by a taxpayer who earned it by creating something of value with sweat and skill -- a cashier in Chicago, a waitress in San Francisco. An average American family works an entire year to generate $6,000 in income taxes. Here we spill many times that amount every hour by duplication and by inattention.

That's wrong. It's wrong because national defense depends on public trust, and trust, in turn, hinges on respect for the hardworking people of America and the tax dollars they earn. We need to protect them and their efforts.

Waste drains resources from training and tanks, from infrastructure and intelligence, from helicopters and housing. Outdated systems crush ideas that could save a life. Redundant processes prevent us from adapting to evolving threats with the speed and agility that today's world demands.

Above all, the shift from bureaucracy to the battlefield is a matter of national security. In this period of limited funds, we need every nickel, every good idea, every innovation, every effort to help modernize and transform the U.S. military.

We must change for a simple reason -- the world has -- and we have not yet changed sufficiently. The clearest and most important transformation is from a bipolar Cold War world where threats were visible and predictable, to one in which they arise from multiple sources, most of which are difficult to anticipate, and many of which are impossible even to know today.

Let there be no question: the 2.7 million people who wear our country's uniform -- active, Guard and Reserve -- and the close to 700,000 more who support them in civilian attire, comprise the finest military in the history of the world. They stand ready to face down any threat, anytime, anywhere. But we must do more.

We must develop and build weapons to deter those new threats. We must rebuild our infrastructure, which is in a very serious state of disrepair. And we must assure that the noble cause of military service remains the high calling that will attract the very best.

All this costs money. It costs more than we have. It demands agility -- more than today's bureaucracy allows. And that means we must recognize another transformation: the revolution in management, technology and business practices. Successful modern businesses are leaner and less hierarchical than ever before. They reward innovation and they share information. They have to be nimble in the face of rapid change or they die. Business enterprises die if they fail to adapt, and the fact that they can fail and die is what provides the incentive to survive. But governments can't die, so we need to find other incentives for bureaucracy to adapt and improve.

The technology revolution has transformed organizations across the private sector, but not ours, not fully, not yet. We are, as they say, tangled in our anchor chain. Our financial systems are decades old. According to some estimates, we cannot track $2.3 trillion in transactions. We cannot share information from floor to floor in this building because it's stored on dozens of technological systems that are inaccessible or incompatible.

We maintain 20 to 25 percent more base infrastructure than we need to support our forces, at an annual waste to taxpayers of some $3 billion to $4 billion. Fully half of our resources go to infrastructure and overhead, and in addition to draining resources from warfighting, these costly and outdated systems, procedures and programs stifle innovation as well. A new idea must often survive the gauntlet of some 17 levels of bureaucracy to make it from a line officer's to my desk. I have too much respect for a line officer to believe that we need 17 layers between us.

Our business processes and regulations seems to be engineered to prevent any mistake, and by so doing, they discourage any risk. But ours is a nation born of ideas and raised on improbability, and risk aversion is not America's ethic, and more important, it must not be ours.

Those who fear danger do not volunteer to storm beaches and take hills, sail the seas, and conquer the skies. Now we must free you to take some of the same thoughtful, reasoned risks in the bureaucracy that the men and women in uniform do in battle.

To that end, we're announcing today a series of steps the Department of Defense will take to shift our focus and our resources from bureaucracy to battlefield, from tail to tooth.

Today's announcements are only the first of many. We will launch others ourselves, and we will ask Congress for legislative help as well. We have, for example, asked Congress for permission to begin the process of closing excess bases and consolidating the B-1 bomber force.

But we have the ability—and, therefore, the responsibility—to reduce waste and improve operational efficiency on our own. Already we have made some progress. We've eliminated some 31 of the 72 acquisition-related advisory boards. We now budget based on realistic estimates. We're improving the acquisition process. We're investing $400 million in public-private partnerships for military housing. Many utility services to military installations will be privatized.

We're tightening the requirements for other government agencies to reimburse us for detailees, and we're reviewing to see whether we should suspend assignments where detailees are not fully reimbursed.

We have committed $100 million for financial modernization, and we're establishing a Defense Business Board to tap outside expertise as we move to improve the department's business practices.

We can be proud of this progress but certainly not satisfied.

To succeed, this effort demands personal and sustained attention at the highest levels of the Department. Therefore, it will be guided by the Senior Executive Council including Under Secretary Pete Aldridge, Army Secretary Thomas White, Navy Secretary Gordon England, and Air Force Secretary Jim Roche. These leaders are experienced, talented, and determined. I am delighted they are on our team. I would not want to try to stop them from what they came into this Department to do. I expect them to be enormously successful, as they have in their other endeavors throughout their lives.

Because the Department must respond quickly to changing threats, we're overhauling the 40-year-old Planning, Programming, and Budgeting System, or PPBS, the annual process of forecasting threats for the next several years, matching threats to programs and programs to budgets.

It's really a relic of the Cold War, a holdover from the days when it was possible to forecast threats for the next several years because we knew who would be threatening us for the next several decades. It's also a relic of the Cold War in another regard. PPBS is, I suppose, one of the last vestiges of central panning on Earth. We've combined the programming and budgeting phases to reduce duplicative work and speed decision-making. The streamlined process that should result will be quicker and cheaper and more flexible.

In order to make decisions more quickly, we must slash duplication and encourage cooperation. Currently the Departments of the Army, the Air Force and the Navy operate separate but parallel staffs for their civilian and uniformed chiefs. These staffs largely work the same issues and perform the same functions. Secretaries White and Roach will soon announce plans for realigning the

Departments to support information sharing, speed decision-making, integrate Reserve and Guard headquarters into Department headquarters. Secretary England is engaging a broad agenda of change in the Department of Navy as well.

It's time to start asking tough questions about redundant staffs. Let me give you an example. There are dozens of offices of general counsel scattered throughout the Department. Each service has one. Every agency does, too. So do the Joint Chiefs. We have so many general counsel offices that we actually have another general counsel's office whose only job is to coordinate all those general counsels. [Laughter.] You think I'm kidding. [Laughs.] [Laughter.]

The same could be said of a variety of other functions, from public affairs to legislative affairs. Now, maybe we need many of them, but I have a strong suspicion that we need fewer than we have, and we're going to take a good, hard look and find out.

Department headquarters are hardly the only scenes of redundant bureaucracy. Health care is another. Each service branch has its own surgeon general and medical operation. At the department level, four different agencies claim some degree of control over the delivery of military health care.

Consider this snapshot. One out of every five officers in the United States Navy is a physician. That's not to single out the Navy or to suggest that too many doctors wear uniforms. The Navy and Marine Corps' forward deployments generate unique medical needs. Rather, it's to say that some of those needs, especially where they may involve general practice or specialties unrelated to combat, might be more efficiently delivered by the private sector. And all of them would likely be more efficiently delivered with fewer overlapping bureaucracies.

We've begun to consolidate health care delivery under our TriCare management activity. Over the next two years we will reform the procurement of care from the private sector. I've asked the military departments and Personnel and Readiness organization to complete a revamping of the military health system by fiscal year 2003.

DOD also has three exchange systems and a separate commissary system, all providing similar goods and services. The Congressional Budget Office estimates that consolidating them could save some $300 million. I've asked that we promptly explore the use of tools, like consolidation and contracting, to ensure our uniformed personnel and their families get the very best.

Congress has mandated that we reduce headquarter staffs by 15 percent by fiscal year 2003. I have ordered at least an overall 15 percent reduction from fiscal year 1999 levels in the numerous headquarter staffs overall throughout the department, from the Pentagon to the CINCs to every base headquarters building in the world. It's not just the law, it's a good idea, and we're going to get it done. It's the right thing to do.

To transform the Department, we must look outside this building as well. Consequently, the Senior Executive Council will scour the Department for functions that could be performed better and more cheaply through commercial outsourcing. Here, too, we must ask tough questions. Here are a few:

Why is DOD one of the last organizations around that still cuts its own checks? When an entire industry exists to run warehouses efficiently, why do we own and operate so many of our own? At bases around the world, why do we pick up our own garbage and mop our own floors, rather than contracting services out, as many businesses do? And surely we can outsource more computer systems support.

Maybe we need agencies for some of those functions. Indeed, I know we do. Perhaps a public-private partnership would make sense for others, and I don't doubt at least a few could be outsized -- outsourced altogether.

Like the private sector's best-in-class companies, DOD should aim for excellence in functions that are either directly related to warfighting or must be performed by the Department. But in all other cases, we should seek suppliers who can provide these non-core activities efficiently and

effectively. The Senior Executive Council will begin a review of the Defense Finance and Accounting Service, the Defense Logistics Agency and Defense Information Service Agency.

Harnessing the expertise of the private sector is about something more, however. The Department of Defense was once an engine of technological innovation. Today the private sector is leading the way in many respects, yet DOD makes it harder and harder for us to keep up and for those who do keep up to do business with the Department. Consider that it takes today twice as long as it did in 1975 to produce a new weapon system, at a time when new generations of technology are churned out every 18 to 24 months.

That virtually guarantees that weapon systems are at least a generation old technologically the day they're deployed. Meanwhile, our process and regulations have become so burdensome that many businesses have simply chosen not to do business with the Department of Defense.

To transform the Department, we must take advantage of the private sector's expertise. I've asked the members of the Senior Executive Council to streamline the acquisition process and spur innovation in our traditional supplier base.

Finally, and perhaps most important, we must forge a new compact with war-fighters and those who support them, one that honors their service and understands their needs and encourages them to make national defense a life-long career.

Many of the skills we most require are also in high demand in the private sector, as all of you know. To compete, we need to bring the Department of Defense the human resources practices that have already transformed the private sector. Our compact with war fighters will address quality of life issues—like improvements in health care and housing—where we will make more use of public-private partnerships, and by working to reduce the amount of time they must spend away from their families on deployment.

No business I have known could survive under the policies we apply to our uniformed personnel. We encourage, and often force, servicemen and -women and retire after 20 years in service, after we've spent millions of dollars to train them and when, still in their 40s, they were at the peak of their talents and skills. Because our objective is to produce generalists, officers are most often rotated out of assignments every 12 to 24 months, giving them a flavor of all things but too often making them experts at none. Both policies exact a toll in institutional memory, in skill and in combat readiness. To that end, we intend to submit revised personnel legislation to the Congress at the beginning of fiscal year 2003.

If a shortcoming on the uniformed side is moving personnel too much, on the civilian end we map hardly any career path at all. There, too, we must employ the tools of modern business -- more flexible compensation packages, modern recruiting techniques and better training.

Let me conclude with this note. Some may ask, defensively so, will this war on bureaucracy succeed where others have failed? To that I offer three replies. First is the acknowledgement, indeed this caution: Change is hard. It's hard for some to bear, and it's hard for all of us to achieve.

There's a myth, sort of a legend, that money enters this building and disappears, like a bright light into a black hole, never to be seen again. In truth, there is a real person at the other end of every dollar, a real person who's in charge of every domain, and that means that there will be real consequences from, and real resistance to, fundamental change. We will not complete this work in one year, or five years, or even eight years. An institution built with trillions of dollars over decades of time does not turn on a dime. Some say it's like turning a battleship. I suspect it's more difficult.

That's the disadvantage of size. But here's the upside. In an institution this large, a little bit of change goes a very long way. If we can save just 5 percent of one year's budget, and I have never seen an organization that couldn't save 5 percent of its budget, we would free up some $15 billion to $18 billion, to be transferred from bureaucracy to the battlefield, from tail to tooth. Even if Congress provides us every nickel of our fiscal year '02 budget, we will still need these extra savings to put towards transformation in this Department.

Second, this effort is structurally different from any that preceded it, I suspect. It begins with the personal endorsement, in fact the mandate, of the President of the United States. President Bush recently released a management agenda that says that performance, not promises, will count. He is personally engaged and aware of the effort that all of you are engaged in. The battle against a stifling bureaucracy is also a personal priority for me and for the Service Secretaries, one that will, through the Senior Executive Council, receive the sustained attention at the highest levels of this Department. We have brought people on board who have driven similar change in the private sector. We intend to do so here. We will report publicly on our progress. The old adage that you get what you inspect, not what you expect, or put differently, that what you measure improves, is true. It is powerful, and we will be measuring.

Our strongest allies are the people of this department, and to them I say we need your creativity, we need your energy. If you have ideas or observations for shifting the department's resources from tail to tooth, we welcome them. In fact, we've set up a dedicated e- mail address: www.tailtotooth@osd.pentagon.mil where anyone can send in any thoughts they have.

Finally, this effort will succeed because it must. We really have no choice. It is not, in the end, about business practices, nor is the goal to improve figures on the bottom line. It's really about the security of the United States of America. And let there be no mistake, it is a matter of life and death. Our job is defending America, and if we cannot change the way we do business, then we cannot do our job well, and we must. So today we declare war on bureaucracy, not people, but processes, a campaign to shift Pentagon resources from the tail to the tooth. All hands will be required, and it will take the best of all of us.

Now, like you, I've read that there are those who will oppose our every effort to save taxpayers' money and to strengthen the tooth-to- tail ratio. Well, fine, if there's to be a struggle, so be it. But keep in mind the story about the donkey, the burro, and the ass. The man and the boy were walking down the street with the donkey and people looked and laughed at them and said, "Isn't that foolish —they have a donkey and no one rides it." So the man said to the boy, "Get on the donkey; we don't want those people to think we're foolish." So they went down the road and people looked at the boy on the donkey and the man walking alongside -- "Isn't that terrible, that young boy is riding the donkey and the man's walking." So they changed places, went down the road, people looked and said, "Isn't that terrible, that strong man is up there on the donkey and making the little boy walk." So they both got up on the donkey, the donkey became exhausted, came to a bridge, fell in the river and drowned. And of course the moral of the story is, if you try to please everybody, you're going to lose your donkey. [Laughter.]

So as we all remember that if you do something, somebody's not going to like it, so be it. Our assignment is not to try to please everybody. This is not just about money. It's not about waste. It's about our responsibility to the men and women in uniform who put their lives at risk. We owe them the best training and the best equipment, and we need the resources to provide that. It's about respect for taxpayers' dollars. A cab driver in New York City ought to be able to feel confident that we care about those dollars.

It's about professionalism, and it's also about our respect for ourselves, about how we feel about seeing GAO reports describing waste and mismanagement and money down a rat hole.

We need your help. I ask for your help. I thank all of you who are already helping. I have confidence that we can do it. It's going to be hard. There will be rough times. But it's also the best part of life to be engaged in doing something worthwhile.

Every person within earshot wants to be a part of a proud organization, an organization that cares about excellence in everything it does. I know it. You know it. Let's get about it.

Thank you very much. [Applause.]

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