JOINT DEFENSE CAPABILITIES STUDY TEAM

Joint Defense Capabilities Study

Final Report

December 2003

Joint Defense Capabilities Study: Final Report
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Executive Summary

In March 2003, the Secretary of Defense chartered a study—formally named the Joint Defense Capabilities Study— to examine how the Department of Defense (DoD) develops, resources, and provides joint capabilities. The Secretary selected the Honorable Pete Aldridge, former Under Secretary of Defense for Acquisition, Technology, and Logistics, to lead the study. The Study Team's task was to examine and improve DoD processes for determining needs, creating solutions, making decisions, and providing capabilities to support joint warfighting needs. Based on that examination, the Study Team developed streamlined processes and alternative organizations to better integrate defense capabilities in support of joint objectives.

Why change? Although the current processes have produced the best armed forces in the world, they do not optimize our investment in joint capabilities to meet current and future security challenges. From its discussions with senior personnel in the Office of the Secretary of Defense (OSD), Joint Staff, Services, and Combatant Commands (CoComs), along with reviews of past studies and analyses of current processes, the Study Team found the following:

- *Services dominate the current requirements process.* Much of the Department's focus is on Service programs and platforms rather than capabilities required to accomplish Combatant Command missions. A Service focus does not provide an accurate picture of joint needs, nor does it provide a consistent view of priorities and acceptable risks across the Department.

- *Service planning does not consider the full range of solutions available to meet joint warfighting needs.* Alternative ways to provide the equivalent capability are not adequately considered—especially if the alternative solutions are resident in a different Service or Defense Agency.

- *The resourcing function focuses senior leadership effort on fixing problems at the end of the process, rather than being involved early in the planning process.* OSD programming guidance exceeds available resources and does not provide realistic priorities for Joint needs. "Jointness" is forced into the program late in the process during an adversarial and time-consuming program review. The resulting program does not best meet Joint needs, or provide the best value for the nation's defense investment.

Capabilities-Based Process

The Study Team recommends a capabilities-based process for identifying needs, creating choices, developing solutions, and providing capabilities. The Study Team's "end-state" process differs from the current process in the following ways:

- *Joint needs will form the foundation for the Defense program.* These needs must be developed using a consistent view of priorities and risks, provided by the Secretary of Defense. Combatant Commanders will have major input into the formulation of Joint needs.

- *Planning for major Joint capabilities will be done at the Department, rather than Component level.* The process in which all stakeholders participate will encourage innovation and seek the "best solution" to meet Joint capability needs. Needs will be expressed as "capabilities" or "desired effects" to allow for the widest range of possible solutions. The solutions will be evaluated using open and explicit analysis, to provide the best possible information for decision makers.

- *Senior leaders will focus on providing guidance and making decisions in the "front end" of the process.* The Secretary of Defense will provide strategic direction for capabilities planning and be iteratively engaged in the entire process. Major issues currently addressed in the program review will be examined early in the process, when there is more time for deliberate analysis and greater solution space for the Secretary's decision making.

As shown in Figure 1, the new process has four major elements: strategy, enhanced planning, resourcing, and execution and accountability. These elements differ from the processes they replace in the following ways:

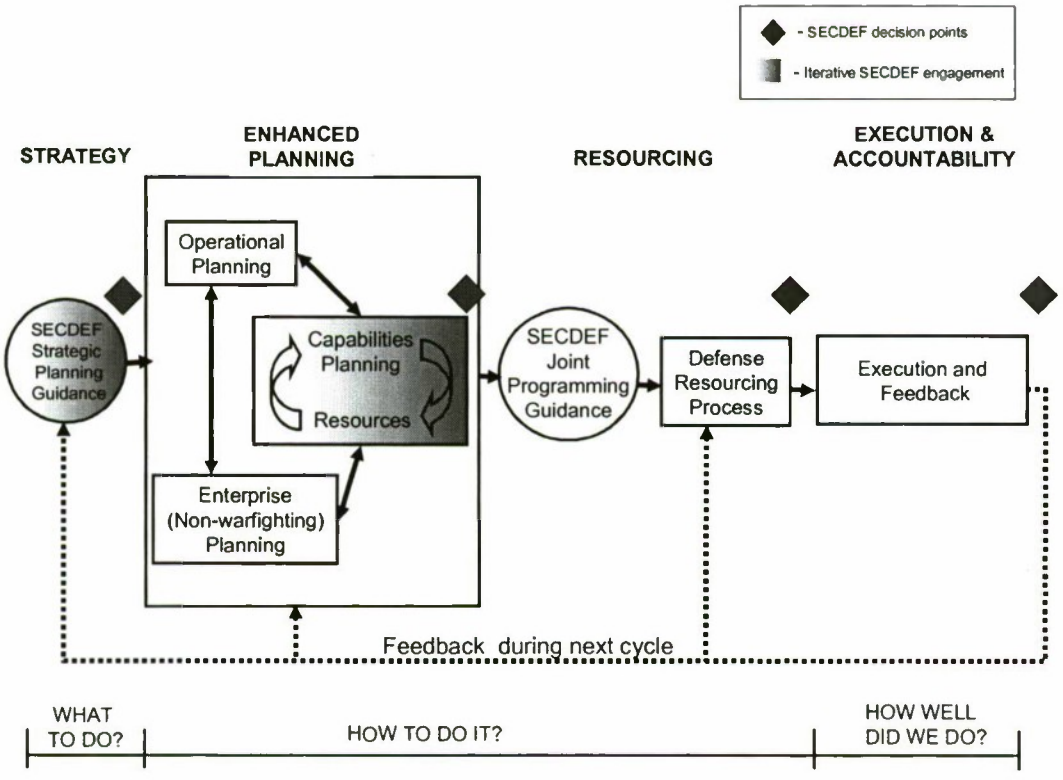
- *Strategy.* Combatant Commanders are assigned a much larger role in shaping the defense strategy articulated in Strategic Planning Guidance (SPG). The SPG focuses on strategic objectives, priorities and risk tolerance, rather than on programmatic solutions. It initiates the planning process and dictates those areas where joint planning efforts must focus.

- *Enhanced planning.* The Enhanced Planning Process supports assessment of capabilities to meet Joint needs. Military needs are identified primarily through Combatant Command operational plans and operating concepts. Enterprise (non-warfighting) needs are identified by the Services and OSD.

- *Resourcing.* The Joint Programming Guidance (JPG) reflects the decisions made in the Enhanced Planning Process and provides fiscally executable guidance for the development of the Components' programs. Because the guidance is fiscally executable, the remainder of the resourcing process is simplified, and the program and budget reviews are reduced in scope and level of effort.

- *Execution and accountability.* The new process focuses on performance assessment and is organized around the capabilities categories and objectives outlined in the SPG and addressed in the JPG. Outcome-oriented capability categories spanning both operational and enterprise functions will serve as the framework for every phase of the new process. The SPG, Enhanced Planning Process, JPG, internal Defense budget, and assessment report will be organized by capability categories.

Figure 1. Simplified End-State Process Model



Organizational Alternatives

The Study Team developed first-order and second-order organizational alternatives. The first-order organizational alternatives address the Department/corporate-level changes needed to implement the new capabilities-based process. These alternatives are built around the capability-based Enhanced Planning Process. The second-order organizational alternatives address changes within major enterprise functions—acquisition; research, development, test, and evaluation; logistics; infrastructure; and workforce planning—to accomplish end-state planning and execution processes. For both levels of changes, the Study Team developed a set of moderate, aggressive, and radical alternatives, based on the level of change proposed.

In general, the moderate alternative would use the existing OSD and Joint Staff structure, with minor modifications, and would partially achieve the end state through the use of matrixed capability teams and ad hoc organization. The aggressive alternative would reorganize those parts of the OSD and Joint Staff that support capabilities-based planning and resource allocation. The radical option would combine duplicative functions in the OSD and Joint Staff to support capabilities-based planning and resourcing at the Department-level, and would require a major reorganization.

Although the focus of the organizational alternatives in this study is on the OSD and the Joint Staff, additional realignments may be beneficial. Elements that define joint capabilities (predominantly CoComs) and that provide a wide range of alternatives to capability needs (predominantly Services/Agencies) should consider internal realignment to better integrate with the new process.

Implementation

The recommendations proposed by this study are substantial. Consequently, any effort to implement them will likely encounter bureaucratic resistance. Managing change through an implementation team is therefore critical to keeping initiatives on track, particularly during the transition period. To be effective, this implementation team should be led by an individual who has direct access to the leadership of the Department, especially the Secretary and Deputy Secretary of Defense. The head of the implementation team and supporting staff will need to establish a Department-wide governance process to drive the change effort. This process should clearly spell out what needs to be done, who needs to do it, and when it needs to be completed. Department leadership should receive regular progress reviews.

Equally important is the need to communicate the need for change, the goal of the change effort, and the organization's progress toward meeting that goal. The implementation team, working closely with Public Affairs, should spearhead efforts to create an external and internal communication strategy.

Contents

Chapter 1
Introduction

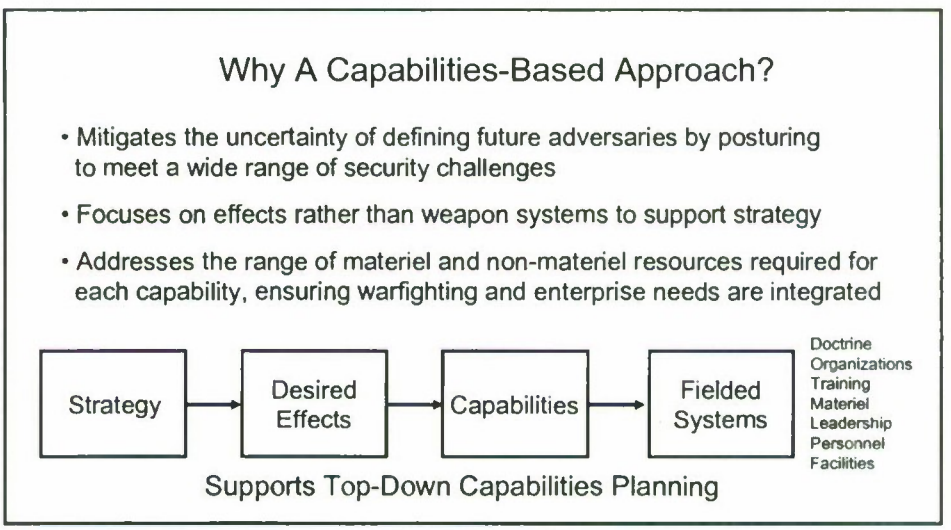
The 2001 Quadrennial Defense Review directed the Department to pursue a capabilities-based approach to defining Defense needs. This approach is markedly different from the traditional threat-based approach because it focuses on delivering capabilities to meet a wide range of security challenges rather than defeating a specific adversary.

In March 2003, the Secretary of Defense (SecDef) chartered the Joint Defense Capabilities Study to examine the process and organizational changes necessary to implement a capabilities-based approach across the Department.

BACKGROUND

The United States cannot definitively predict who its next adversary will be or where the next conflict will occur. A capabilities-based approach mitigates this uncertainty by emphasizing the nation's ability to shape the battlefield, regardless of whom we fight or where we fight. Figure 1-1 is an overview of the capabilities-based approach.

Figure 1-1. Overview of Capabilities-Based Approach



A capabilities-based approach elevates the discussion of joint needs to a more strategic level, centering on desired effects rather than specific weapon systems and platforms. In this approach, strategic objectives frame the desired effects, which in turn define the needed capabilities, and ultimately the platforms and weapon systems we should acquire. This reverses our current approach of packaging weapon systems and platforms into capabilities, assessing what effects we can achieve on the battlefield, and planning operations based on those achievable effects. Because a capabilities-based approach begins at the strategic level, top-down guidance is easier to incorporate—the entire process is more responsive to senior leader decisions.

Another advantage to a capabilities-based approach is that each capability has a materiel and non-materiel aspect to it. Every capability can be broken into doctrine, organizational, training, materiel, leadership, personnel, and facilities elements. As a result, all resources are considered when planning for capabilities. This holistic approach considers enterprise needs simultaneously with warfighting needs, supporting a fiscally constrained resourcing process.

STUDY APPROACH

The Honorable Pete Aldridge, former Under Secretary of Defense for Acquisition, Technology, and Logistics—USD(AT&L)—led the Joint Defense Capabilities Study. Mr. Aldridge was supported by a Study Team drawn from selected offices within the Office of the Secretary of Defense (OSD), the Joint Staff, and the Services. The study also drew on the expertise of the Combatant Commands (CoComs) and other organizations inside and outside DoD.

The Study Team began its work by researching the many recent and ongoing studies that have dealt with DoD internal processes. A complete listing of these study efforts is included in Tab C.

This report conveys the results of the Study Team's work. It describes an improved Department-wide process to deliver the greatest achievable joint warfighting and support capabilities from the nation's defense investment, and it identifies alternative organizational changes needed to support the new process. It also briefly discusses implementation considerations.

The Study Team received considerable guidance and support from the SecDef and other senior leaders within the Department. The SecDef received monthly briefings and actively provided feedback and direction. The Senior Leadership Review Group discussed the study results and Mr. Aldridge's recommendations on September 12 and October 31, 2003. On October 31, the Secretary of Defense signed a memorandum announcing his decision to implement the new process.

Chapter 2
Capabilities-Based Process

OVERVIEW

This study advocates a capabilities-based process for determining and satisfying joint needs. Under that process, joint needs would be defined with a Department-wide view based on extensive input from all users of Defense capabilities, particularly the Combatant Commands. Capabilities planning characterizes and quantifies both warfighting and enterprise needs, ensuring integration of the full range of materiel and non-materiel considerations. Doctrine, organizational, training, personnel, leadership, and facilities issues should be considered simultaneously with platforms, weapon systems, and costs. The key differences from the current approach are that capabilities planning does the following:

- Attempts to meet needs and maximize output at the joint level, rather than individual Component level;
- Expresses strategic objectives and joint needs in terms of outcomes (what is to be accomplished) instead of specific platforms and systems;
- Provides an array of innovative solutions to joint needs, conducting trade analysis across Services and Defense Agencies—with all key stakeholders—to determine the best options; and
- Addresses a wide range of threats rather than a single or primary threat in meeting the needs of the current and future warfighter.

The process proposed by the Joint Defense Capabilities Study begins with a unified, resource-informed strategy that guides planning, resourcing, and budget execution. A collaborative analytical process defines joint needs that drive the defense program, and Services offer competing solutions to meet those needs. Senior leadership is engaged early, when greater decision space exists, to provide top-down guidance and make decisions on key issues. Performance reporting is outcome focused to ensure that delivered capabilities fully support the defense strategy. The goal of this process is to move the Department from where it is now (the "as is") to a desired end state.

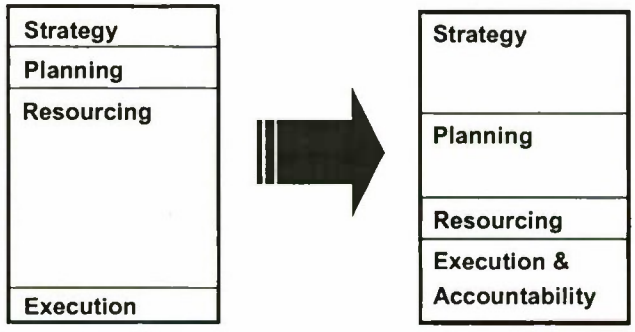
> *The desired end state is a streamlined, collaborative, yet competitive process that produces a fully-integrated joint warfighting capability.*

Transitioning to the proposed process requires changes in four major defense activities: strategy development, capabilities planning, resourcing, and program execution and accountability. The following are tenets of the process:

- Strategic guidance reflects decisions by the senior leadership on defense objectives and acceptable levels of risk;
- The defense program is "born joint," in an objective analytical process that responds to strategic guidance;
- Programmatic guidance is fiscally constrained; consequently, the resourcing process is streamlined and simplified; and
- A review process assesses and reports on how well the Department is acquiring the capabilities needed to achieve the defense strategy.

Overall, this process emphasizes articulation of strategy and joint capabilities planning rather than focusing on weapons system and platform programmatics. Figure 2-1 depicts this shift in emphasis.

Figure 2-1. Relative Emphasis in "As Is" and End-State Processes



Definitive front-end strategy and planning guidance will define the joint needs, drive a more streamlined and less labor-intensive resourcing process, and facilitate outcome-based resource allocation and execution management. This shift will provide guidance on risk and priorities as a part of the strategy development process, and it will enable early consideration of major program alternatives at the joint capability level in the planning process.

THE CURRENT PROCESS—WHAT'S BROKEN

The current DoD process has produced the best armed forces in the world. Nevertheless, DoD has significant room for improvement, particularly as it positions itself for the uncertainties of tomorrow. Specifically, the Department needs to improve its ability to plan, resource, and field joint capabilities, ensuring that the best solutions are brought forward and implemented. Improving interoperability among Services is key, which requires greater coordination and collaboration at

the Department level. Figure 2-2 summarizes the problems in the current process and lists key attributes of the end-state process. The following subsections discuss how the current process prevents efficient and effective allocation of resources to provide the needed capabilities.

Figure 2-2. "As-Is" versus End-State Comparison

Major Process	Current Problems	End-State Attributes
Strategy	• Multiple documents • Strategic guidance is not integrated, prioritized, or resource informed	• Single translation of NSS into Department objectives, priorities and risk tolerance • Conceptual framework and focus for planning and capability development • Resource informed Strategic Planning Guidance
Planning	• Services and Defense Agencies define needs at the Component level • Focus is on platforms and weapon systems rather than capability outputs • Services and Defense Agencies conduct trades within their Component	• Joint needs are defined up front in the process • Capabilities planning is conducted at the Department-level with full Combatant Command involvement • Developed collaboratively, with extensive involvement by all stakeholders • Articulates a single statement of joint needs that reflects decisions on tradeoffs among Components
Resourcing	• Components' programs cannot comply with all of the requirements of the DPG • Adversarial, labor-intensive process • Senior leadership forces "jointness" into the process at the end, with great effort • Gaps and excesses in joint capabilities render the Defense program cost-ineffective	• Joint Programming Guidance is provided early an fiscally constrained & prioritized • Streamlined, efficient process produces early decisions • Senior leadership attends to issues of compliance and executability
Execution and Accountability	• Focus on expenditure / adherence to regulations • Prolonged and complicated process to produce new capabilities • Human capital planning and costs are not addressed • Logistics & acquisition cycle time and support are not timely or cost-effective • Execution data not useful for DoD decision making	• Focus on performance / results • Reduced cycle-time so that capabilities are developed to meet emerging needs • Human capital managed strategically • All warfighting and enterprise capability costs considered and continually refreshed • Execution performance serves as a starting point next planning cycle

An Unclear Defense Strategy

Defense strategy is not articulated in a concise form that provides integrated Department-wide objective, priorities, and roles as a framework for planning joint capabilities development. It is conveyed in a number of documents, many of which are out of date and contradictory.

Much of the material in the current strategy documents originates in working groups and committees. Generally, this bottom-up process develops, coordinates, and forwards a signature-ready document for approval. This process does not support early senior leadership involvement to shape strategic guidance up-front.

Furthermore, the Department's planning guidance is platform centric. Specific programmatics, communicated before Department-wide planning is conducted, often reflect "special interest" lobbying rather than sound analysis. Defense guidance, as written today, tends to foreclose the planning process with specific programmatic guidance, without any analytic transition from the strategic guidance that begins the process to the programmatic guidance that ends it. There should be a clear linkage from defense strategy to the capabilities needed to support it and to decisions on how those capabilities need to be changed. The CoComs have a unique perspective in this regard, but today's process uses that perspective only on the margins.

The problems arising from the lack of a single, well-articulated defense strategy are exacerbated by guidance that is neither prioritized nor fiscally constrained. As a result, those receiving this guidance are left to determine what aspects should or should not be implemented. Strategic direction breaks down and loses credibility.

Stove-Piped Capabilities Planning

The Services dominate planning for capabilities, even when those capabilities are inherently joint and specifically support the Combatant Commands. Historically, the Services have defined the needs, developed the alternatives, and selected and resourced the solutions. These actions are typically accomplished in a stove-piped fashion, with minimal consideration for cross-Service trades or multi-Service efficiencies.

Under the old Requirements Generation System, Services presented their mission need statements to the Joint Requirements Oversight Council (JROC) for approval. Because it approached candidate requirements and resources on a case-by-case basis rather than with a DoD-wide view, the JROC was predisposed to accept Service-defined needs. Contributing to this problem was the JROC's inability to prioritize needs, particularly across Services, making it difficult to terminate lower priority programs later in the process.

The Services were primarily responsible for creating mission need statements within their assigned domains. Needs that were uniquely joint were slow to be identified and filled when no specific Service had responsibility. In some cases, joint needs were incongruent with the Services' strategic direction or failed to compete with Service priorities and were therefore ignored.

Combatant Command involvement was minimal. Their needs were implicitly communicated through operational plans and Integrated Priorities Lists (IPLs) rather than explicitly through requirements documents. IPLs, in particular, have been problematic. The Services view IPLs as an unconstrained wish list, while the Combatant Commands see IPLs as largely ignored until the Services are forced to fund aspects of them during program review. In the aggregate, the lack of strong CoCom influence results in capabilities being "pushed" to them rather than identifying and "pulling" the capabilities they need.

The new Joint Capabilities Integration and Development System (JCIDS) addresses many of the problems identified above and provides a process for non-Service input, but the analytical capability continues to reside predominantly in the Services. The Combatant Commands have an "on ramp" to the JROC via capability change recommendations, but it remains unclear if the Services will embrace those recommendations because they compete with Service priorities. Also, cross-Service prioritization continues to be a challenge, and enterprise needs do not receive the same degree of attention as warfighting needs.

To solve many of the problems identified above, DoD has undertaken a number of initiatives to implement a capabilities-based approach for determining military needs. Primarily, they have started developing the necessary tools such as metrics, methods, and capability categories. However, a capabilities-based approach has not yet been institutionalized across the Department.

Inefficient Resourcing Process

Because the Services receive more guidance than they can resource, they are forced to make their own tradeoff judgements to comply with fiscal constraints. Service needs are competed with joint needs, with tough choices required to create a fiscally responsible program. Service decisions made in their own best interests are then second-guessed by the Combatant Commands, Joint Staff, and OSD and are often overturned during program review. Consequently, the Services have little incentive to fund joint needs before program review.

This has resulted in an annual "train wreck" during program review. The train wreck occurs because joint needs are forced into the process after each Service has developed its own integrated program. The resulting budget does not optimize capabilities at either the Department or the Service level. The effort to modify the program and budget late in the process is labor intensive and adversarial.

Weak Feedback and Accountability

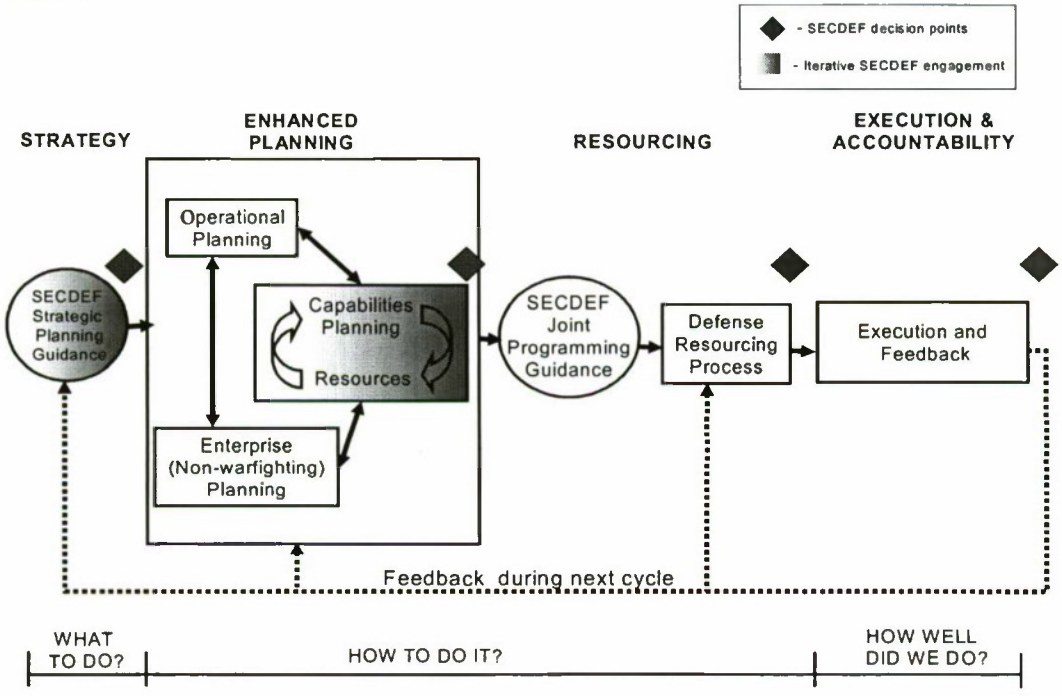
A significant portion of the Department's workforce is dedicated to ensuring compliance with budgetary rules and regulations. This effort is focused on how money is being spent rather than on determining whether the capabilities being acquired support the defense strategy. As a result, too much emphasis is placed on monetary input rather than capabilities output. Furthermore, much of the information provided in the process does not support senior leader decision making. Generally, reports are compiled to meet an external customer such as the Congress or the Office of Management and Budget. This is particularly true of the budget exhibits. Senior decision makers need to know how well the Department is being resourced to meet current and future mission requirements—a message that has not been clearly presented in the aggregate.

The Combatant Commands have not played a significant role in this part of the process. As the authors of the Department's operational plans, they are best suited to determine if the right capabilities are being delivered—they should drive the strategy and feasibility assessments. Also as a feedback mechanism, Combatant Command lessons learned must be given a formal process for consideration in the strategy or planning processes.

THE END-STATE PROCESS—WHAT'S NEEDED

The Study Team developed a general process model to achieve the desired end state. Figure 2-3 depicts a simplified model of the end-state process.

Figure 2-3. Simplified End-State Process Model



The new process model differs from how business is done today in several major respects. First, Combatant Commanders are afforded the opportunity to play a larger role in shaping Defense strategy, which is articulated in Strategic Planning Guidance (SPG). The SPG focuses on strategic objectives and risk tolerance, and must define a fiscally realistic Defense strategy. It initiates the planning process and defines those areas where joint planning efforts will focus, in particular those areas where cross-Service capabilities tradeoffs may be appropriate.

The planning process must allow for three distinct activities:

- Identification of joint needs, using effects-based terms;
- Provision of a wide range of alternatives to meet those needs; and

- Cross-Service trades analysis to select the best options.

The Combatant Commanders play a leading role in the first activity. Joint needs are driven by operating concepts and by the unique demands of various theaters of operation. Services also play a vital role, by offering innovative approaches to warfighting within their functional specialties. At this stage of the process, those innovations must be driven by concepts, not weapons or platforms.

Services, and in some cases Defense Agencies, offer proposed solutions to meet joint needs. Selection of the best alternatives must be preceded by appropriate planning and analysis, and conducted with sufficient transparency that all stakeholders accept the validity of the results. Analysis should be conducted by teams drawn from the analytical resources of OSD, the Joint Staff, and the Services, with CoCom representation to ensure that analysis reflects a realistic assessment of current and future warfighting concepts.

Ultimately, the choice of alternatives to fulfill key joint needs is the responsibility of the Secretary of Defense. Those decisions must be informed by independent military advice and must be made with full recognition of the costs, benefits, and opportunity costs associated with each option.

The decisions made by the Secretary of Defense are used to update a set of rolling capabilities plans, which outline current and future capabilities, anticipated schedules, performance metrics, and estimated costs. Annual Joint Programming Guidance (JPG) solidifies the decisions made within a given year and subjects the totality of the guidance to a fiscal adequacy test to ensure that Services and Defense Agencies have sufficient resources to comply with the guidance. This process forces all stakeholders to confront inevitable tradeoffs, and prioritize needs realistically. The result is an agreed-upon statement of defense needs and a realistic business plan for the department to meet those needs within resource constraints.

Finally, the Department's annual performance review process must focus on how the investments made in the preceding year's budget addressed the strategic priorities in the SPG and the capabilities directed by the JPG.

The following discussion outlines the attributes of the proposed process in greater detail.

A New Framework—Joint Capability Categories

The Department has numerous capabilities. To support needs definition, gap and excess analysis, major trade analyses, and capabilities planning, capabilities must be divided into manageable groups, or capability categories. Defining joint capability categories is an essential early step to implementing a capabilities-based approach, because they provide the framework for capabilities planning. In other words, these manageable groups provide a common lexicon to compare

Service contributions to joint warfighting and enterprise support and, therefore, support cross-Service trades.

Capability categories can be created along functional or operational lines. Functional capability categories are useful, because there are relatively few of them, representing those activities or processes that must take place if the Department is to successfully pursue its military activities, i.e., command and control, logistics, battle-space awareness. The Joint Staff has created five such categories: force application, protection, logistics, command and control, and battle-space awareness. These categories are focused on warfighting needs. To address enterprise needs, the Department may need to add categories such as force management and infrastructure.

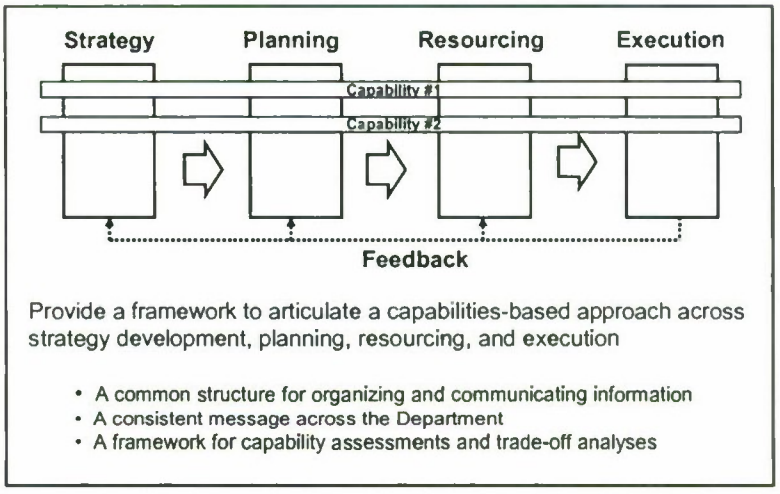
Alternatively, joint capability categories can be built along operational lines—that is, military activities. Examples of these categories include denying sanctuary to the adversary, ensuring freedom of navigation, and denying adversary access to space.

Of the two types of capability categories, functional categories are more enduring—they are less apt to change due to new technology, emerging threats, or doctrine updates. Consequently, functional capability categories may be a more appropriate basis for organizational changes. They also provide clearer boundaries to assign weapon systems and platforms, thereby reducing redundant assignment of platforms to categories, which improves functional capability managers' ability to develop and implement capabilities planning.

On the other hand, operational categories provide a clearer link to the Combatant Commands and support major trade analysis by military operation.

Whether organized along functional or operational lines, the categories adopted by the Department must enable all Services, Defense Agencies, and Combatant Commands to focus their planning on capabilities. If the right categories are created, strategic guidance, analytical capabilities, and programs and budgets could also be organized around them. Figure 2-4 depicts how capability categories could be used as an organizing construct, for both information and analytical activities, across the entire process.

Figure 2-4. Capability Categories



Senior Oversight—The Strategic Planning Council

DoD expends enormous resources in support of the national strategy, and it must maintain a clear linkage between defense strategy and how those resources are used. The role of the Strategic Planning Council (SPC) is to provide senior leaders with a venue to offer formal inputs to shape defense strategy, and to provide oversight throughout the end-to-end process of strategy development, capabilities planning, resourcing, and execution. The members of the SPC set the direction of the Department and assess whether the process is moving in that direction.

Chaired by the Secretary of Defense, the SPC would be made up of the Deputy Secretary of Defense, the Under Secretaries, the CJCS, the Service Secretaries and Service Chiefs, and the Combatant Commanders. It would meet three times per year, or more frequently at the discretion of the Secretary of Defense.

Top-Down Strategy Development

The Department of Defense's support for national strategy must reflect the judgment of its most senior leaders. The SPC provides the forum in which the Combatant Commanders can air their views on the challenges they face and can shape the strategy to meet near- and long-term challenges. Those views become the "top-down" input to the strategy development process. Combatant Command staffs must shoulder increased responsibility for identifying issues and coordinating closely with the Joint Staff to ensure that the strategy meets the demands of their theaters. The lower-level working groups and committees that actually draft strategic planning guidance must ensure that the explicit inputs of the SPC are incorporated.

The Department's SPG should be a single, unified, fiscally informed document covering both warfighting and enterprise capabilities. The SPG should do the following:

- *Establish strategic objectives and priorities.* The SPG should include a view of the near- and far-term strategic environment and objectives to support national strategy. It also should address force sizing and employment concepts, desired response times, assumptions, and priorities by theater and mission area.

- *Identify fiscal and other planning constraints.* To provide resource-informed planning guidance, the SPG should identify planning assumptions about the Department's top-line funding, as well as other factors such as personnel increases or reductions. Although detailed costing is not possible at this stage, the intent is to avoid a "two MTW strategy with a one MTW top line." Other planning constraints, such as ongoing operations, should be stated as well.

- *Articulate priorities and risk tolerance.* The Secretary of Defense should use this section to formally state priorities for the Department and to define the acceptable level of risk within capability categories, theaters of operation, and within the four Quadrennial Defense Review risk categories (operational risk, future risk, institutional risk, and force management risk).

- *Establish joint capability objectives.* The SPG should identify joint capability objectives defined in prior-year planning and studies. These objectives should be framed in effects-based terms that do not preclude any potential alternatives, and where possible, the objectives should include metrics and scenarios. Force providers would use this guidance to develop and evaluate alternative capabilities.

- *Identify strategic concepts for planning future enterprise functions.* To ensure that enterprise activities are fully integrated with warfighting plans, the SPG should clearly identify strategic goals for work force, infrastructure, "overhead" support, and acquisition.

- *Identify future joint operational and organizing concepts.* The SPG should structure experimentation, science and technology, and capability priorities to enable new operating concepts.

The SPG may direct studies as necessary to identify issues for future consideration in the planning process. Normally, the SPG should not provide programmatic guidance; instead, the goal is to provide unified direction to the Department's joint planning efforts, which in turn produce programmatic direction intended to support defense strategy. The intent of the SPG is to *begin* the Department's planning process by providing strategic direction rather than *end* the process with specific programmatic guidance.

Capabilities Planning—Enhanced Planning Process

The Enhanced Planning Process is designed to link strategy to program development by assessing current capabilities, analyzing gaps and excesses, and recommending alternatives for the SecDef's decision. These decisions are captured in a rolling capabilities plan and are then disseminated for action through the annual Joint Programming Guidance.

The rolling capabilities plan is not envisioned as a published document, but would serve as a repository of capabilities decisions made throughout the year. It would be a management tool (potentially web based) that communicates to the Department current and future capabilities, gaps and excesses, and the associated efforts to address those gaps and excesses. It would also provides a forum for sharing information about anticipated schedules, performance metrics, and estimated costs of joint programs and about experimentation, technology development, and lessons learned. Rolling capabilities plans should be developed for each joint capability category.

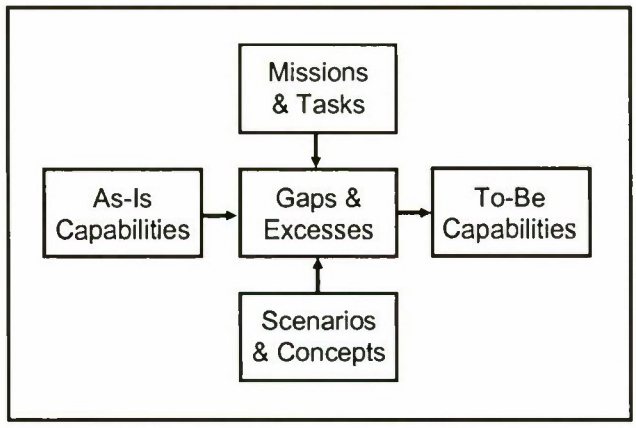
Key joint stakeholders, such as the Combatant Commanders, must participate extensively in the process to ensure that solutions are "born joint." A competitive process would develop alternative solutions to achieve the needed joint warfighting capabilities. Services and Defense Agencies would be responsible for developing innovative alternatives to achieve the desired capability.

The alternatives would typically be developed as end-to-end solutions, with multiple materiel and non-materiel approaches. The alternatives would be evaluated in an open and collaborative analytical process, based on their overall contribution to joint operational capabilities. This will allow the Department to decide "how much is enough" in a given capability area, and could result in cross-Service trades or trades between major capability areas.

Figure 2-5 describes the Enhanced Planning Process in simplified terms. At the heart of the process is a comparison of current capabilities with the capabilities needed to perform tasks and missions. Scenarios and concepts are applied to give context to the tasks and missions. The disconnects can be characterized as capability gaps (implying that tasks or missions cannot be accomplished with existing capabilities) or capability excesses (unnecessary redundancy exists or a specific capability is no longer needed). This analysis begins the process that shapes future capabilities.

The Enhanced Planning Process receives inputs from two major domains: warfighting needs and enterprise needs. Warfighting needs are the resources needed to execute warfighting missions. Enterprise needs cover areas such as infrastructure and the workforce. Combined, these needs reflect the spectrum of materiel and non-materiel considerations—doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTMLPF).

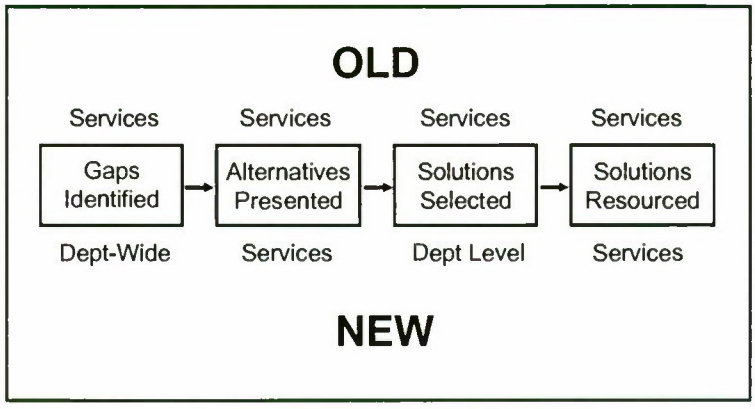
Figure 2-5. Simplified Capabilities Planning Process



Because the Department has more needs than resources, it must seek the highest levels of efficiency and effectiveness. It must eliminate unnecessary duplication among Services, and it must develop multi-Service efficiencies. This requires an assessment of needs above the Service level.

Figure 2-6 shows the changed role of the Services in determining needs and choosing solutions to those needs. At the Department level, an analytical capability is needed to define joint needs and conduct cross-Service/Component analysis to satisfy those needs. This analytical capability, or analysis engine, must provide a collaborative environment that brings the views of the Combatant Commands, Joint Staff, Defense Agencies, Services, and OSD into a single forum and integrates all aspects of capabilities planning.

Figure 2-6. New Roles and Responsibilities for Joint Needs



The analysis engine forms the heart of the Enhanced Planning Process and performs five key functions: defining joint needs, identifying gaps and excesses in current and future capabilities, conducting top-level trade analysis in capability terms, assessing alternatives that have been nominated by the Services to fill capability gaps, and prioritizing these actions to ensure that the most pressing issues are resourced.

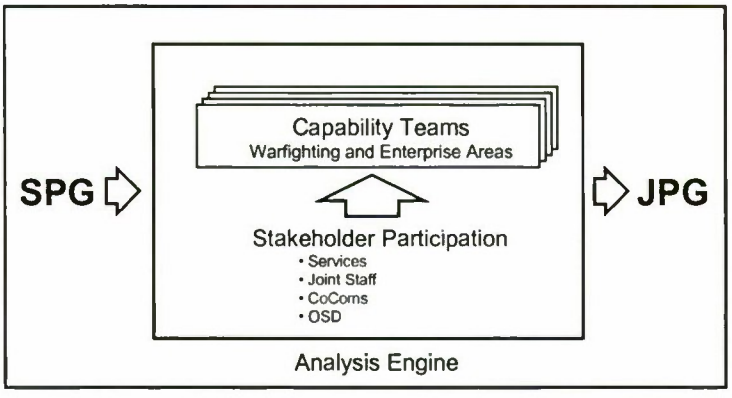
To perform these functions, the analysis engine needs to do the following:

- Create and maintain the methodologies and tools required to conduct capabilities analysis at the Department level;
- Articulate outcome-oriented joint needs from a Department rather than a Component view;
- Identify current gaps and excesses by characterizing current capabilities with respect to assigned missions and tasks;
- Identify future gaps and excesses by characterizing future capabilities with respect to operating concepts and projected missions and tasks;
- Prioritize current and future gaps;
- Assess the impact on capabilities of Strategic Planning Guidance, lessons learned, experimentation, technical opportunities, study recommendations, operating concepts, and emerging threats;
- Assess proposed alternatives to fill gaps in capabilities;
- Present decisions, particularly those concerning major trades, for senior leadership;
- Create a "living" audit trail of capabilities decisions and associated rationale in a transparent rolling capabilities plan; and
- Translate joint capabilities decisions, where appropriate, into programmatics for inclusion in the JPG.

The analysis engine provides a Department-wide view of capabilities, which requires substantial analytical support and warfighter assessment. At the Department level, the analytical capability does not exist to support all the activities listed above. Analytical support needs to be contracted or moved from other parts of the Department. Federally Funded Research and Development Centers (FFRDCs) are potential candidates. Warfighters and analysts need to be brought together in a structured way to populate the analysis engine with the necessary expertise.

As shown in Figure 2-7, capability teams will provide a forum of expertise to accomplish the needed analytical support. These teams can be arrayed by capability category or by functional discipline. The goal is to facilitate capabilities analysis and planning, ensuring that the range of warfighting and enterprise issues is addressed in the Enhanced Planning Process.

Figure 2-7. Department-Level Analysis Engine

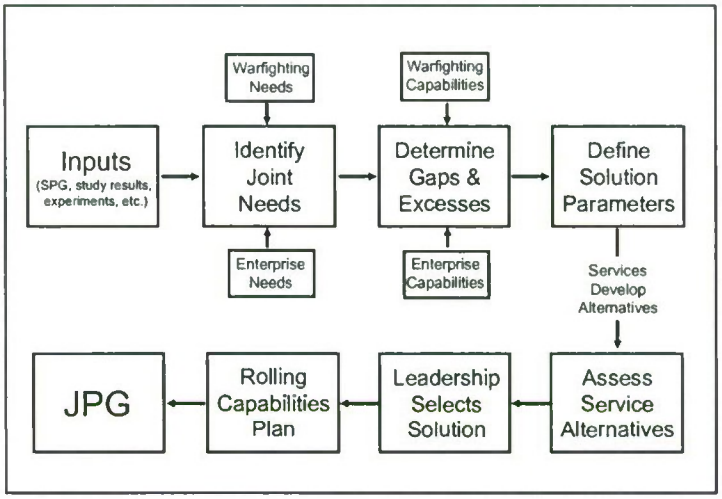


Improving the analytical capability at the Department-level through an analysis engine will help identify cross-Service interoperability issues and concerns. The analysis engine requires a counterpart activity, also at the Department-level, to assess interoperability needs and communicate the technical standards to resolve them. Systems engineering support is required, perhaps at U.S. Joint Forces Command or in OSD, to provide interoperability standards and harmonize net-centric and command and control needs across the joint community.

The activities within the analysis engine occur throughout the year. The teams review study results, experimentation, lessons learned, threat changes, technology opportunities, capability needs documents, etc., to identify areas that could affect the capabilities for which they provide analytical support. These efforts are reflected in each team's rolling capabilities plan. Once a year, these decisions are captured in the fiscally constrained JPG and disseminated to the Department.

Figure 2-8 summarizes the process that occurs inside the analysis engine. This process is designed to capture the joint warfighting and enterprise needs of the Department.

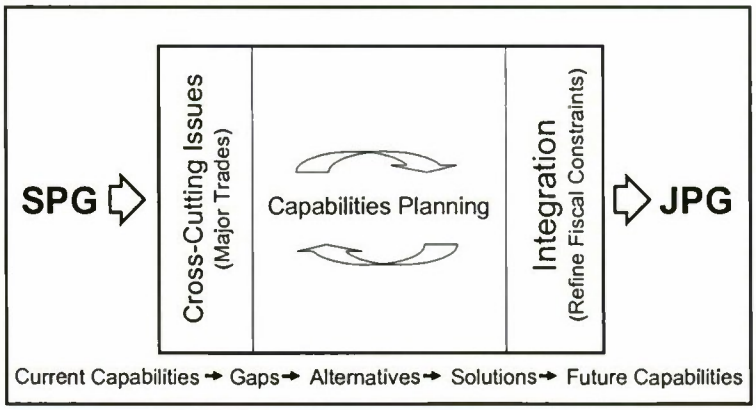
Figure 2-8. Analysis Engine Activities



The process outlined above addresses issues that fall within a single capability category or issues that cross capability categories. Cross-cutting issues require ad hoc teams (or "tiger teams") to be formed from the analysis engine to assess the specific problem and present decision opportunities for senior leadership. Examples of cross-cutting issues include determining global presence, operational availability, and active and reserve component mix. The results are then passed to the capability teams for integration into capabilities planning for their area of responsibility and are ultimately translated into programmatic guidance.

To develop joint programmatic guidance, the analysis engine must prioritize and integrate needs and solutions and must ensure that all doctrine, organization, training, materiel, leadership, personnel, and facilities considerations are addressed. Therefore, a forum must exist to harmonize recommendations and decisions before they are incorporated into the rolling capabilities plans. These decisions are accumulated throughout the year, and when viewed in totality for inclusion in the JPG, some may not be affordable and therefore are set aside. Determining which decisions to resource will be difficult; however, prioritizing needs at the front end should inform the process. Figure 2-9 illustrates the idea.

Figure 2-9. Major Trades and Integration

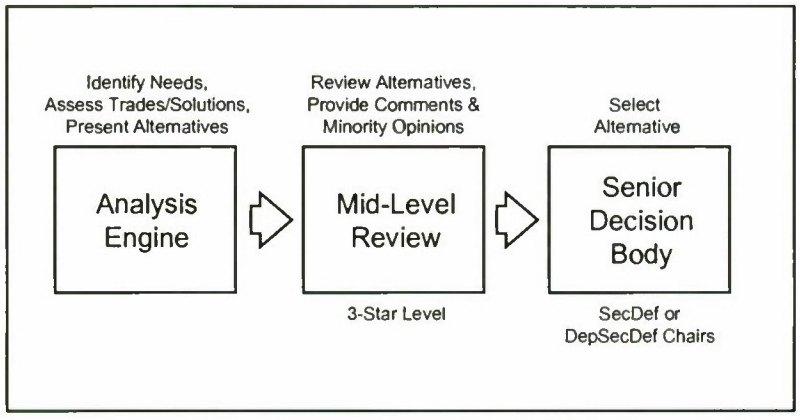


Many of the skill sets needed to populate the analysis engine are resident in the Joint Staff and OSD. They are essentially a hybrid of today's program review issue teams and the Functional Capabilities Boards. The issue teams have been very successful in solving problems by carefully framing each issue, representing all views, and presenting alternatives for leadership selection.

The Functional Capabilities Boards are working to create a collaborative environment to vet disparate views and to provide a capabilities management function that develops and maintains methodologies, metrics, and assumptions needed for analysis. Bringing both skill sets together creates a powerful analytical capability.

Once the analysis engine has a recommendation ready for decision, it forwards it first to a mid-level review board and then to a senior decision body (see Figure 2-10). Recommendations are submitted in the form of alternatives, with pros and cons, rather than a single solution. To the maximum extent possible, senior leaders are given the opportunity to choose from viable and distinct alternatives.

Figure 2-10. Capabilities Decision Process



The mid-level review body comprises 3-star equivalents from the Services, Joint Staff, OSD, and Defense Agency stakeholders. (CoComs should seek opportunities to attend; however, because this body meets weekly, CoCom attendance may not be practical without an expanded presence in the Pentagon.) This body reviews all alternatives forwarded by the analysis engine and forwards comments and recommendations, *including minority opinions*, to the senior decision body for decision.

The senior decision body—currently the Senior Leadership Review Group—is chaired by the Secretary or Deputy Secretary of Defense and comprises senior representatives from the Services, Joint Staff, OSD, Combatant Commands (to the extent practical), and applicable Defense Agencies. This body meets less frequently than the mid-level review body and focuses on selecting alternatives and resolving major or contentious issues. To the extent agreeable to the stakeholders, the senior decision body may return some decisions—such as approval for concepts, study assumptions, metrics, methodologies, and capability plans—to the mid-level review body.

"Born Joint" Resourcing Process

Decisions from the Department's leadership are captured during the year and then incorporated in the annual Joint Programming Guidance (JPG). The JPG is a fiscally constrained business plan that addresses the totality of the defense budget; it describes the capability needs that were collaboratively developed during the Enhanced Planning Process and identifies the means for meeting those needs.

The JPG communicates specific programmatic actions on issues of concern to the Secretary of Defense and joint capability resourcing needs stemming from the Enhanced Planning Process. Output-based metrics are provided to ensure that the capability needs of the joint community are met. The SPC reviews the JPG prior to signature to ensure compliance with the top-down guidance contained in the SPG. The Joint Programming Guidance will do the following:

- *Comply with the Strategic Planning Guidance.* The JPG will address the extent to which the program guidance complies with the priorities, strategic objectives, and risk tolerance conveyed in the SPG. Specific programmatics contained in the JPG must clearly support the Defense strategy.

- *Provide directive guidance on selected joint capability issues.* Programmatic guidance will be provided in a format similar to a Program Decision Memorandum. Components are required to incorporate directive guidance in their Program Objective Memorandums (POMs). Guidance in this section may also be used to correct or maintain prior-year decisions. Although this section of the JPG is compulsory, it reflects decisions previously made during the Enhanced Planning Process, which is conducted in an open and collaborative environment. The Components should not be surprised by the guidance contained in this section of the JPG, because they have been full participants in the capabilities planning process.

- *Identify programmatic areas that are delegated to the Components.* The vast majority of the Defense program is delegated to the Components. Within the delegated guidance areas, the Secretary of Defense may elect to identify goals, objectives, or measures of effectiveness on resource allocation. For example, the SecDef may require that a certain percentage of the budget be dedicated to a specific program area such as science and technology. These metrics are designed to coordinate the Department's resourcing efforts, while not being overly prescriptive of Service responsibilities.

- *Ensure fiscal adequacy.* All guidance, directed and delegated, must be fiscally executable. This portion of the JPG demonstrates that the Components have not been given more guidance than they can resource.

With clear and fiscally constrained guidance in the JPG, the Services and Defense Agencies are provided information to build POMs that are in the best interest of the Department as a whole. Ultimately, this enables a less contentious program review process, particularly because the Services and Defense Agencies will only be given programmatic guidance that has already incorporated joint needs. Building in "bill payers" or "salami slicing" programs to support joint programs added late in the process should no longer be required.

The program review will be focused primarily on ensuring JPG compliance and addressing fact-of-life issues and unforeseen events. Combatant Commands will need to participate in the program review to assess the impact of fact-of-life changes. A mechanism similar to a Program Change Proposal or issue paper may be required to accommodate these views.

To further streamline the resourcing process, program and budget reviews should be accomplished simultaneously. Doing so will shorten the amount of time between POM submission and the President's Budget. Eventually, as the Enhanced Planning Process matures, it may be feasible to delay POM submission until late September or early October. The later these documents can be submitted, the greater the likelihood the Department will be able to incorporate emerging fact-of-life changes.

Improved Assessment and Feedback Process

This portion of the process is focused on assessing how well the Department did what it set out to do. The "providers," primarily the Services, will report on "what we actually got" for the resources provided. The "users," led by the Combatant Commanders, will report on whether they were able to perform their missions with the capabilities provided and whether those capabilities are sufficient to execute the strategy. The results of the assessment will be presented to the SPC for discussion, will be used as a mechanism to develop subsequent planning guidance, and will be transmitted once a year to Congress as part of the Secretary's Annual Report to the Congress.

Assessments will be formulated by an independent office, possibly supported by a small staff. The role of the assessor will be to:

- Integrate assessments of current capabilities provided by Combatant Commanders, Joint Staff, Service Chiefs, Principal Staff Assistants, Agency Heads, and team leaders in the Enhanced Planning Process;
- Assess whether the capabilities are being delivered as expected and as directed in the JPG (in both delegated and directive sections); and
- Determine whether total capabilities are sufficient to meet the strategy as a whole.

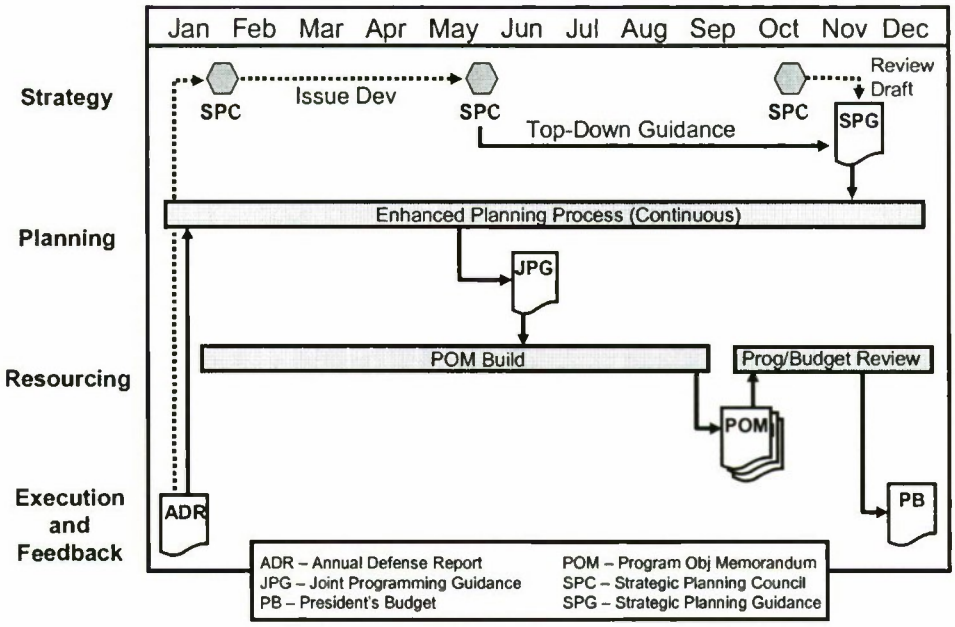
The performance assessment process will take two forms: periodic briefings and a written annual report. Both will address warfighting and enterprise activities and will be organized around the capabilities categories and objectives outlined in the SPG and JPG.

The primary audience for the periodic briefings on program execution will be the SPC. These briefings will be based on capability metrics defined in the Enhanced Planning Process. The annual performance assessment report, intended for both internal and external audiences, will summarize overall performance and relate it to the Department's overall goals. It will be at a high level of aggregation and will use a Balanced Scorecard framework. After full transition to the new process, the report will become the basis of the Annual Defense Report transmitted to Congress.

Process Timeline

Figure 2-11 provides an overview of the major activities of this process. The process begins with a spring SPC meeting to develop top-down guidance for the SPG to be released in the fall. Top-down guidance is based on feedback from the previous cycle and issues developed by the SPC members. In the fall, the SPC reviews the draft SPG to ensure that top-down guidance was incorporated.

Figure 2-11. Activity Calendar



SPG-directed issues and studies then enter the Enhanced Planning Process. Decisions from the Enhanced Planning Process are captured in rolling capabilities plans and then articulated in the annual JPG in spring. The SPC, in its spring meeting, reviews the draft JPG to ensure compliance with the SPG. The Services incorporate the JPG into their POMs, which are submitted in the fall.

Program and budget review are accomplished simultaneously with a budget submitted to the Congress in January. Budget execution occurs during the next fiscal year. After execution, an assessment is provided to the winter SPC on how well the Department acquired desired capabilities to meet the defense strategy. Feedback is used to influence the next SPG, and the process repeats.

A key concern is balancing workloads throughout the year. Care must be taken not to overburden the system, particularly during program and budget review when the SPG is being published.

Chapter 3
Organizational Alternatives

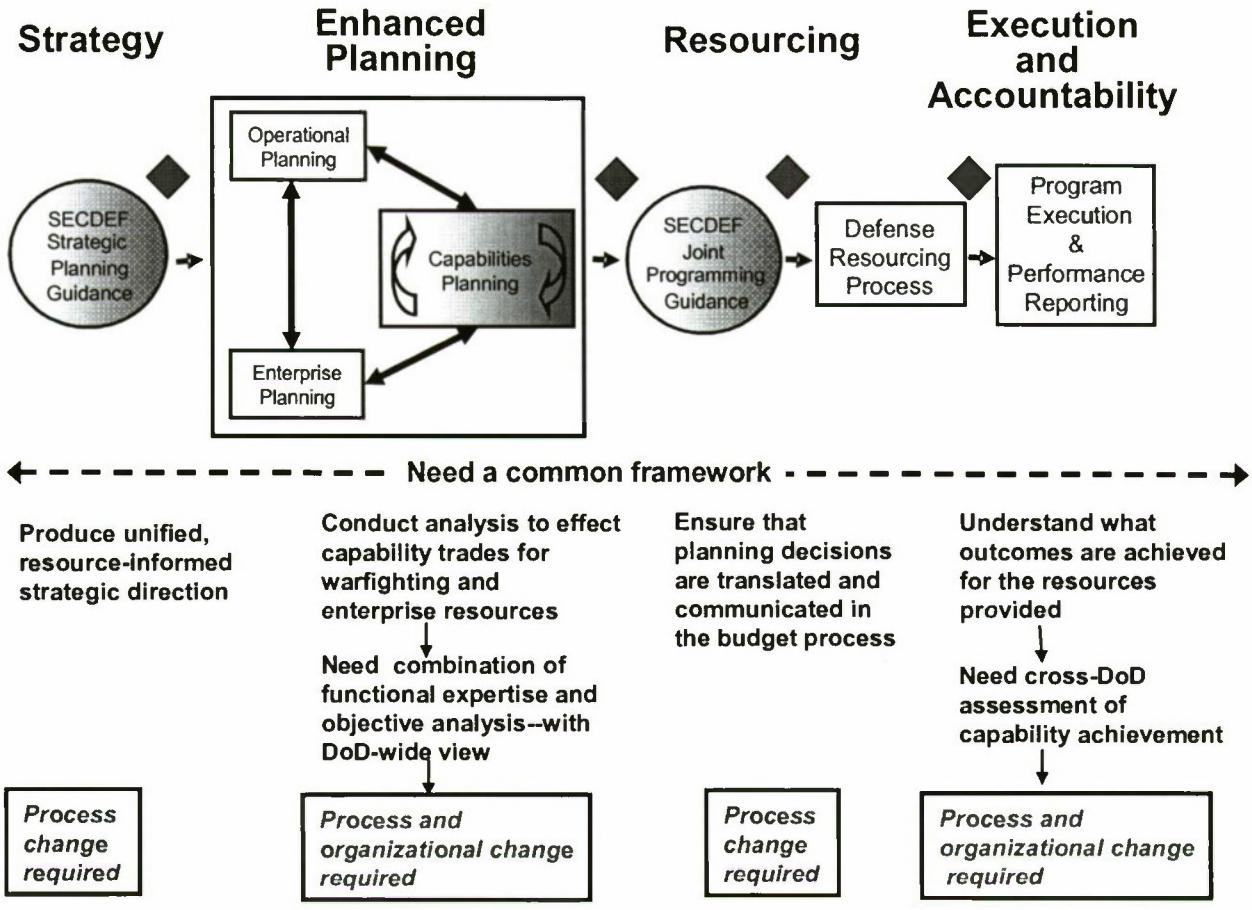
The Study Team identified two levels of organizational alternatives that address the structural changes needed to implement the new capabilities-based process. First-order organizational alternatives address the changes needed at the Department/corporate level to support capability-based planning. Second-order organizational alternatives address changes within major enterprise functions (such as acquisition and logistics) to accomplish the end-state planning and execution processes. For both levels, the Study Team developed a set of moderate, aggressive, and radical alternatives, based on the extent of the needed change.

DEPARTMENT/CORPORATE LEVEL (FIRST-ORDER ALTERNATIVES)

The Study Team developed detailed recommendations for each of the processes within the four major end-state phases: strategy, enhanced planning, resourcing, and execution and accountability. The Team then assessed whether organizational change was needed to better identify joint needs and deliver the capabilities to satisfy those needs, in accordance with the end-state processes. The Team concluded that organizational changes are not needed to support the proposed process changes to the strategy and resourcing phases but are required to achieve the end state in the other phases. Figure 3-1 illustrates this distinction.

Achieving the enhanced planning processes requires the most organizational change and is the primary basis for the first set of organizational alternatives presented. The Enhanced Planning Process will require a Department-level organization capable of identifying current and future gaps and excesses and leading DoD-wide trade analysis across warfighting and enterprise functions. The analytic function will comprise the "engine" around which the headquarters planning activities should form. The options presented in this section address alternative organizational structures to carry out the functions of the analysis engine, while potentially reducing the total headquarters staffing.

Figure 3-1. Overall Process with Organizational Change Requirements



In addition to addressing Enhanced Planning Process (analysis engine) functions, the organizational options discussed below include proposed changes to accomplish the execution and accountability phase. The goal was to create the capability to perform independent assessments of the capabilities actually delivered and to formulate judgments as to whether those capabilities meet the strategic objectives.

These first-order organizational alternatives will not involve changes to the Services or the CoComs. However, in all of the options, the CoComs and Services would play a different role than in the current planning process:

- The CoComs will have an increased role in defining joint needs and priorities; and
- The Services/Defense Agencies will focus on providing solutions to joint needs.

Although internal changes to accomplish those functions will be left to those organizations, both are encouraged to align themselves to support the new end state. CoComs in particular may require an increased presence in the Pentagon to participate more fully in the new process.

The question that drives the alternative organizational options is how to most efficiently structure OSD and Joint Staff headquarters to interact with all key stakeholders in leading the definition of needs and determining the right solutions to those needs. The following are other design criteria for the organizational alternatives:

- The roles of the SecDef and the CJCS do not change;
- Top-level needs, gaps, and excesses are identified by an organization with a DoD-wide view;
- Both warfighting and enterprise areas are considered; and
- The size of the headquarters staff does not increase.

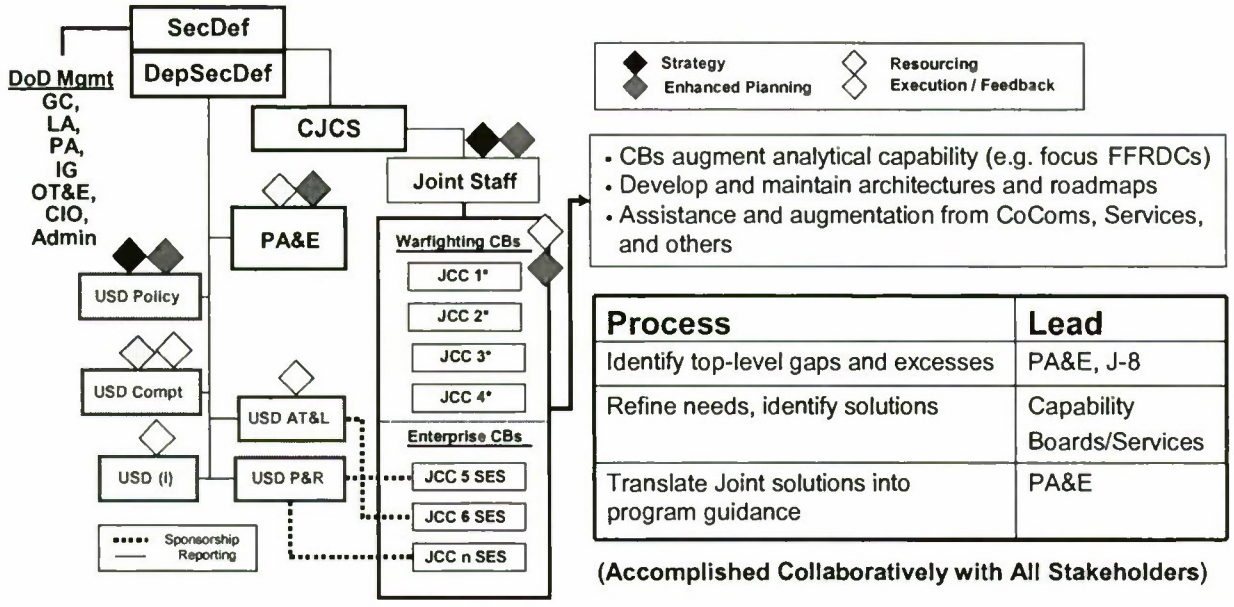
Alternative 1: Enhance the Functional Capability Boards

The first alternative, depicted in Figure 3-2, leverages the current Joint Staff Functional Capability Board initiative to analyze warfighting capability needs and solutions using an ad hoc format with broad stakeholder participation. This alternative would build on that structure by expanding it to include enterprise functions. The OSD divisions with expertise in the enterprise functions could sponsor these additional Functional Capability Boards. These boards would be co-chaired by the Joint Staff and OSD.

To enable them to accomplish their objectives, the Functional Capability Boards should have dedicated analytical tools, provided by redirecting the efforts of current Department analysis centers, refocusing the efforts of the appropriate FFRDCs, or using other contracted analytical expertise. The Combatant Commands and Service staffs would be required to provide additional subject matter expertise to these capability boards. In this organization, Director, Program Analysis and Evaluation (DPA&E), working with J-8, would perform the analysis scoping function that identifies top-level gaps and excesses. DPA&E would then integrate the output of the analysis engine and translate it into programming guidance.

DPA&E would lead the execution and accountability process, and the CoComs and Joint Staff would provide DPA&E with assessments of military and operational capabilities. The Services would execute the programs, and provide feedback through their existing reporting processes.

Figure 3-2. Alternative 1—Moderate Change



This alternative would rely on issue teams to analyze and assess joint capability needs. Augmented with dedicated and enhanced analytical capability, the issue teams will inform the decisions on joint capability needs. This alternative uses ad hoc team members, drawn from organizations with an equity stake in the outcomes. Without a formal reporting structure, this option would be relatively more reliant on leadership personalities to achieve corporate-level joint planning.

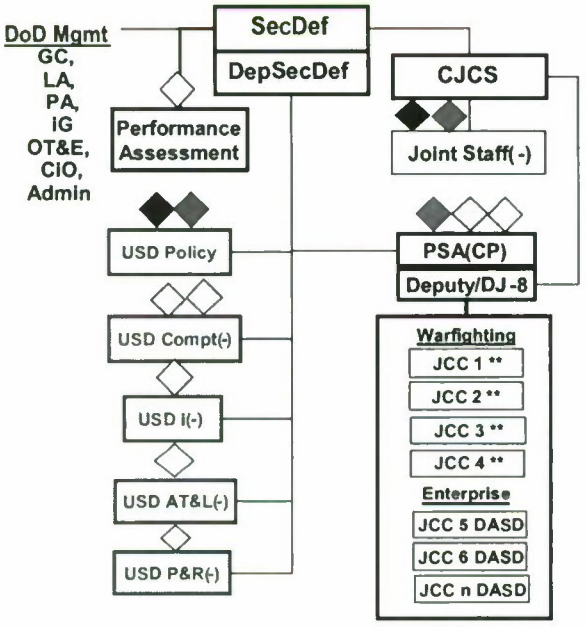
Alternative 2: Establish a Corporate Planning Staff

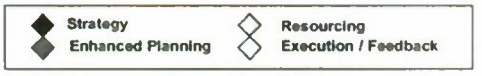
This alternative, shown in Figure 3-3, is an aggressive change that moves away from the ad hoc nature of the joint planning organization. The alternative would merge existing staff elements to formally establish a Joint Capability Planning organization under the direction of a Principal Staff Assistant for Capability Planning—PSA(CP). It maintains most of the other principal assistants on the OSD staff. This organization would be the single Department headquarters entity to perform capability planning and would serve both the CJCS and SecDef. This organization would be formed by dual-hatting personnel from the Joint Staff (primarily J-8) and merging them with elements of the current PA&E and potentially other OSD organizations. The DJ-8 on the Joint Staff would be dual-hatted as the Deputy Director for Capability Planning to provide senior warfighting expertise and a direct reporting path to CJCS. Service and Combatant Command participation would be the same as for Alternative 1.

This alternative would add an independent performance assessment division that reports directly to the Secretary. This new division would lead the execution and accountability phase of the process. This division would be small, formed from elements of other OSD divisions and would draw on information provided by the Services, Agencies, CoComs and Joint Staff.

A separate capability planning division would combine operational and analytic expertise from both warfighting and enterprise functions into a single, corporate-level organization. This arrangement provides a permanent organizational structure with the skills needed to conduct Department-wide trades analyses and capability planning, with the participation of the components and the Combatant Commanders. This single organization would consolidate and integrate analysis to support corporate-level decision making. This alternative enhances the CJCS's role in two ways. Although the alternative recommends a realignment of Joint Staff resources, the Chairman gains access to an expanded analytic capability, with a view of enterprise and other Department-level issues. Initially, some organizational turbulence would be associated with the staff migration.

Figure 3-3. Alternative 2—Aggressive Change





Process Functions	Lead Org
Identify top-level gaps and excesses	PSA(CP)
Refine needs, identify solutions	Capability Boards/ Services
Translate Joint solutions into program guidance	PSA(CP)

(Accomplished Collaboratively with All Stakeholders)

Alternative 3: Streamline the Executive Staff

This alternative, shown in Figure 3-4, would provide a completely revised and streamlined Executive Staff organized around the principal tasks and implementing functions for Department headquarters. The number of Under Secretaries of Defense would be reduced to four, to oversee the planning and

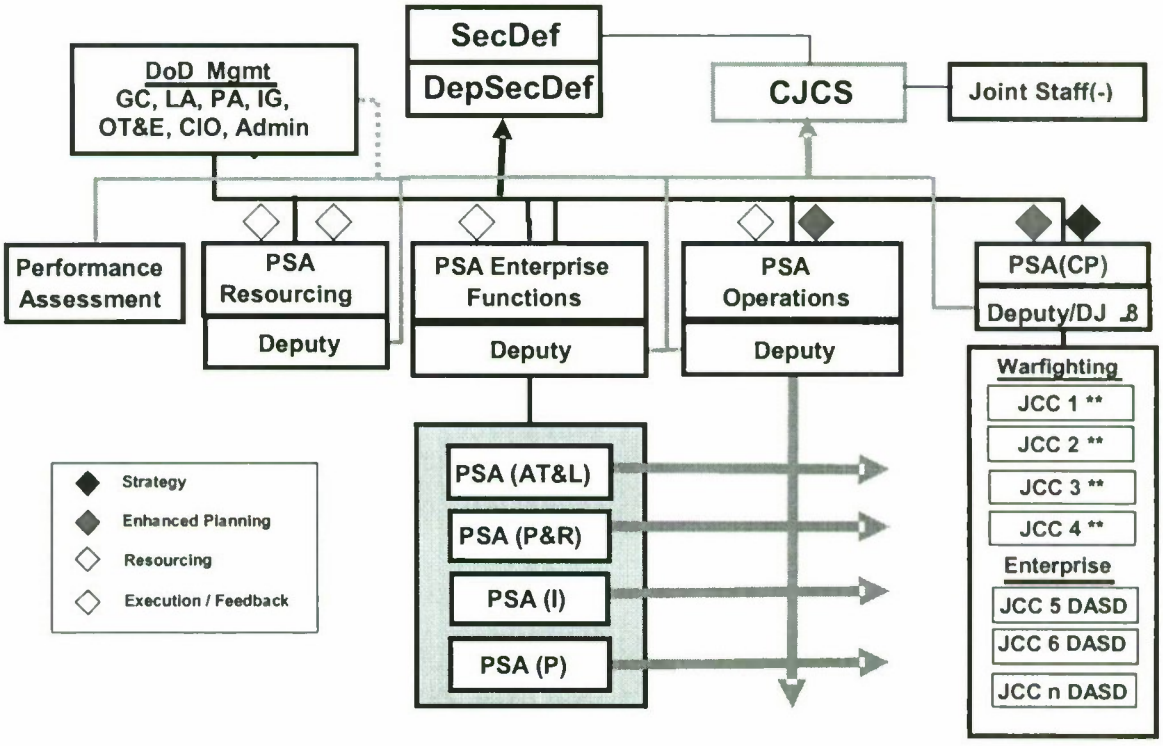
military operations tasks and the resourcing and enterprise implementation functions. The Executive Staff would be formed and streamlined by merging large portions of the current Joint and OSD staffs, with the option of using CoCom representatives to form the core of the Operations Staff. Current redundant staff functions would be reduced by having military members of the Executive Staff dual-hatted to serve both the SecDef and CJCS. Military Deputies to the PSAs provide the direct reporting path to the CJCS. The CJCS would retain a smaller Joint Staff, with dedicated support in those areas directly related to operational planning and execution. The capability planning staff in this alternative has the responsibility for capability analysis and integration, as it would in Alternative 2.

This alternative would reduce the overlap of functions between OSD and the Joint Staff. The OSD staff would focus on policy and oversight functions, and the Joint Staff would concentrate on military planning and operational issues. This reduction in duplication may result in a smaller net staff size for the OSD and Joint Staff. The interaction needed to manage cross-cutting issues will be achieved through increased use of matrix management and issue-oriented teams. Within this alternative is the option to change the role of the Vice Chairman of the Joint Chiefs of Staff to include serving as the Operations Director. Title 10 changes may be required if this option is pursued.

Like Alternative 2, this alternative includes a performance assessment division to be an independent entity to lead the execution and accountability phase of the process. This organization would be small, formed from elements of other OSD divisions, and would report directly to the Secretary of Defense and to the CJCS.

This radical change alternative provides the analytical capability needed to execute the end-state process, has the greatest potential to significantly reduce the total headquarters staff, and allows for greater integration of the operations tasks with the implementation and oversight functions. At the same time, this alternative has implementation risks: it potentially requires congressional approval in areas pertinent to Title 10 (especially dealing with the "independent" nature of the support to CJCS for his military advice responsibility), and it involves significant staff migration and realignment. The dual-hatted nature of the staff and reporting paths from the military deputies to the CJCS are designed to meet the Chairman's military advice responsibilities. Properly affecting the realignment will require regular leadership involvement and oversight.

Figure 3-4. Alternative 3—Radical Change



FUNCTIONAL LEVEL (SECOND-ORDER ALTERNATIVES)

A large percentage of the Department's resources is devoted to enterprise operations. Enterprise operations encompass a wide range of necessary and vital support functions such as acquisition, installation operations, and recruiting. These capabilities enable the Department to prepare for, deploy to, execute, sustain, and rapidly recover from its military operations. The Department's investment in enterprise operations, and the resulting capabilities, must be accounted for in a comprehensive and fiscally disciplined Strategic Planning Guidance, Enhanced Planning Process, and Joint Programming Guidance.

Currently, assessment and management of the Department's enterprise capabilities are decentralized; those capabilities are managed by OSD, Service, and other Component leaders, with varying goals, time horizons, and risk strategies. Issues within the functional elements of enterprise operations are often addressed "after the fact." Many times, critical decisions on major warfighting capabilities are made without full consideration of the enterprise implications.

The Enhanced Planning Process calls for a comprehensive assessment of all Departmental capabilities, including the enterprise functions. The Study focused on acquisition; research, development, test, and evaluation (RDT&E); logistics; infrastructure; and workforce planning. Under the existing organizational structures, a comprehensive assessment under the Enhanced Planning Process would be difficult and inefficient, because enterprise responsibilities, information, funding, and overall control are dispersed throughout the Department and resident in multiple Components.

These five specific functional elements are important to both the planning and the execution and accountability phases. It is imperative to have an established means to monitor the results in these areas against the desired (funded) capabilities and validated joint needs. The following subsections discuss organizational changes needed to improve the visibility of those enterprise operations at the Department level, assess alternative strategies for supporting joint needs, and provide necessary feedback on program execution to Department leaders. Each alternative is consistent with the broader first-order organizational alternatives.

Acquisition

The current acquisition process is largely Service-based and lacks a direct link between identifying, programming, and delivering needed joint capabilities. Recent changes are beginning to shift the focus to a capabilities-based approach to identifying requirements. These changes are designed to streamline a rigid, event-driven, and lengthy process. But even with the recent changes, the acquisition planning process separates the customers, particularly the CoComs, from acquisition decision makers. Other shortfalls, such as an inability to capture life-cycle and support costs during planning, as well as the difficulty in canceling programs that are not cost-effective, hinder the Department's joint capability-based process.

The following alternatives leverage the ongoing changes within the Department's acquisition community and provide organizational constructs to facilitate the planning, development, and delivery of needed joint and Service capabilities. Each alternative attempts to provide a more effective means to establish continuous customer/user engagement in the planning process.

ALTERNATIVE 1: MULTIPLE JOINT PROGRAM EXECUTIVES (JPES)

The moderate alternative to the current acquisition process recommends the establishment of a Joint Program Executive (JPE) for each of the functional capability categories, reporting through the Service Acquisition Executives (SAEs). The JPEs would work within the Component corporate decision structure to provide input on current joint in-development, in-production, and legacy programs. The JPEs would manage resources for their specific programs provided by the Components, as stipulated in the JPG. The JPEs would participate in the enhanced planning process. The Defense Acquisition Executive Summary

(DAES) would be transformed into a virtual, cross-Service process to allow for Department-wide management across capability categories. This DAES transformation permits the establishment of a cross-cutting Defense Acquisition Board (DAB) organized by capability category.

This alternative has the following additional aspects:

- JPEs would provide input to the Defense Acquisition Executive (DAE)—USD (AT&L)—on current programs, linking the acquisition process to joint needs planning and development.

- JPEs would oversee resources allocated from the Components' total obligation authority to support directed joint programs (JPG-directed guidance) to ensure compliance with the JPG. SAEs would retain resource control for Service programs under the delegated guidance within the JPG.

- DAE, with JPE and SAE input, would develop a comprehensive acquisition strategy that leverages the JCIDS process to clearly articulate goals and objectives to meet departmental joint capability needs. A comprehensive acquisition strategy allows for immediate, near and long-term programmatic planning to meet joint capability needs.

The major advantage to this alternative is that it will provide increased interoperability and better materiel solutions due its capability-focus rather than platform-centric planning and programming. In addition, defining, planning, and delivering joint capabilities will be improved with increased connectivity between "requires" and "acquires."

ALTERNATIVE 2: SINGLE JOINT ACQUISITION EXECUTIVE (JAE)

The aggressive acquisition alternative would establish a single Joint Acquisition Executive (JAE) with oversight and decision authority on all joint developmental, in-production, and legacy programs. This authority would include management of all funds appropriated for joint programs. The JAE would be supported by expanding the responsibilities of a selected acquisition agency. An appropriate portion of Component organizations would be migrated into this joint entity. As with the moderate alternative, the JAE would participate in the Enhanced Planning Process to provide input on the development of a comprehensive acquisition strategy. The corporate decision structure would be transformed along capability categories to allow the JAE to manage cross-cutting joint capabilities within individual programs, while the overall program is managed by a Component. Additional aspects of this aggressive alternative are as follows:

- JAE and SAEs, through the cross-cutting DAB, would provide input to the DAE on current joint in-development, in-production, and legacy programs. This provides a direct link with central oversight to the acquisition process for joint needs planning and development.

- Appropriate portions of the Components' staffs—Services and Agencies such as the Defense Contract Management Agency, Defense Information Systems Agency, and Defense Logistics Agency (DLA)—would be migrated into a joint entity that acts as the JAE field activity.

- As with the moderate alternative, the JAE would participate in the development of a comprehensive acquisition strategy, and the DAB would be transformed along capability categories to align cross-cutting joint capabilities.

A significant advantage of this alternative is that it would create, from within an existing organization, an execution arm for joint capabilities, with a field activity to manage joint programs. This alternative provides improved planning, greater coordination, and more efficient means to deliver joint capabilities. However, this alternative could be seen as usurping some of the Services' Title 10 authority and would also result in a loss of authority by some Components.

ALTERNATIVE 3: MULTIPLE CAPABILITIES ACQUISITION EXECUTIVES

The radical acquisition alternative would establish Capability Acquisition Executives (CAEs) for each of the joint capability categories. The CAEs would have oversight and decision authority on all Defense developmental, in-production, and legacy programs. The overall acquisition process, management, and structure would be realigned by capability category. The CAEs would control all acquisition resources for their respective capability categories. Services would establish Service Program Executive Offices (SPEOs) to manage their unique ACAT I and II programs. The SPEOs would report to the required CAE on all programmatic issues. The CAEs would be directly involved in the development of a comprehensive acquisition strategy to meet Department capability needs. The following aspects also are captured in this alternative:

- The CAEs would reside in a dedicated joint entity (agency or field activity) developed to support this concept and organized from existing acquisition agencies.

- The comprehensive acquisition strategy would leverage JCIDS and Service-unique requirements to clearly articulate goals and objectives to meet Department-wide capability needs.

The advantages to this alternative are similar to those suggested in the aggressive alternative. However, the establishment of the CAEs removes control of program development away from the Services, which clearly has Title 10 implications. In addition, completely realigning the current acquisition structure to support a capability-based approach would be a significant undertaking.

RDT&E

The Department's RDT&E resources and infrastructure are decentralized across the Components. In fast-moving technology areas, this decentralized approach to planning, programming, and execution results in inefficiencies, duplications, missed opportunities, and the inability to mass critical expertise in emerging areas. Currently, several AT&L offices and the Director, Operational Test and Evaluation monitor Component RDT&E programs within the Department, but they are limited in their ability to affect major transformational efforts.

The following alternative management structures provide for more effective and efficient end-to-end planning and execution of the Department's RDT&E investment. These alternatives support the Enhanced Planning Process and attempt to develop an RDT&E management structure that optimizes Department resources.

ALTERNATIVE 1: COORDINATED INVESTMENT

The moderate approach to RDT&E reform would be to take advantage of initiatives already underway. The Department is required by law to develop a single performance review process, applicable to all military departments, for rating the quality and relevance of the work performed by DoD labs. The first step in this proposal would be to evaluate the recommendations from the studies directed by Section 913 of the FY 2000 National Defense Authorization Act. The intent is to more closely link technology development to the acquisition process and to CoCom-generated joint needs. A second step would be to formalize the technology transition process, including binding agreements between Science and Technology (S&T) sources and specific program offices. Funding managed by the Director Defense Research and Engineering (DDR&E) to support the transition of technology development efforts—for example, the Advanced Concept Technology Development programs—would reduce the likelihood of "orphaned" technologies.

The development of a comprehensive DoD S&T strategy that would be capability based but Component driven is a significant advantage provide by this coordinated investment alternative. Additionally, this alternative provides for a better transition of technology from S&T to acquisition, improved utilization of the S&T and T&E investments through a single review process, and would require no changes in current legislation.

ALTERNATIVE 2: CENTRALIZED FUNDING AND CENTERS OF EXCELLENCE

A more aggressive approach to RDT&E reform would be to centrally manage resources in an Integrated Process Team (IPT) process. The Joint and Service Acquisition Executives, who control Research and Development (R&D) resources, would work with the Defense Technology Executive (DTE), who controls S&T resources, to provide innovative capability solutions through representation on each of the capability teams. In addition, this alternative would include those activities described in the moderate alternative. Centers of Excellence (COEs) would be established within the current DoD/Service lab resources (including the universities doing basic research) to concentrate S&T and R&D efforts in specific areas. Although specialized, COEs could invest in several areas to provide competition for "best-of-breed" selection. They could do both S&T work for the DTE and research and development (R&D) work for the JAEs and SAEs. COEs would be challenged to present proposals for different governance options such as federal corporations or government-owned, contractor-operated (GOCO) entities that are more conducive to broadening the business base.

As with the moderate alternative, this alternative provides for the development of a comprehensive DoD S&T strategy that would be capability based and centrally managed, while optimizing the S&T investment and reducing duplication through a single review and allocation process. The transition of technology from S&T to acquisition would be accomplished through an IPT process linking capabilities, technology, and acquisition. One possible disadvantage of this aggressive approach is the dichotomy of centrally funding S&T programs, while leaving labs and R&D centers the responsibility of the Components.

ALTERNATIVE 3: CENTRAL DOD LAB SYSTEM

A radical approach to RDT&E reform would be to centrally manage all resources between the Capability Acquisition Executives and the Defense Technology Executive in an IPT process. COEs would be established within a central lab system to concentrate S&T and R&D efforts in specific areas. Although specialized, COEs could invest in several areas to provide competition for "best-of-breed" selection. A single Office for Basic Research with a defense research lab would manage and execute all basic research for DoD.

The central DoD Lab System allows for the more comprehensive and coordinated DoD RDT&E strategy. The CAE and DAE would have the authority, resources, and infrastructure to better support DoD warfighting capabilities and the spiral development of technology uniquely designed to meet DoD capability needs.

However, the complete realignment of RDT&E structure and the loss of Component control of RDT&E resources pose a significant challenge. Legislative changes will be required to authorize a DoD Office of Basic Research and lab and approval of alternative governance charters for federal corporations and GOCO entities.

Logistics

Currently, no single logistics entity within the Department can provide the information and assessments needed to support capability planning, operations, and execution. The existing logistics responsibilities are a mixture of centralized and decentralized capabilities. No central planning function integrates the highly related logistics support functions of supply, maintenance, and transportation. In addition, current logistics planning reflects fragmented approaches between the acquisition process, Service and Defense Agency supply systems, and organic capabilities. Decentralized execution is needed at the operational and tactical levels. Having said this, strategic-level logistics planning, like operational planning, is needed to provide the comprehensive and interactive capabilities needed to best support joint operations.

The following alternative structures are options for managing the end-to-end planning and execution of the Department's logistics capabilities. These options are consistent with the Enhanced Planning Process and maximize efficient use of Department resources.

ALTERNATIVE 1: STRENGTHENED DEFENSE LOGISTICS EXECUTIVE

This alternative strengthens the role of the Defense Logistics Executive (DLE) as the single Logistics Global Supply Chain Manager with oversight and decision authority for Defense material, maintenance, and visibility of movement. This alternative does not require major organizational change. It expands the recently established duties of the USD(AT&L) as the DLE, by adding the responsibility for joint programs.

Under this alternative, the DLE, with the assistance of the Joint Logistics Board, would set policy for logistics (and logistics-related transportation matters) and would control funds for joint logistics efforts. Joint logistics efforts would include in-theater operations, Department-wide logistics programs, and organic repair and manufacturing. The DLE also would do the following:

- Establish a joint office for in-theater management in support of military operations;
- Manage the organizations that accomplish joint logistics programs;
- Oversee sustainment plans organized by joint capability missions, not by Service or Agency;

- Be responsible for integrating sustainment planning and execution across the Department, focused on warfighting support and readiness;
- Plan for efficiencies in operations, for example, eliminate excess capacity in organic repair facilities;
- Engage and direct strategic, operational, and enhanced capabilities planning, presenting logistics/supply chain considerations and develop a strategic logistics plan with performance parameters. This plan would
  - publish performance plans, articulate goals and provide a road map to meet them,
  - drive input to the operational plans development, and
  - provide holistic view of departmental logistics requirements and how they support DoD needs;
- Be consistent with guidance stipulated in SPG; and
- Leverage best practices and processes used by DoD, coalition partners, and industry to improve efficiency and quality with the global supply chain.

The strengthened DLE alternative provides for improved oversight of the logistics supply chain and enables the planning and assessment needed to support the Enhanced Planning Process. This alternative does not address all logistics areas. The Services, Joint Staff, Transportation Command, and Defense Agencies will continue to control most of the resources and line of authority. In addition, this alternative retains the current, decentralized infrastructure that supports the logistics operations (depots, repair facilities, and organic manufacturing), with its duplication and inefficiency.

ALTERNATIVE 2: CENTRALIZED LOGISTICS/JOINT COMMAND

This alternative further centralizes logistics planning and management by establishing a single Logistics Global Supply Chain Organization (Joint Command/Agency) with oversight and decision authority for all Defense materiel, maintenance, movement, and transportation. The organization will control the funding for Service and Joint materiel. Consolidation of the organic repair capabilities will greatly improve their operations and efficiencies. This alternative also would do the following:

- Consolidate all funding for joint and single Service materiel and logistics support by creating an appropriation authority; execution authority is performed by newly established entities previously part of Services and Defense Agencies;

- Provide total asset visibility and accessibility for all DoD materiel;
- Create Department-wide policies and procedures for common logistics practices and procedures, including financial investments; and
- Incorporate all duties and responsibilities of the proposed DLE.

This concept will enhance warfighter support and readiness by consolidating management of key Department logistics capabilities. The organization will be a critical part of the planning process for strategy, operations, and capabilities. The disadvantages of this alternative are that it restricts Service flexibility in the key Title 10 areas of equipping and sustaining, and that it will require the reallocation of Component assets to create a large joint Agency or Command to manage logistics.

ALTERNATIVE 3: CORPORATE LOGISTICS

This option would adopt alternative governance structures to meet Department logistics requirements by retaining core or critical operations and using non-DoD assets to meet remaining needs. Most logistics responsibilities would be removed from the Services and Defense Agencies and be placed in an entity (Command structure most likely) that reports to OSD. OSD would select the best alternative structure, which includes public-private partnerships, federal government corporations, and Employee-Owned Stock Ownership Program (ESOP) entities.

Taken to an extreme, the retained functions might be limited to combat logistics or in-theater operational support. Overall, the intent is to find the best means and provider, based on a comprehensive business case analysis that includes the flexibility and reliability needed to support the joint warfighter. Innovative contracts and incentives will be needed to fully adopt this alternative. This radical alternative also would do the following:

- Divide logistics services along functional lines (combat logistics, operational support, etc.) with limited selected items as needed remaining in DoD. These operations would be run on a commercial basis with a term appointment (for example, 6 years);
- Develop and publish a Strategic Logistics Plan and coordinate execution with subordinate Command entities; and
- Integrate best business practices into the logistics planning and execution processes, along with commercial-like entities to perform the mission.

Given the variety of options available to provide a logistics capability, this alternative offers great flexibility and optimizes logistics investments for the Department. The disadvantages include the possibility of increased fragmentation of the integrated supply chain, major impact on Defense and Service organizations, and the need for Congressional consultation and approval for some alternative governance structures.

Infrastructure

As with other enterprise functions, the responsibilities, information, funding, and overall control of infrastructure is dispersed in multiple Components, with little or no strategic capability planning. Infrastructure planning is focused on the maintenance and support of existing facilities, with little emphasis on consolidation and divestiture. Recent direction suggests a greater emphasis on joint-use facilities, but implementation of this concept in DoD-wide capabilities planning has been minimal.

The proposed infrastructure alternatives are designed to provide organizational changes that increase the participation of infrastructure owners/managers in the Department's capabilities analysis, decision, and integration processes. The goal is to develop DoD-wide infrastructure plans that are integrated to meet joint needs, are efficiently organized to reduce cost, and directly support current and future operation and capability plans.

ALTERNATIVE 1: JOINT FACILITIES DIRECTORATE

The moderate alternative to the Department's infrastructure organization recommends the establishment of a Joint Facilities Directorate (JFD). The Directorate would be organized by modifying the current OSD staff to better participate in the Department's capabilities analysis and integration processes. Portions of the OSD staff would be realigned to support the Directorate, which would reside in OUSD(AT&L). This Directorate would become the focal point within the Department for infrastructure issues to meet joint capabilities and would serve as the lead for infrastructure related issues within the Enhanced Planning Process. The Directorate would head a Joint Facilities Board (JFB). The JFB would lead the effort to define needs across the Department and coordinate execution activities. Special emphasis would be placed on those facilities that most directly support the joint warfighter, such as depots, training ranges, and joint-use bases. However, Components would still maintain execution authority for assigned infrastructure.

Additional aspects of this moderate alternative are as follows:

- The staff would develop and publish a Strategic Infrastructure Plan (building on the work currently done in the Defense Facilities Strategic Plan) that

- contains a comprehensive view of Department assets and how they support joint needs,
- is consistent with the SPG, and
- integrates best business practices into the planning and execution processe;

- The staff would develop and publish appropriate directives to manage joint infrastructure requirements; and
- The process would link to other enterprise functions (such as logistics) for planning.

The major advantage to this alternative is that it could reduce costs through better utilization of resources such as eliminating excess capacity and maximizing joint use of facilities. In addition, this alternative provides a centralized integrated planning structure for all Department infrastructure requirements. A disadvantage to this alternative is the requirement to realign current organizations to meet staffing requirements.

ALTERNATIVE 2A: ASD, INSTALLATIONS AND ENVIRONMENT— JOINT

The Study Team identified two aggressive infrastructure alternatives. Both would create, within OUSD (AT&L), an Assistant Secretary of Defense (ASD), Installations and Environment, but the ASD's responsibilities differ between the two alternatives.

In this first aggressive infrastructure alternative, the ASD would resource and direct selected joint infrastructure functions across the Department. The ASD staff would have facilities planning and oversight functions for the Department and resourcing and directive responsibilities for those facilities and activities that most directly support the joint warfighter. To facilitate these actions, the ASD would maintain and direct a percentage of the overall DoD infrastructure budget to support joint needs, with financial reporting to track execution and performance. Execution authority would remain with the designated/appropriate Service or Agency. The ASD would provide directed guidance on joint infrastructure needs and would delegate guidance to Services and Agencies on the management of assigned infrastructure.

The ASD would develop and publish a biennial Strategic Infrastructure Plan (building on the work currently done in the Defense Facilities Strategic Plan), that:

- links to logistics requirements;
- provides a comprehensive view of departmental assets and how they support joint needs;

- is consistent with the SPG; and
- integrates best business practices into the planning process.

Having an ASD that directly supports the capabilities-based focus of the Department's joint infrastructure needs is a significant advantage of this alternative. As with the moderate alternative, the Department would reduce its costs. This alternative provides centralized resourcing, direction, and integrated planning for all joint infrastructure requirements. A disadvantage is that this alternative requires realignment of existing OSD organizations and may generate legislative issues.

ALTERNATIVE 2B: ASD, INSTALLATIONS & ENVIRONMENT— DOD-WIDE

In this second aggressive infrastructure alternative, the ASD, Installations and Environment, would resource and direct DoD-wide infrastructure functions across the Department, while execution authority would remain with the designated or appropriate Service or Agency. The ASD staff would have facilities planning and oversight functions for the Department and resourcing and directive responsibilities for all DoD infrastructure. The staff would provide directed guidance on specific infrastructure needs and would delegate the remainder to Services and other Agencies for management of assigned properties. To facilitate these actions, the ASD would maintain and direct the overall DoD infrastructure budget, with financial reporting to track execution and performance. As with the previous alternative, the ASD would develop and publish a biennial Strategic Infrastructure Plan.

The most significant advantage to this alternative is that it provides a centralized, single source manager that directly supports the capabilities-based focus of the Department's total infrastructure needs. Costs would be reduced through better utilization of resources, focused on eliminating excesses and maximizing joint assets. This alternative would require realignment of existing OSD organizations and a significant rewrite of DoD policy. In addition, significant legislative issues exist with the redirection of infrastructure resources away from the Services and Agencies to the ASD.

ALTERNATIVE 3: DOD CORPORATE INFRASTRUCTURE

The radical alternative would merge all DoD infrastructure under an OSD-led entity. Ownership would be removed from the Services and other DoD Agencies and would be placed under the responsibility of this OSD entity. The infrastructure services would be divided along functional lines (housing, hospitals, airfields, ports) or regional lines (west, east) or a combination of functional and regional lines. The OSD entity would pursue and oversee alternative governance structures for the various infrastructure services as appropriate. Alternative governance structures include performance-based organizations, cooperative partnerships, federal government corporations, GOCO

entities, and public-private partnerships or ventures. As with the Aggressive alternatives, under this alternative OSD would develop and publish a Strategic Infrastructure.

The advantages to this alternative are that decisions are insulated from Service or Agency agendas, the return on the facilities investment is maximized, and the alternative governance structures would provide increased flexibility in personnel and acquisition matters. However, the profit motive of certain governance structures could conflict with DoD needs. In addition, this alternative would require new organizational structures, and the potential exists for fragmented support from using a multitude of service providers. More important, these arrangements would require congressional approval.

Workforce Planning

As with the other functional elements of the enterprise domain, workforce development is often reactive to decisions concerning joint capabilities, rather than being fully considered when those decisions are made. To effectively support the new planning processes, human capital needs must be addressed systematically and proactively. Two major changes are required to achieve that goal: first, analyses of workforce and training requirements should be fully incorporated in the analyses of alternatives for all capabilities, and second, the pool of experts available to perform those analyses must be greatly deepened.

The current organizational structure is adequate to support the Enhanced Planning Process. The scope and depth of workforce analyses, however, would vary as needed to support the broader Department/Corporate level alternatives for the planning process (see Appendix N).

In all alternatives, workforce requirements (e.g., number of people, skills, training) would be systematically included in the analyses of all options to fill capabilities gaps or to reduce overlaps. Projections of future requirements of civilian and contractor personnel would augment current Service planning, which focuses almost exclusively on military manpower. OSD (Personnel and Readiness) would consolidate Service (and Defense Agency) projections for military personnel, civilian employees, and contractors, to produce a Department-wide picture of future needs. All human resources planning would take into account rebalanced active/reserve roles in future operations. Steps would be taken to better link single-Service training events to joint warfighting needs, as established by the Joint Staff and Joint Forces Command.

Chapter 4
Implementation

WHY CHANGE

The United States cannot definitively predict who its next adversary will be or where the next conflict will occur; nevertheless, its military forces must be able to successfully meet the uncertainties of this new era. The Department of Defense may have produced the best armed forces in the world, but its processes do not optimize the investment in joint capabilities to meet current and future security challenges. The time is ripe to examine and improve DoD processes for determining needs, creating solutions, making decisions, and providing capabilities to support joint warfighting needs. A capabilities-based approach to joint warfighting mitigates uncertainty by emphasizing the nation's ability to shape the battlefield, regardless of whom we fight or where we fight.

The Joint Defense Capabilities Study Team examined past and current studies and developed recommendations for streamlined processes and alternative organizations to better integrate defense capabilities in support of joint objectives. These recommendations will dramatically change the way the Department does business, because they focus on delivering capabilities to meet a wide range of security challenges rather than defeating a specific adversary. The next step is to bring about the necessary changes in the Department by implementing these recommendations. This is an important and challenging task that is critical to successfully meeting the security demands of the future.

LEADING CHANGE

John P. Kotter, professor of leadership at Harvard Business School, has written extensively about change. In his book, *Leading Change*, he writes that although the need for change is widely recognized and acknowledged, creating that change and, more important, making the change "stick" are extremely difficult. Kotter details eight common errors in organizational change efforts:

1. Allowing too much complacency
2. Failing to create a sufficiently powerful guiding coalition
3. Underestimating the power of vision
4. Under-communicating the vision
5. Permitting obstacles to block the vision

6. Failing to create short-term wins

7. Declaring victory too soon

8. Neglecting to anchor changes firmly in the corporate culture.

For most organizations, the biggest challenge is leading change. Only leadership can blast through the many sources of bureaucratic inertia. Only leadership can motivate the actions needed to alter behavior in any significant way. Only leadership can get change to stick, by anchoring it in the very culture of the organization.

But leadership cannot be confined to one larger-than-life individual who charms thousands into being obedient followers. Large organizations like the Department of Defense are far too complex to be transformed solely by the strength of a single personality. The leadership effort includes many people from across the Department—Principal Staff Assistants, CJCS, Combatant Commanders, Service Secretaries, and Joint Chiefs—who must push the new agenda within their sphere of activity. These leaders and their staffs are the stakeholders in the new joint capabilities-based process and must take ownership of it to ensure its successful adoption.

The recommendations and actions found in this report will demand a dedicated effort to ensure successful implementation. Given the broad nature of the process and the extent of change being recommended, a strong commitment to implementation is critical for success. Without leadership's strong commitment to implementation, not only will results be suboptimized, but the current, ineffective processes will continue to our detriment.

CREATING AN IMPLEMENTATION TEAM

Critical to any successful change initiative is the change management or implementation team that works with the leadership to keep change efforts on track. The head of this team should have direct access to the leadership of the Department, especially the Secretary and Deputy Secretary of Defense. The head of the team and supporting staff will need to establish a Department-wide governance process to drive the change effort. This process should clearly spell out what needs to be done, who needs to do it, and when it needs to be completed. Regular progress reviews should be given to the Department leadership.

Equally important is the need to communicate the need for change, the goal of the change effort, and the organization's progress toward meeting that goal. Both internal and external communication strategies need to be created, and the implementation team, working closely with Public Affairs, should spearhead these efforts. These communication strategies should educate, train, and enable the stakeholders to fully embrace the new capabilities-based approach. For general awareness and widespread access, a website dedicated to the new process needs to be created. More traditional methods such as pamphlets, press releases, and speeches also should be pursued. Audiences should include the workforce, the "school houses," industry and trade associations, and the Congress.

Not all of the proposed changes involve processes; some changes to the organizational structure will be needed as well. With the initiation of a joint capabilities-based process, the planning process will require a fundamental realignment. Organizational changes involving the planning process could range from changes within existing organizations to the creation of totally new organizations.

No matter the nature of the change, the results need to be captured in the formal documentation of the Department. Directives, instructions, manuals, and other documents will need to be altered to reflect the process and organizational changes. These documents need to be reviewed and updated, and the new documents must be widely distributed. This is a critical step as the responsibility for change transfers over time from the implementation leader—who sets the process and organizational changes in place, guides the transition process, maintains the focus and key principles, and establishes a Department-wide governance process— to the stakeholders themselves.

John Kotter has developed, through his experience in observing change efforts in many organizations, an eight-stage model for implementing change. Each stage is associated with one of the eight fundamental errors (listed above) that undermine transformation efforts:

- Establish a sense of urgency
- Create the guiding coalition
- Develop a vision and strategy
- Communicate the change vision.
- Empower a broad base of people to take action
- Generate short term wins
- Consolidate gains and producing even more change

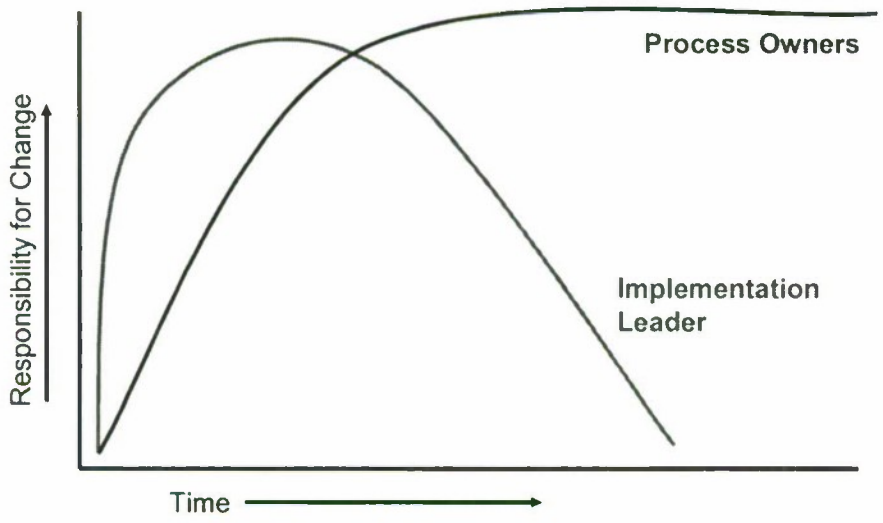
- Institutionalize new approaches in the culture—in other words, to ground the changes in the corporate culture and make them stick.

This eight-stage model could provide the foundation for the Department's transition to joint capabilities-based planning, and would ground the changes in the corporate culture and make them stick.

A concerted effort should be made follow this eight-stage model and to "hand off" as much responsibility as possible from the implementation leader to the process owners within the next year. The handoff (depicted in Figure 4-1) includes the following key activities:

- Change agents develop around new processes and organizations;
- Leaders inherit institutional knowledge and principles;
- Responsibility for oversight of remaining change is transferred to new process owners and organizations; and
- SECDEF manages through the governance process.

Figure 4-1. Successful Change Effort with Handoff



SUMMARY

The success of moving to a joint capabilities-based process depends on leadership support and involvement and a strong implementation team. Together they need to communicate Department goals, clearly map out what it takes to achieve these goals, and hold people accountable for meeting them. These are the essential ingredients to implementing change.

If the Department of Defense works through these steps, it will successfully change. The recommendations for change found in this report are only one part of the change process. The follow-through that takes place in the implementation phase is crucial to getting to the finish line and making the changes stick. This effort is too important to the Department of Defense not to see it through to a successful conclusion.

JOINT DEFENSE CAPABILITIES STUDY TEAM

Joint Defense Capabilities Study

Appendices

December 2003

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Appendix A Implementation Memorandums

Integrated Priority Lists Memorandum

THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OCT 27 2003

MEMORANDUM FOR THE COMBATANT COMMANDERS

SUBJECT: Integrated Priority Lists

With the FY 2006-2011 program development cycle, we will introduce a streamlined and refocused Integrated Priority List process that reflects the Department's emphasis on capabilities-based planning.

The goal of the revamped Integrated Priority List is to produce a succinct statement of key capability "gaps" that could hinder the performance of assigned missions. The Integrated Priority Lists should thus be limited to those critical issues that you believe need the personal attention of the senior department leadership, including the Chairman and me. The revised process will include several new features:

- In lieu of defining programs or assets, the Integrated Priority Lists will identify potential capability shortfalls that could limit the ability of your commands to carry out responsibilities identified in the Contingency Planning Guidance, Security Cooperation Guidance, or Defense Planning Guidance. Each capability gap must be linked to specific guidance.

- In addition to your written Integrated Priority List submissions, you will have the opportunity to brief me and the Chairman.

- Any deficiencies identified in the Integrated Priority Lists will inform the Strategic Planning Guidance for FY 2006-2011.

Please submit your Integrated Priority Lists by November 17. In developing the Integrated Priority Lists and the briefing for the Chairman and me, you should focus on the capability categories recently identified by the Joint Staff. Within that general framework, you may modify the categories as necessary to address your specific concerns.

Additional guidance will be provided separately by the Director for Program Analysis and Evaluation.

U17242 /03

Overarching Memorandum

THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OCT 31 2003

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Initiation of a Joint Capabilities Development Process

In view of the challenges we face now and in the future, I have decided to change how we develop and execute programs to ensure that our programs serve joint needs and effectively balance current and future risks. This memorandum provides initial guidance for the transition to the new process.

The way forward was discussed by the Senior Leadership Review Group (SLRG) on September 12. The goal is a streamlined and collaborative, yet competitive, process that produces fully integrated joint warfighting capabilities. While some organizational changes may ultimately be needed to optimize the new process, its initial implementation will be carried forward by existing organizations. Changes will begin this fall with the introduction of several new features:

- In December, I will issue the Strategic Planning Guidance (SPG), a single, fiscally-informed document that will replace the policy/strategy sections of the Defense Planning Guidance (DPG). The SPG may include programmatic guidance on a few issues of paramount importance. (Lead: Mr. Henry).
- Between now and next spring, an enhanced, collaborative joint planning process will formulate and assess major issues and present them for my decision (Co-Leads: Mr. Krieg; LtGen Cartwright; Mr. Henry). This process will result in decisions on major issues and metrics and measures of sufficiency for other elements of the Defense program. To initiate this process, Mr. Henry, in conjunction with Mr. Krieg and LtGen Cartwright, and in consultation with the membership of the SLRG, should provide me a list of candidate major issues by November 14th.

U18136 /03

- In the spring, I will issue fiscally constrained Joint Programming Guidance (JPG) that will record the decisions reached in the enhanced planning process. The JPG will replace the programmatic elements of the DPG and will include a demonstration that the totality of the programmatic guidance provided in the SPG and JPG is fiscally executable. (Co-Leads: Mr. Krieg; Dr. Zakheim).
- In the fall, the defense resourcing process will conclude with an integrated program/budget build and a review to ensure that the program and budget are fully responsive to the SPG and JPG (Co-Leads: Mr. Krieg; Dr. Zakheim). This process will include negotiation of DoD top-line budget authority with the Office of Management and Budget (Lead: Dr. Zakheim).

These changes will support a simplified resourcing process, in which programs and budgets are developed in response to the JPG and are reviewed for compliance with it.

In practice, success will depend on feedback from an annual review of how well program implementation and budget execution are meeting identified joint warfighting needs. (Leads: Mr. Krieg; Dr. Zakheim; LtGen Cartwright; Mr. Henry). The organization of the review and the communication of its results will be greatly improved by development of a common structure for articulating joint capabilities. While this year's transitional process will begin with the capability categories recently developed by the Joint Staff, those categories will require further refinement to support the end state as the joint operating concepts evolve. Further development of refined categories should begin immediately (Co-Leads: Mr. Henry; Mr. Krieg; LtGen Cartwright).

In all of these activities, the designated leads should consult the standing three-star group that supports guidance development and the program and budget reviews. I expect all stakeholders in the Department to participate in these efforts to address joint operational needs effectively and to improve the management of Defense resources. Further detail and additional guidance will be provided in separate memoranda. My point of contact for this matter is Mr. Ken Krieg.

Appendix B Products for SecDef and Senior Leadership Review Group

19 JUN 03 STUDY TEAM BRIEF TO THE SECDEF

Figure 1: Title Slide

Figure 2: Agenda Slide

Figure 3: The Desired End State

Figure 4: Study Team Assumptions

Figure 5: The "As-Is" Baseline

Figure 6: "As-Is" versus End State

Figure 7: End State Process

Figure 8: What's Different?

Figure 9: Next Steps

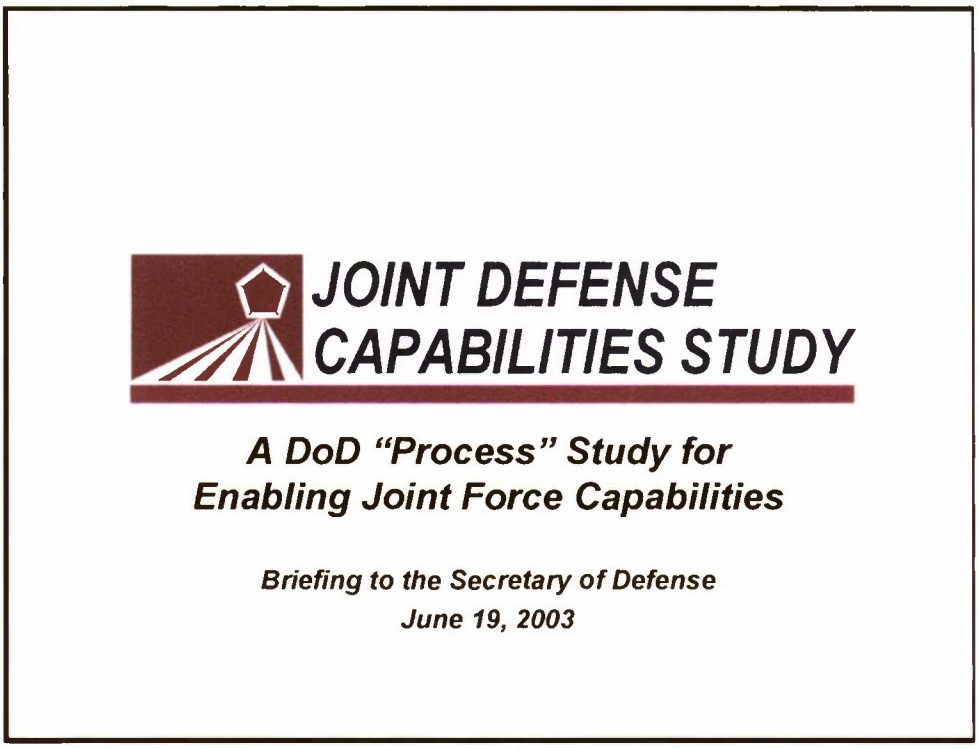


Figure 1: Title slide

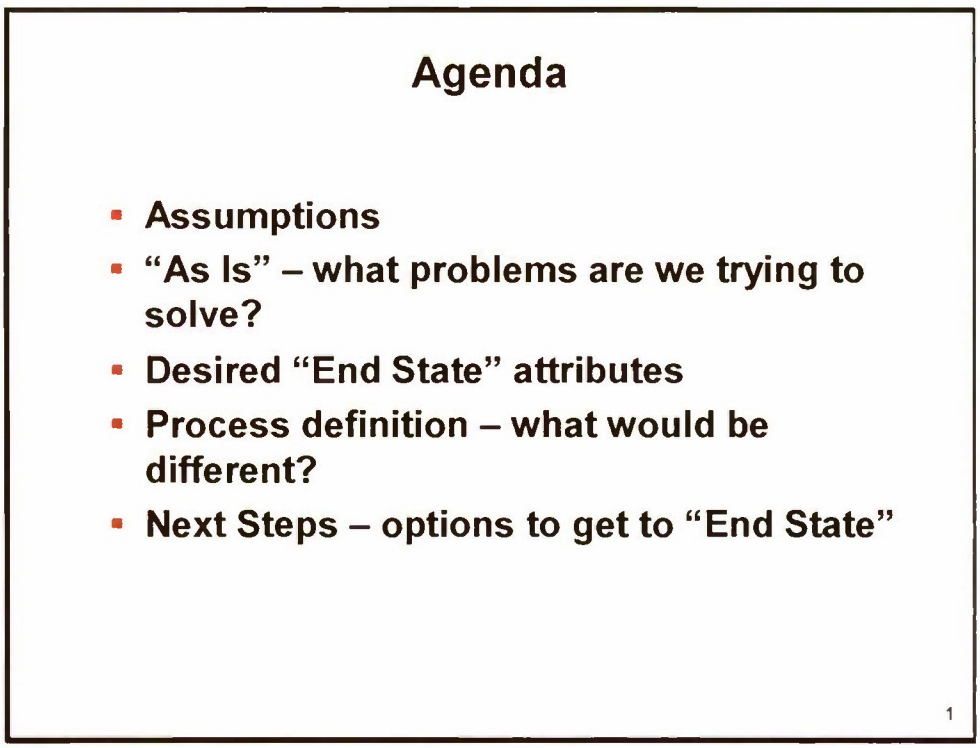


Figure 2: Agenda

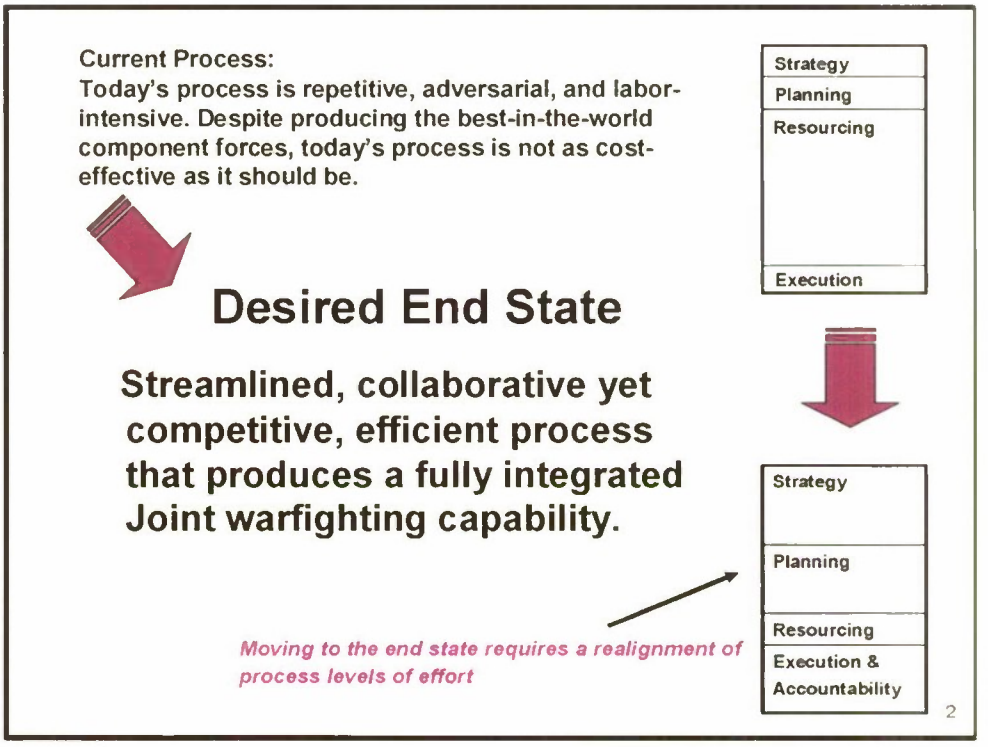


Figure 3: The desired End State

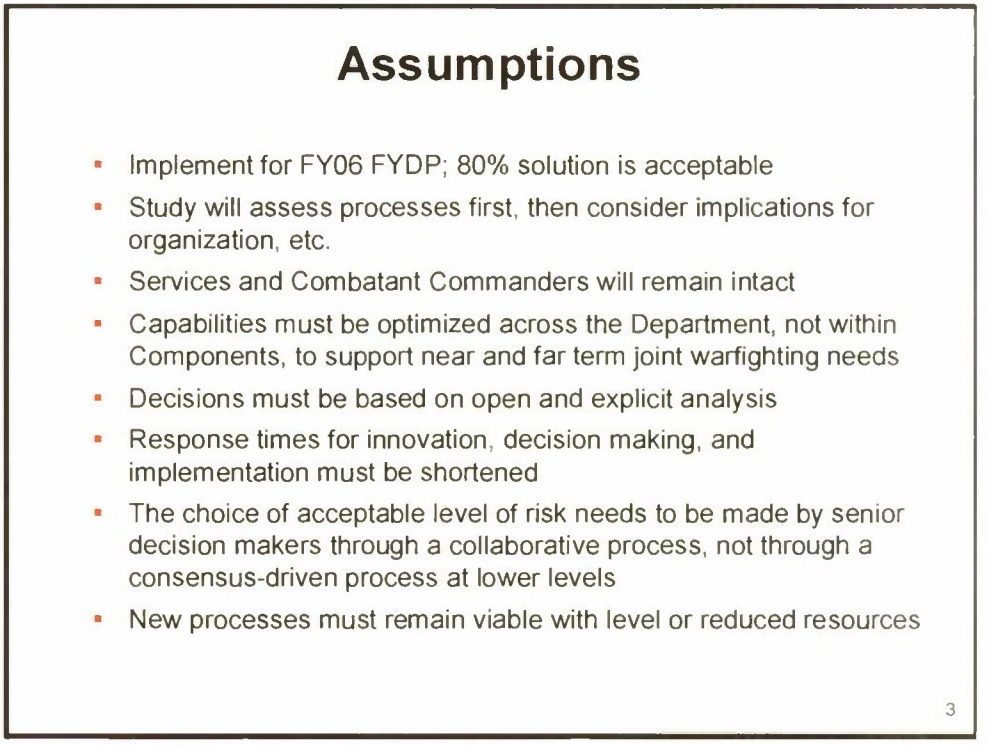
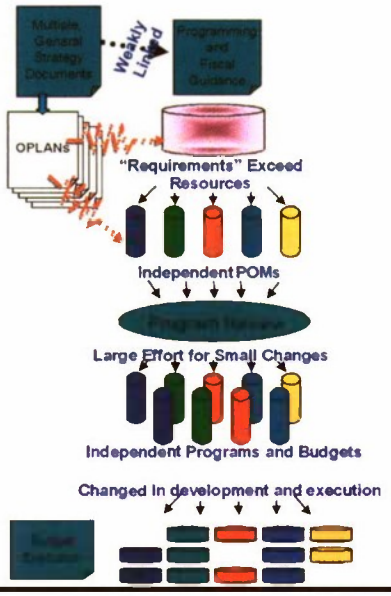


Figure 4: Assumptions

The "As Is" Baseline

Process



Problems

- No single statement of what needs to be done and how the Department should do it.
- Joint needs and guidance are not integrated, prioritized, or fiscally informed.

- Components build programs before guidance is received
- Components cannot fund all elements of the guidance.
- Programs optimized to meet Service / Agency requirements and varying interpretations of the guidance.
- Combatant Commander input to "Requirements" is uneven, near-term focused, and overshadowed by Service influence.
- Skill vs. need planning mismatch in the workforce.
- No provisions to allow tradeoffs between Components.
- Leadership engages too late to effect large changes.

- Gaps and overlaps in Joint capabilities.
- Service capabilities "forced" Joint, not "born Joint."
- Tradeoff of capability within, not across Services.
- Total program does not maximize cost-effectiveness.

- Measures dollar input vice capability outcomes.
- Schedule slips, cancellations, reductions in quantity.
- Cumbersome processes discourage non-traditional suppliers.
- Overall program is not as cost effective as it should be.

4

Figure 5: The "As-Is" Baseline

"As-Is" Versus End State

Major Process	"As-Is" Problems	End State Attributes
Strategy	• Multiple documents • Joint needs and guidance not integrated, prioritized, or fiscally informed	• Single translation of NSS into Department objectives, priorities and risk tolerance • Conceptual framework and focus for planning and capability development • Resource informed Strategic Planning Guidance
Planning	• Defense Planning Guidance (DPG) is provided late and is not fiscally constrained • DPG is developed by DSD • The DPG makes little, if any, provision for tradeoffs among Components	• "Jointness" is born at the beginning of the process. • Joint Programming Guidance is provided early and is fiscally constrained • Developed collaboratively, with extensive involvement by Combatant Commanders and Components • Articulates a single statement of joint needs that reflects decisions on tradeoffs among Components
Resourcing	• Components' programs cannot comply with all of the requirements of the DPG • Adversarial, labor-intensive process • Senior leadership forces "Jointness" into the process at the end, with great effort. • Gaps and redundancies in Joint capabilities render the Defense program cost-ineffective	• Collaborative, efficient process produces early decisions • Senior leadership attends to issues of compliance and executability
Execution and Accountability	• Focus on expenditure / adherence to regulations • Prolonged and complicated process to produce new capabilities • Human capital planning and costs are not addressed • Logistics & acquisition cycle time and support are not timely or cost-effective • Execution data not useful for decision making	• Focus on performance / results • Reduced cycle-time so that capabilities are developed to meet emerging needs • Human capital managed strategically • Full costs (acquisition and logistics sustainment) considered and continually refreshed • Execution performance serves as a starting point for next planning cycle

5

Figure 6: "As-Is" versus End State

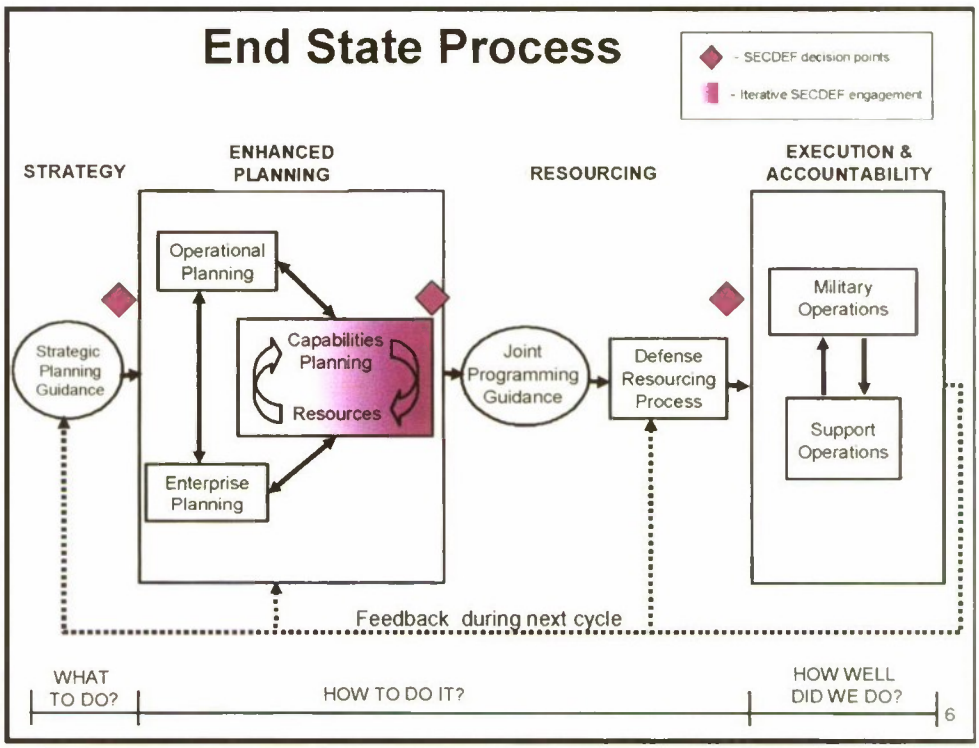


Figure 7: End State Process

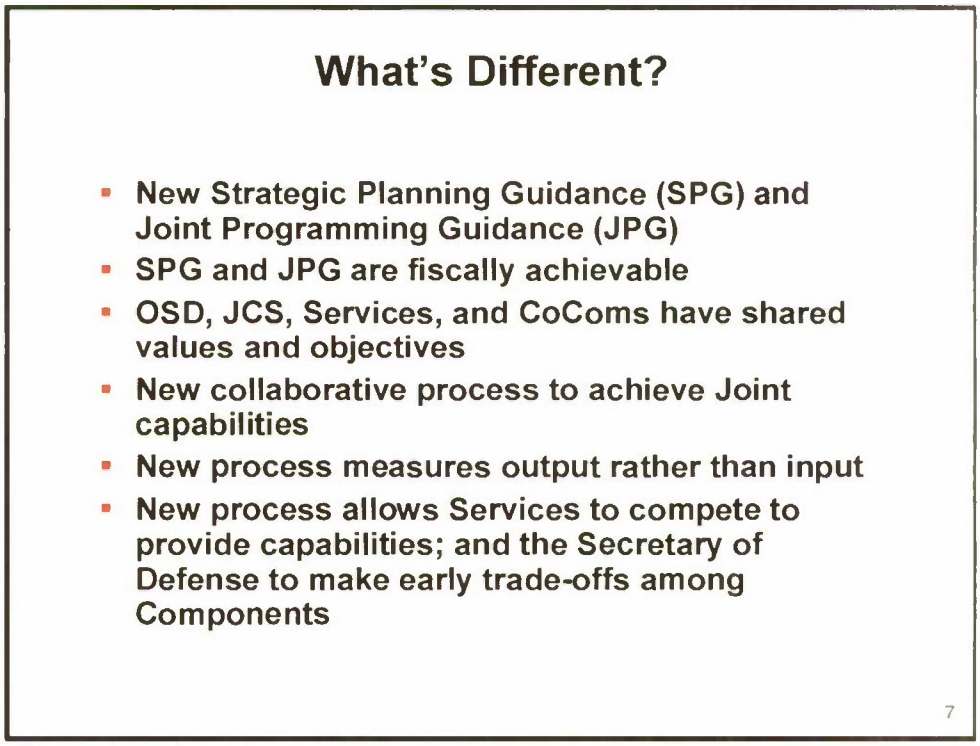
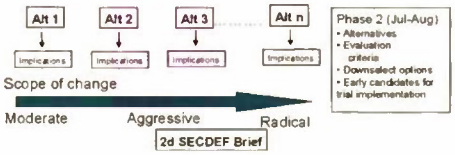


Figure 8: What's different?

Next Steps

- Phase 1 Determine Study Azimuth: (May – June)
  - Review ongoing change efforts
  - Develop a desired end state for the proposed changes
- **Phase 2 Build Alternatives : (July – August)**
  - Develop alternatives to meet the desired end state
  - Determine the resource, organizational, process, and other implications of each alternative



- Phase 3 Evaluate Alternatives: (September – October)
  - Assess suitability, feasibility, and acceptability of alternatives to achieve end state
    - Conduct "Business Game" of selected alternatives
  - Provide recommended option(s)
- Phase 4 Implement Decision: (November – December)
  - Execute decision guidance to produce chosen alternative
  - Provide a transition / implementation plan

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Figure 9: Next Steps

12 SEP 03 JOINT DEFENSE CAPABILITIES STUDY BRIEFING TO THE SENIOR LEADERSHIP REVIEW GROUP

Figure 1: Title Slide

Figure 2: Study Charter and Membership

Figure 3: Assumptions and guidance

Figure 4: Study Phases

Figure 5: Elements of the Joint Defense Capabilities Process

Figure 6: The Desired End State

Figure 7: End State Process (view 1.)

Figure 8: End State Process (view 2.)

Figure 9: What's different?

Figure 10: Organization Characteristics

Figure 11: Why Capability Categories?

Figure 12: Moving in the right direction

Figure 13: Required actions to affect POM 06

Figure 14: Transition Year Timeline

JOINT DEFENSE CAPABILITIES STUDY

Joint Defense Capabilities Study

briefing to the

Senior Leadership Review Group

September 12, 2003

Figure 1: Title Slide

JOINT DEFENSE CAPABILITIES STUDY

Study Charter and Membership

Commissioned by Secretary Rumsfeld in March 2003 to:

Provide streamlined processes, alternative functions, and organizations to better integrate Defense capabilities in support of joint warfighting objectives

Study Team Membership

Study Lead- Pete Aldridge

Study Director- Mary Margaret Evans

Study Team- Representatives from:

Joint Staff, USJFCOM, Services, USD(C), USD(P&R), ODPAE, ODA&M

1

Figure 2: Study Charter and membership

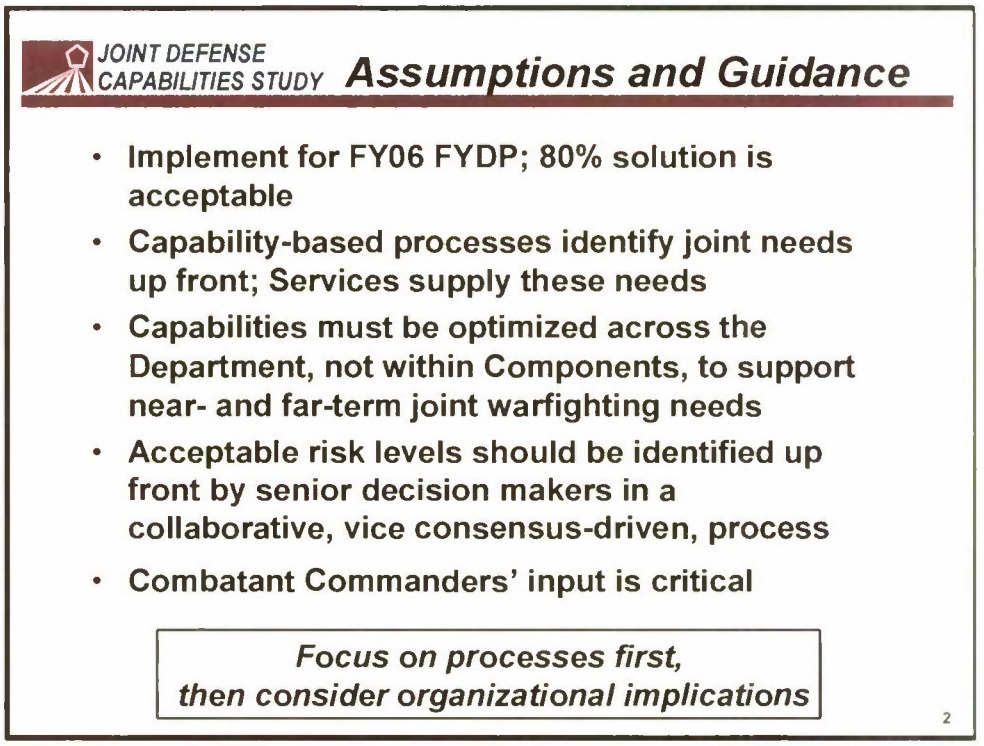

Figure 3: Assumptions and guidance

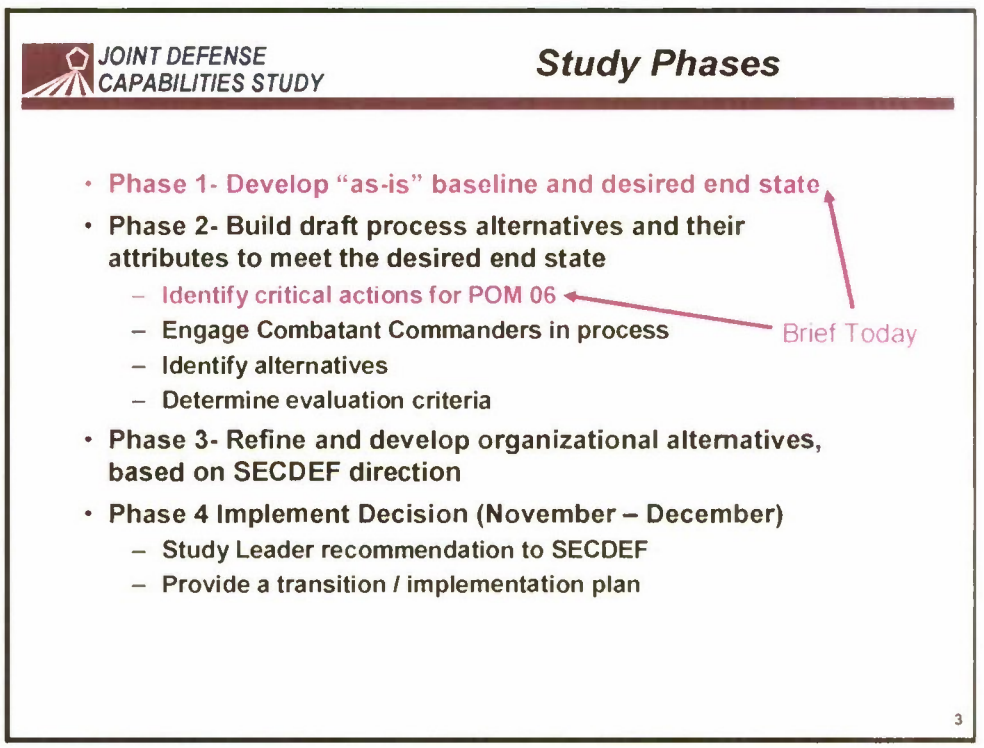

Figure 4: Study Phases

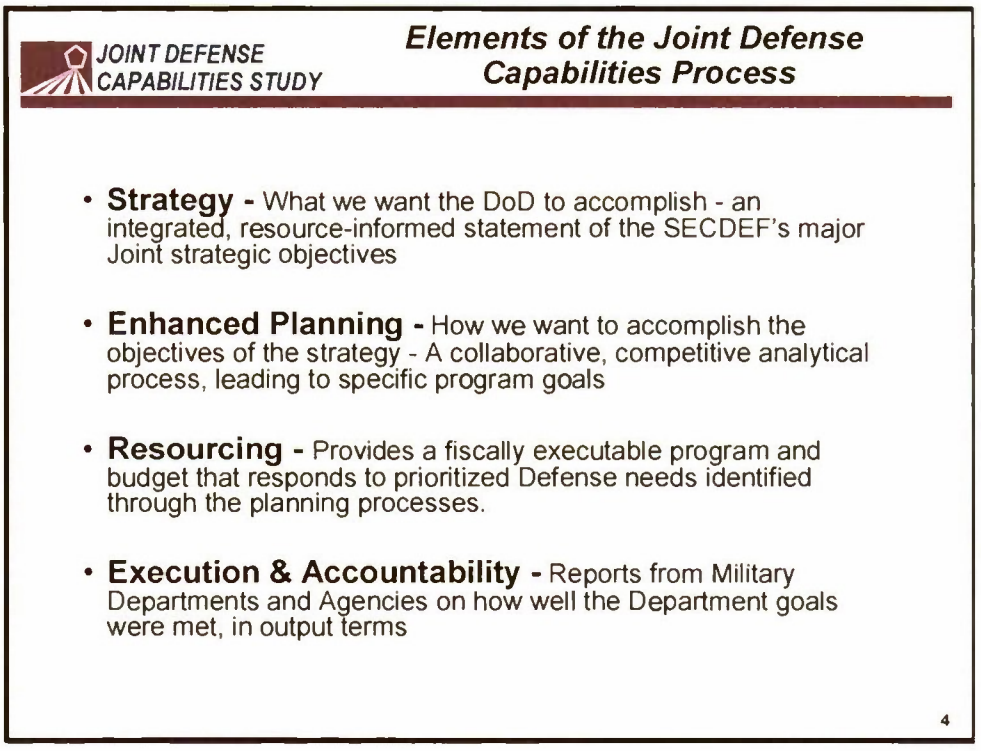

Figure 5: Elements of the Joint Defense Capabilities Process

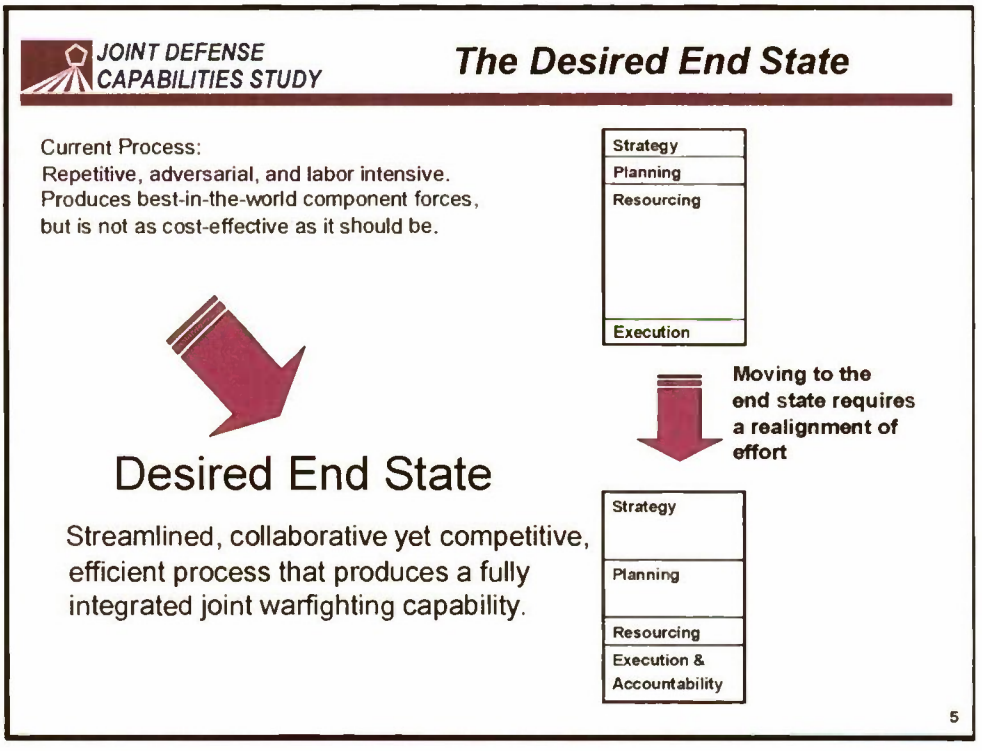

Figure 6: The desired End State

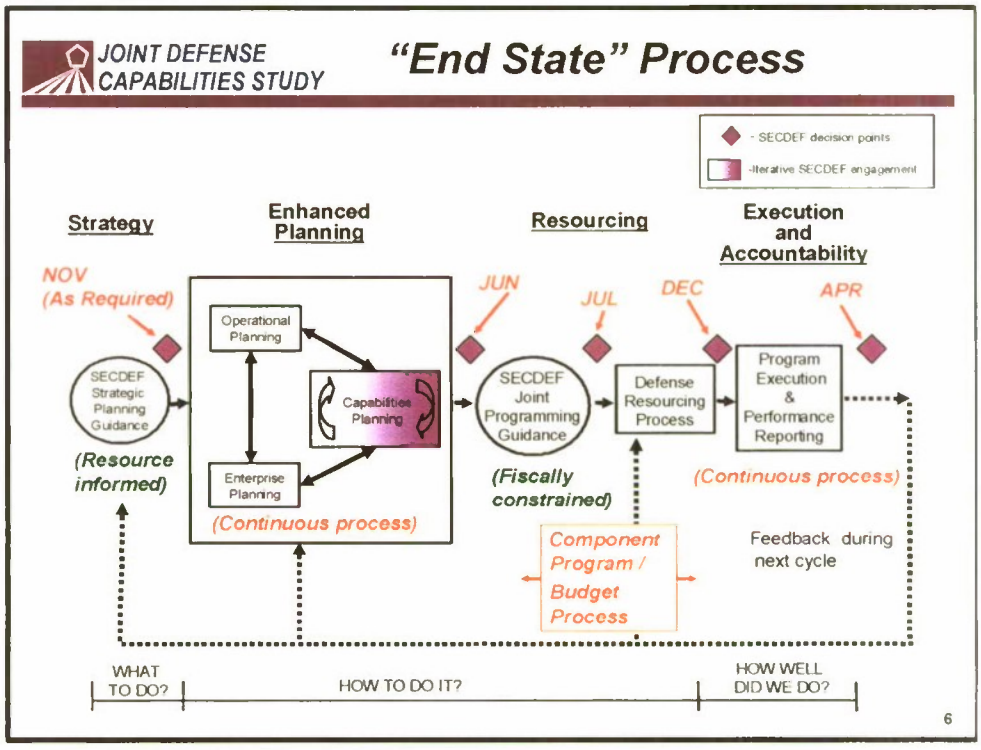

Figure 7: End State Process (view 1)

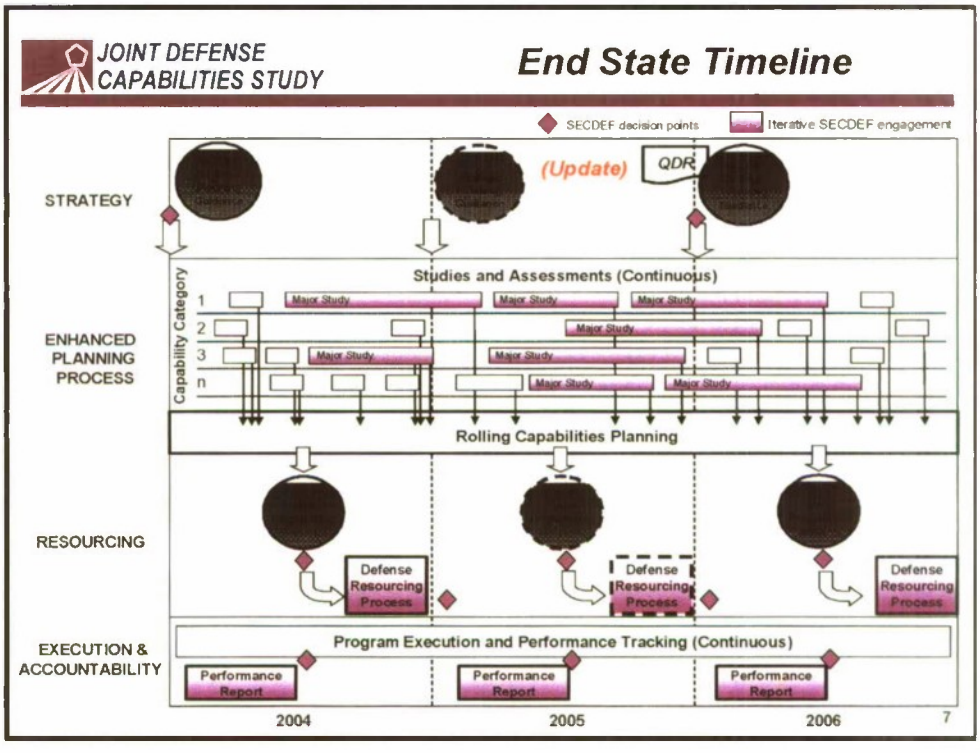

Figure 8: End State Process (view 2)

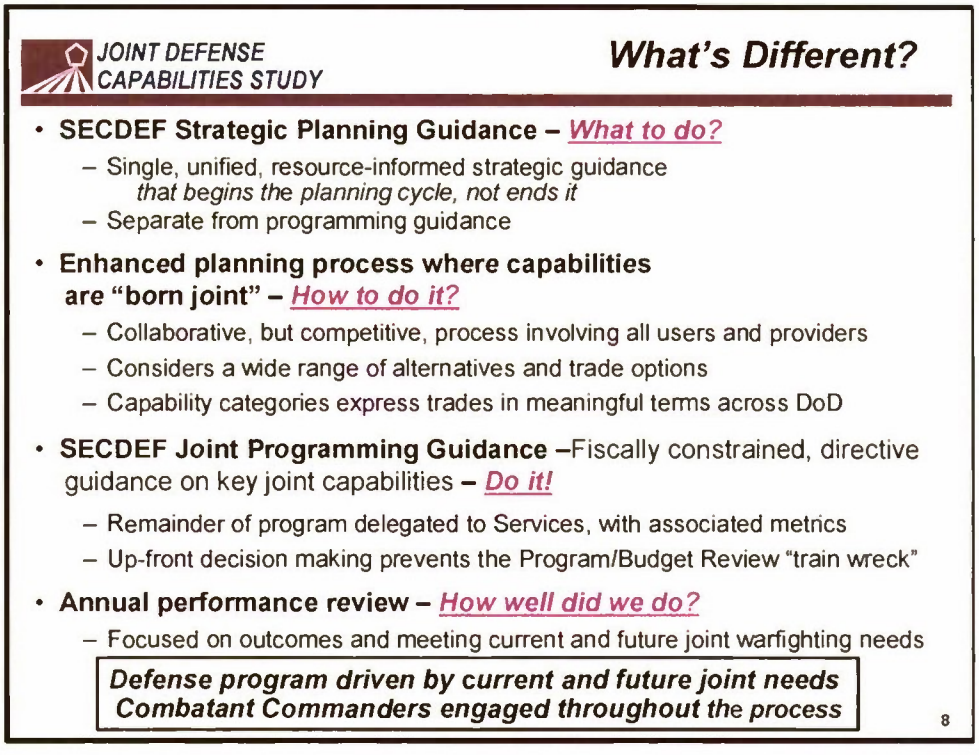

Figure 9: What's different?

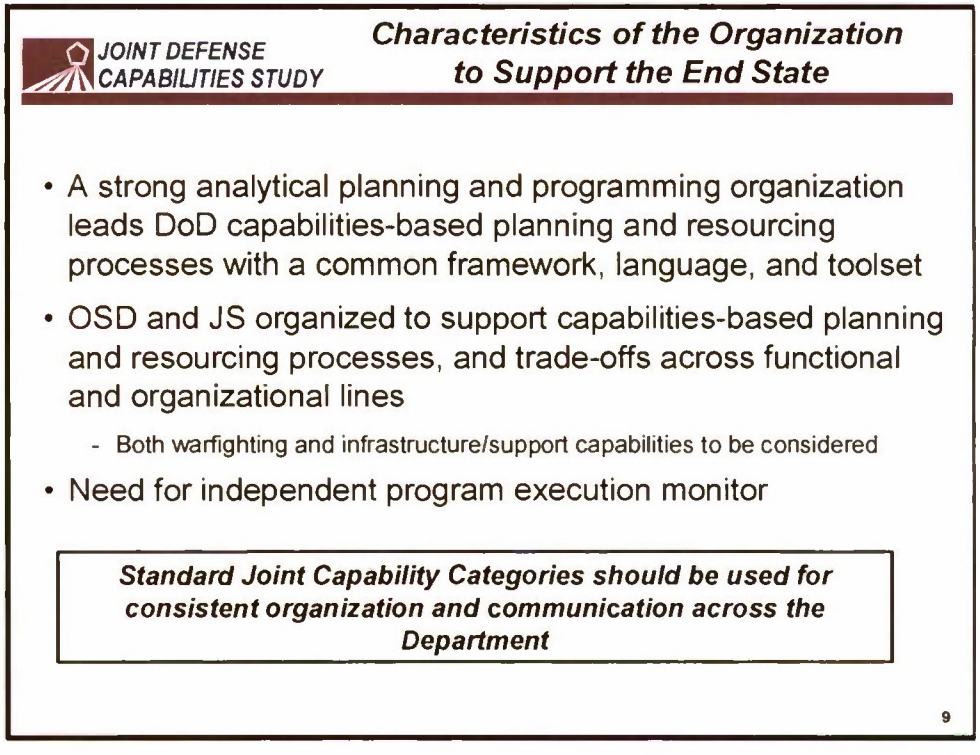

Figure 10: Organization Characteristics

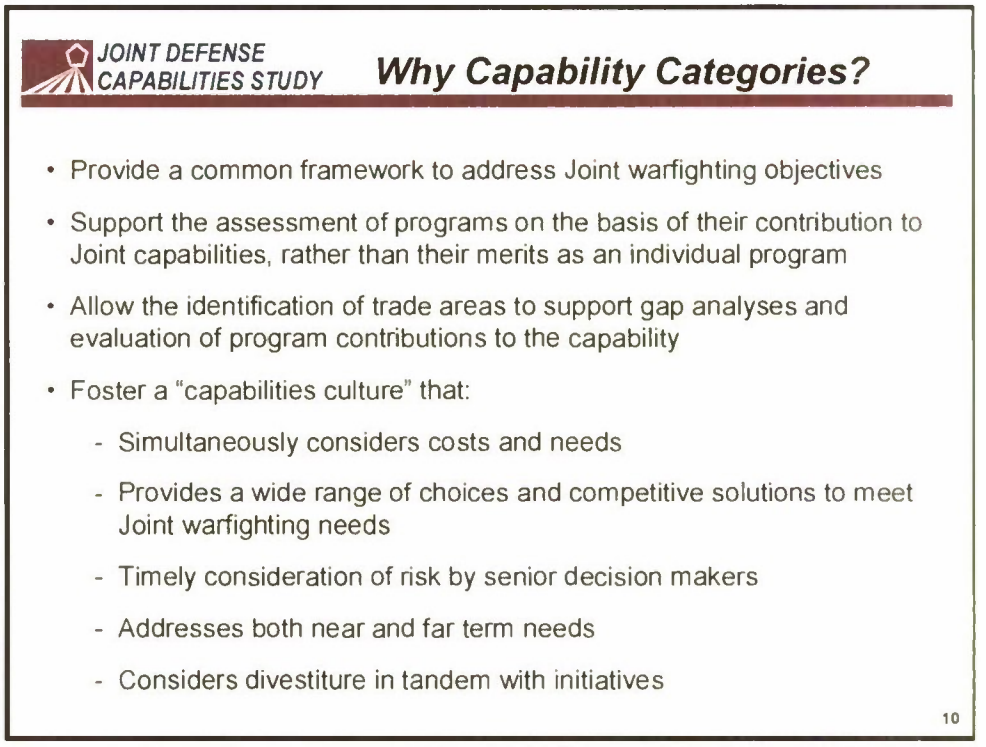

Figure 11: Why Capability Categories?

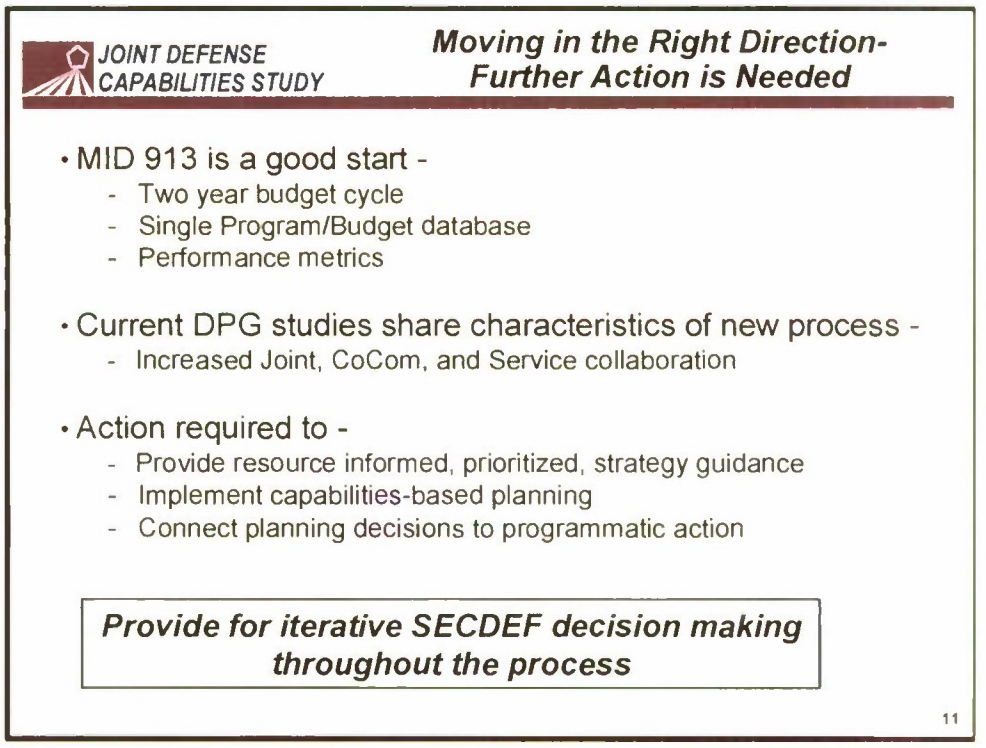

Figure 12: Moving in the right direction

JOINT DEFENSE CAPABILITIES STUDY

Required Actions to Affect POM-06

Action	Responsible Office(s)	Required By
Joint Capability Categories – Develop standard joint capability definitions and a framework to express trades in meaningful terms across the Department.	JS, ODPA&E, OUSD(P)	As soon as possible
SECDEF Strategic Planning Guidance (SSPG) – Provide unified, resource-informed strategic objectives, key assumptions, priorities, fiscal projections, and acceptable risks. Identify selected Joint capability focus issues for analysis during FYDP 06. Focus on "what" needs to be done, not "how."	OUSD(P), JS, ODPA&E	Dec 03
Capability Planning / SECDEF Joint Programming Guidance (SJPG) – Identify metric-based, outcome-focused capability needs on selected major joint issues. Assess competing options to meet the needs. Provide fiscally constrained programming guidance to implement SECDEF decisions.	ODPA&E, OUSD(C)	Apr 04
Congressional Engagement – Begin discussions with key Congressional staffers regarding the presentation of budget information.	Study Team, OUSD(C), ODPA&E, OASD(LA)	Fall 03

All stakeholders (CoComs, Services, etc.) will participate at each stage

12

Figure 13: Required actions to affect POM 06

JOINT DEFENSE CAPABILITIES STUDY

Moving Towards the End State: Transition Year

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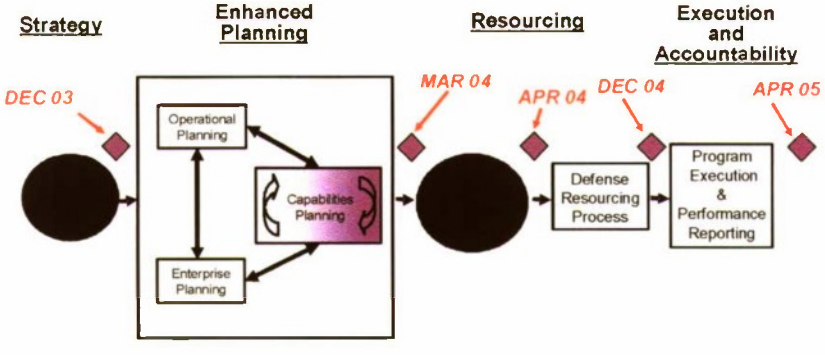

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Figure 14: Transition Year Timeline

31 OCT 03 JOINT CAPABILITIES STUDY TEAM BRIEF TO THE SENIOR LEADERSHIP REVIEW GROUP

Figure 1: Title Slide

Figure 2: Agenda

Figure 3: End State Process

Figure 4: Required Actions From 12 SEP SLRG

Figure 5: Strategic Planning Council

Figure 6: SPG Development Process

Figure 7: Capability Decision Process

Figure 8: JPG Development Process

Figure 9: Resourcing Process

Figure 10: Performance Assessment Report

Figure 11: POM 06 Approach

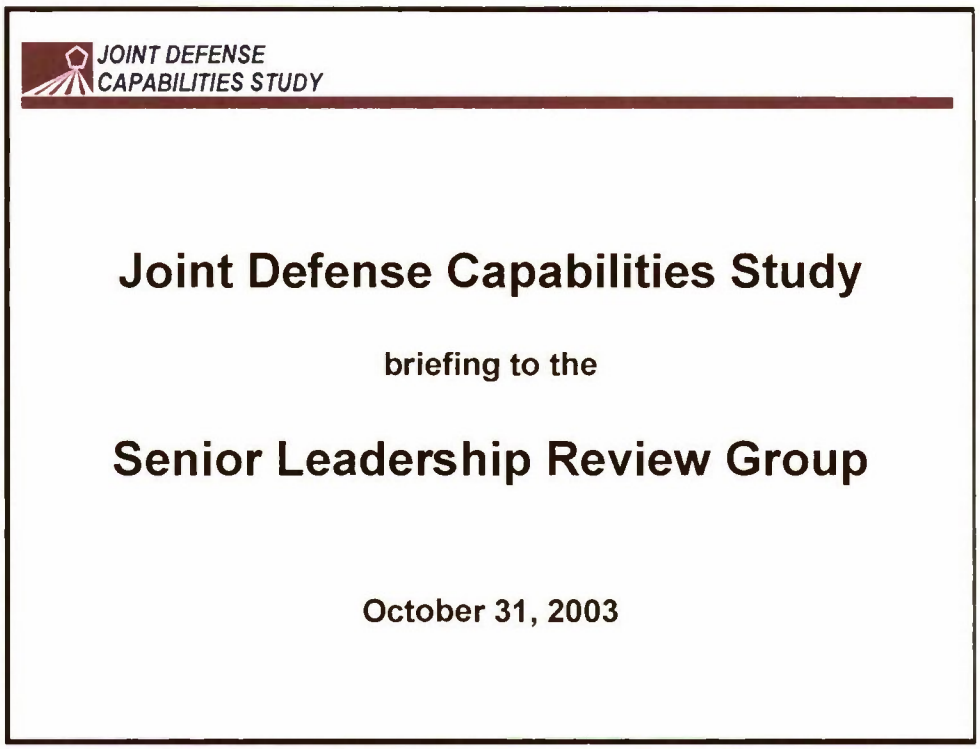

Figure 1: Title Slide

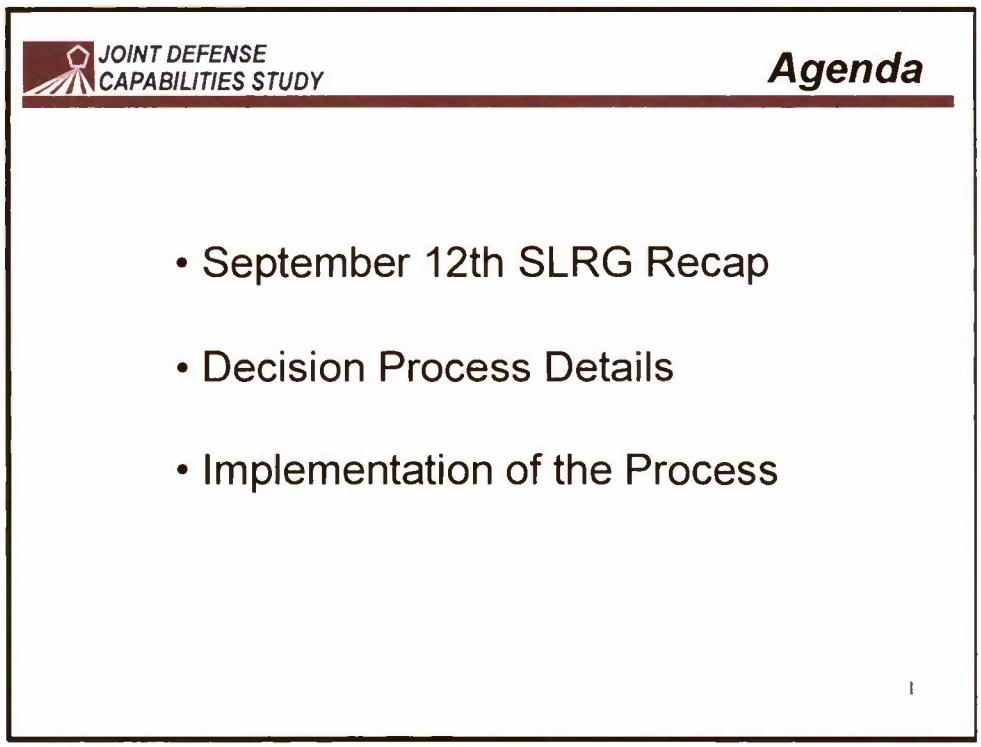

Figure 2: Agenda

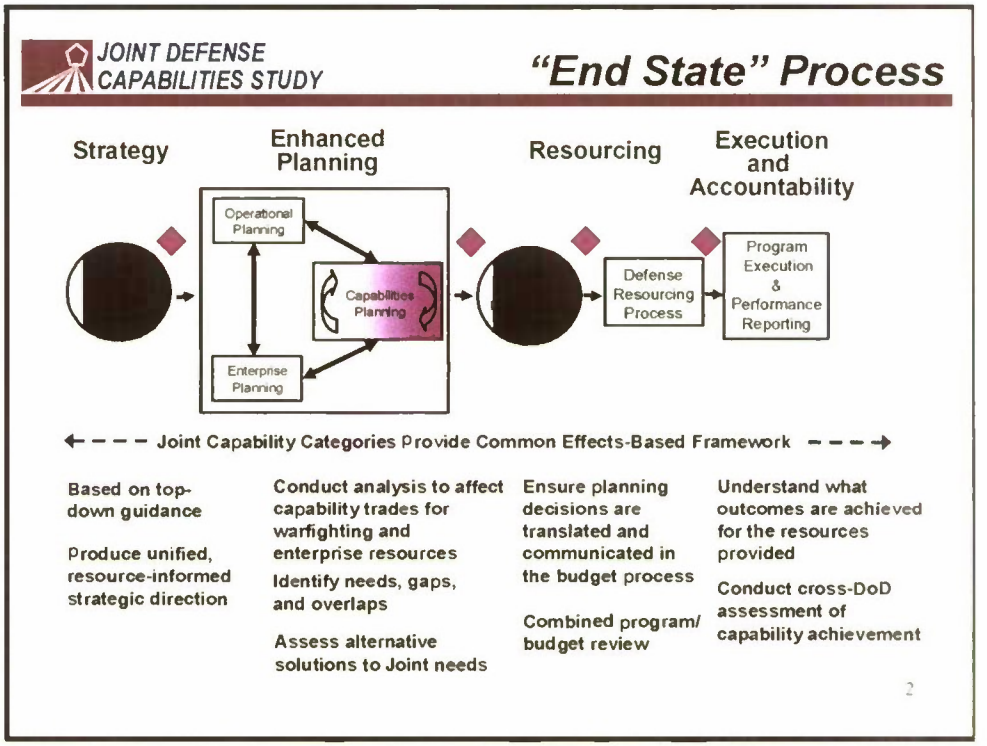

Figure 3: End State Process

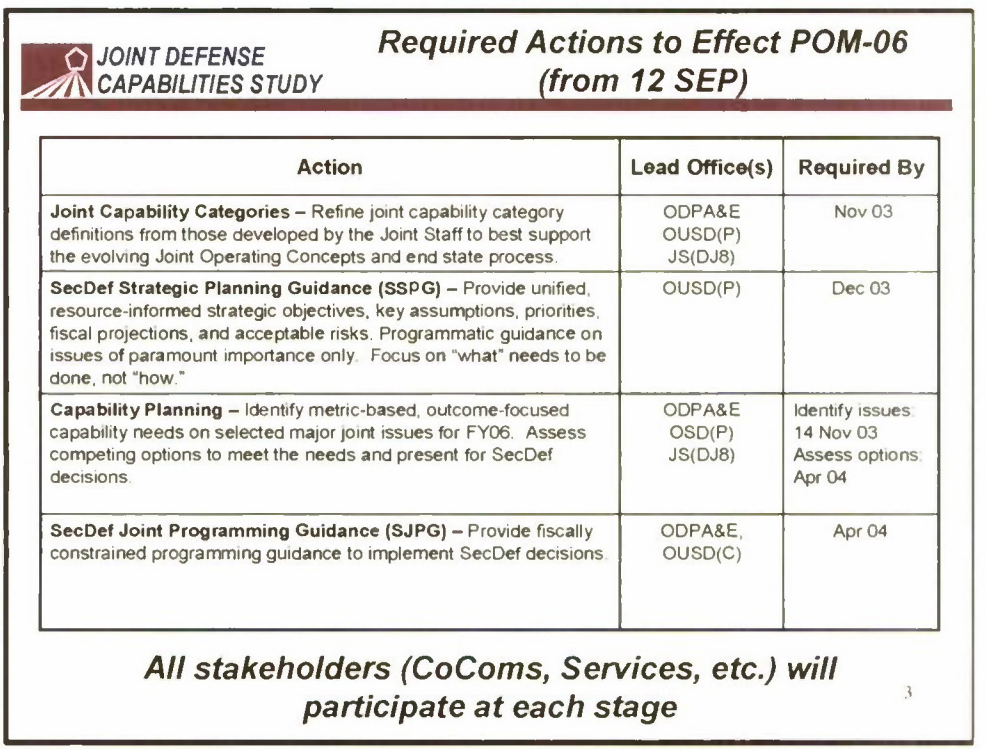

Figure 4: Required Actions from 12 SEP SLRG

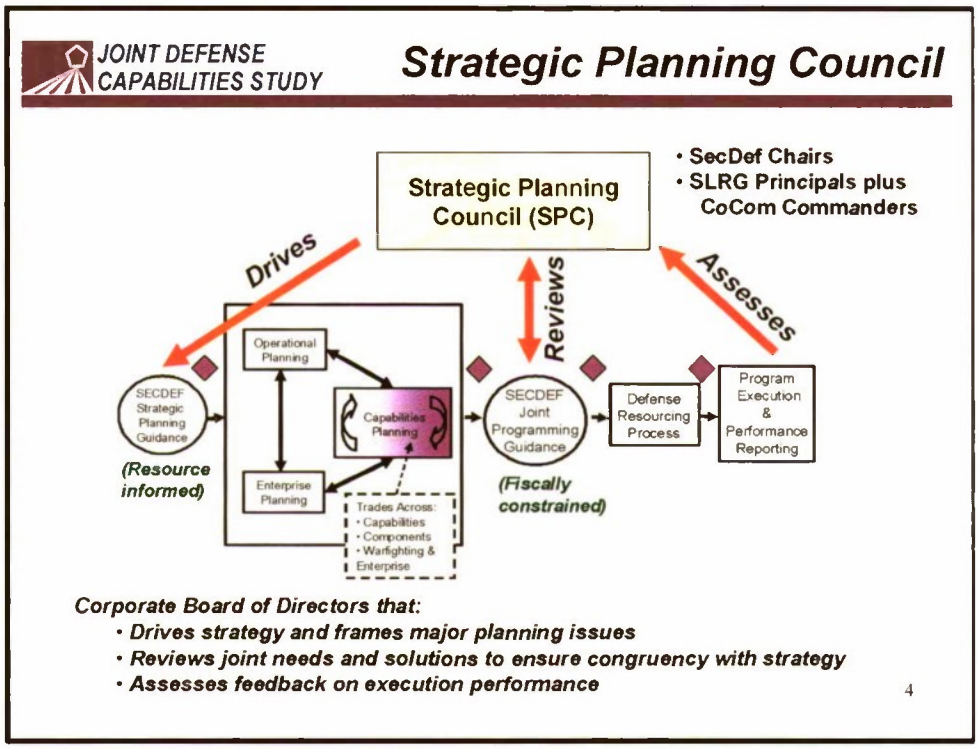

Figure 5: Strategic Planning Council

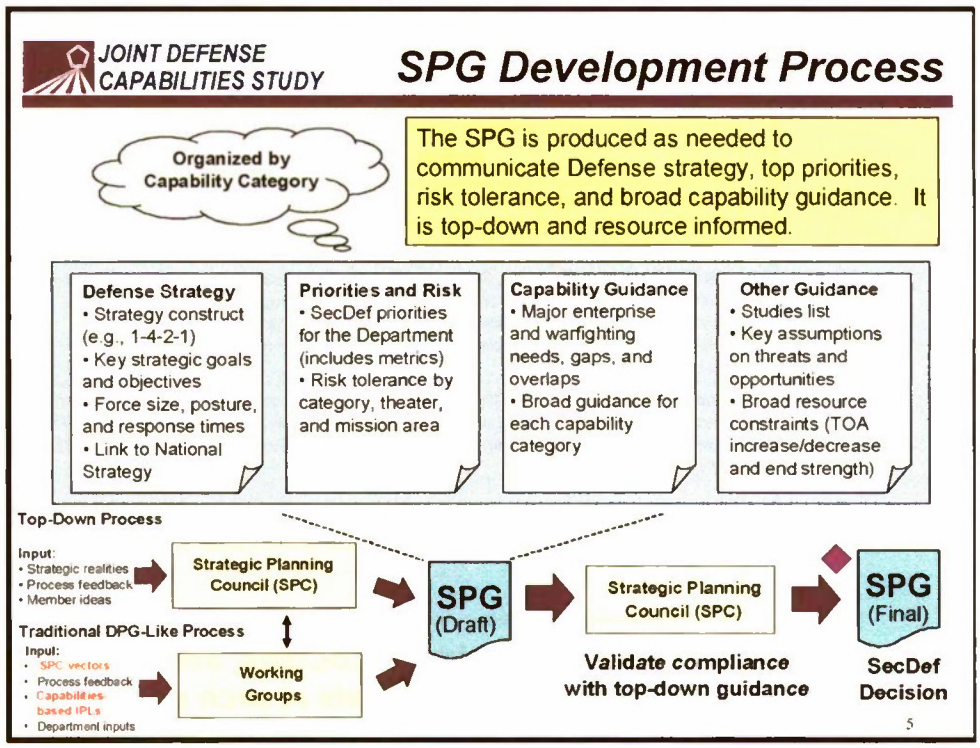

Figure 6: SPG Development Process

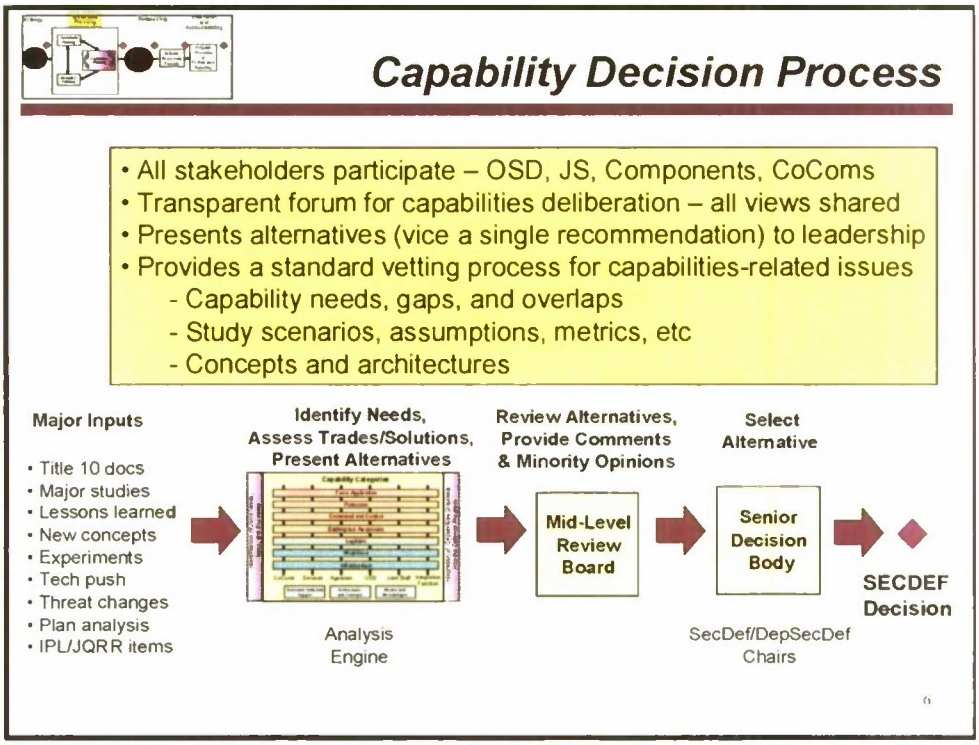

Figure 7: Capability Decision Process

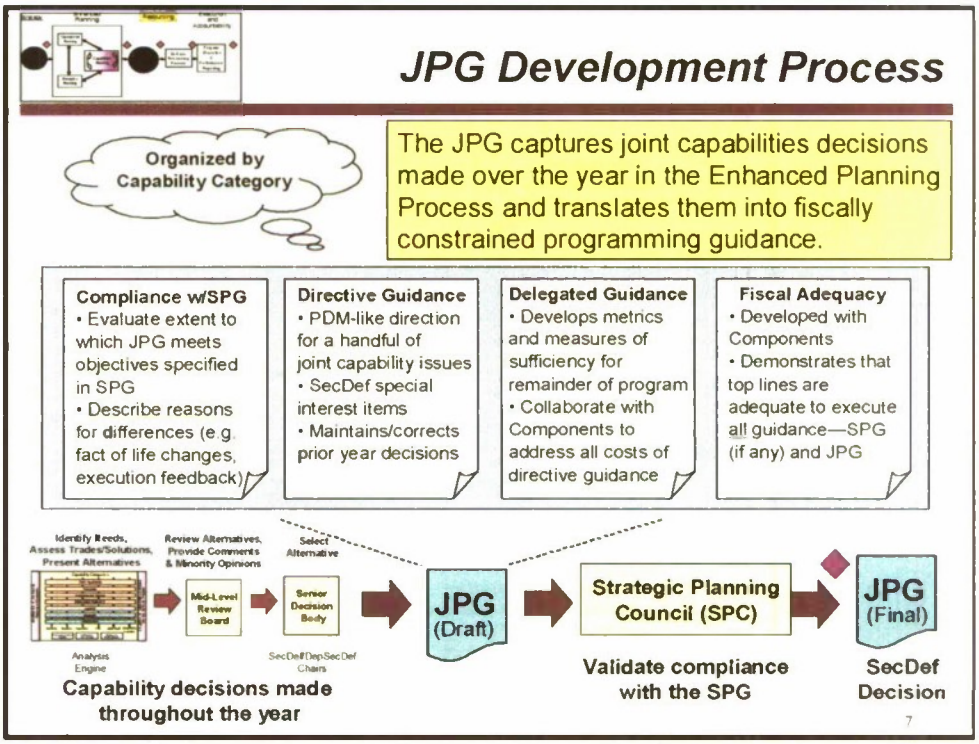

Figure 8: JPG Development Process

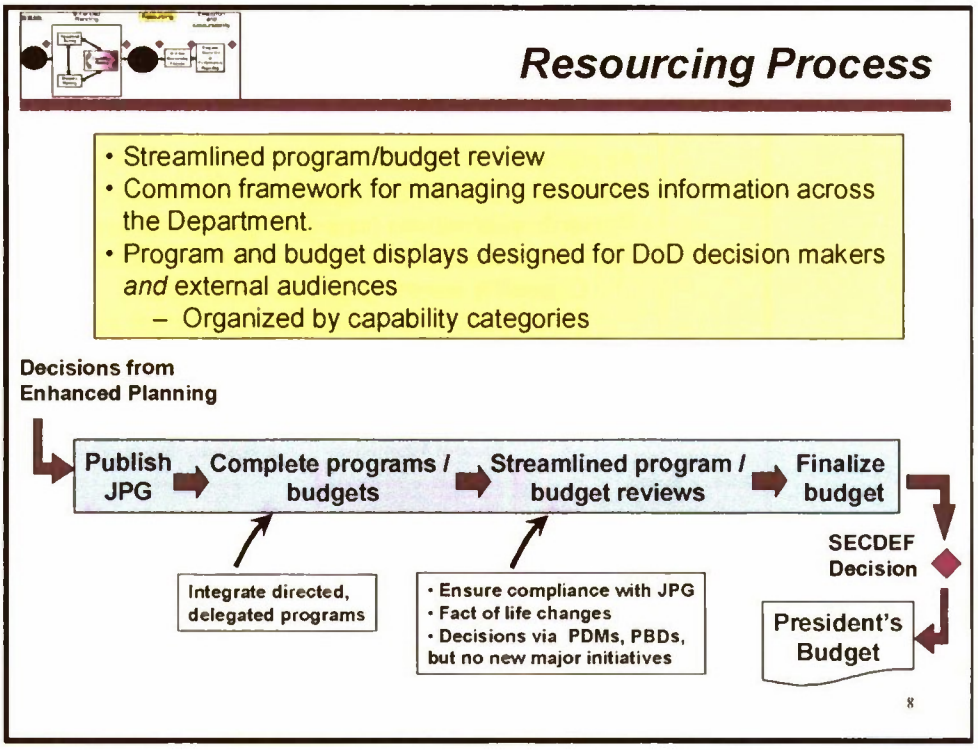

Figure 9: Resourcing Process

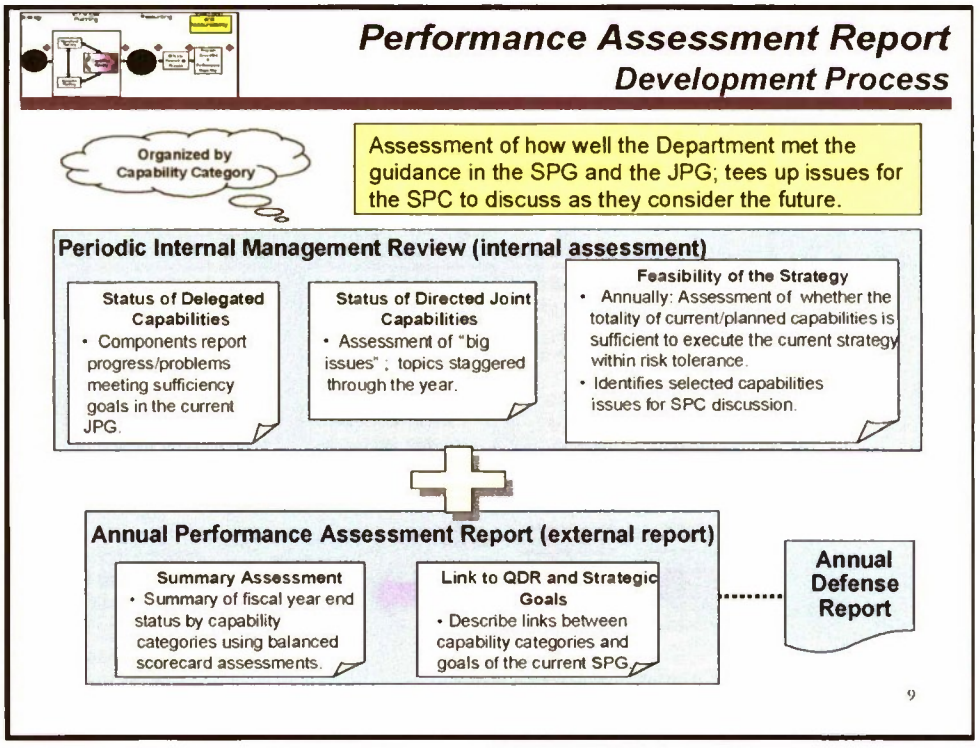

Figure 10: Performance Assessment Report

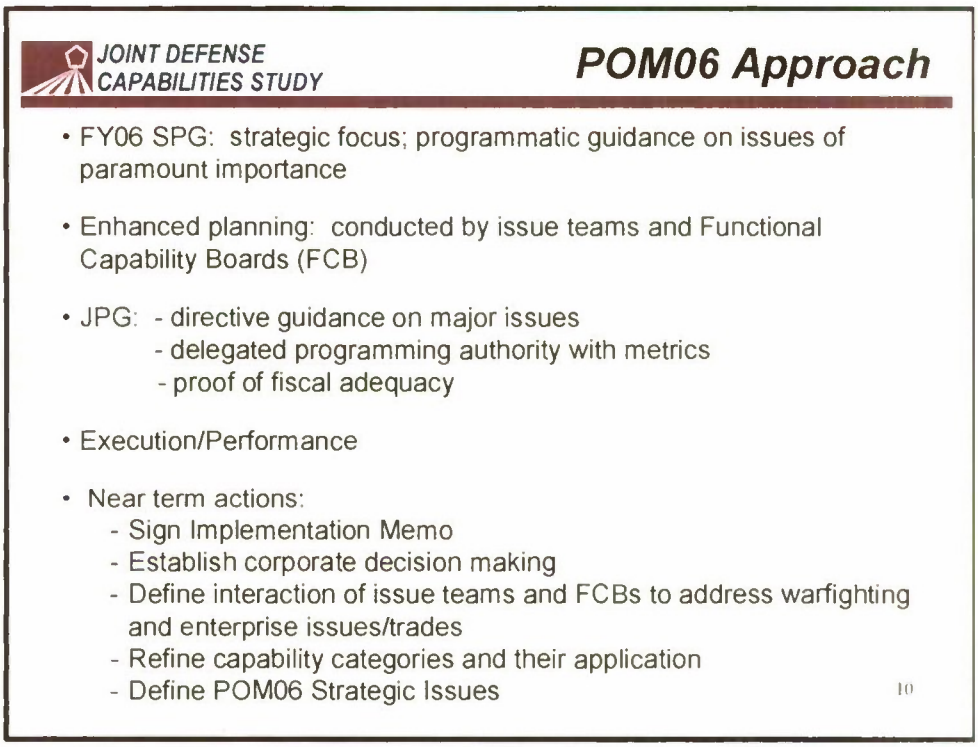

Figure 11: POM 06 Approach

Appendix C Key Assumptions, Guidance, and Other Studies

JOINT DEFENSE CAPABILITIES STUDY

Assumptions and Guidance

- Implement for FY06 FYDP; 80% solution is acceptable
- Capability-based processes identify joint needs up front; Services supply these needs
- Capabilities must be optimized across the Department, not within Components, to support near- and far-term joint warfighting needs
- Acceptable risk levels should be identified up front by senior decision makers in a collaborative, vice consensus-driven, process
- Combatant Commanders' input is critical

Focus on processes first, then consider organizational implications

Figure 1: Key assumptions and guidance

JOINT DEFENSE CAPABILITIES STUDY

Related Efforts

- Joint Concept of Operations
  - **LtGen James Cartwright (J8), lead**
- DSB Task Force on Enabling Joint Force Capabilities
  - **Gen Larry Welch and Dr Bob Hermann, co-chairs**
- Streamlining Decision Processes (PPBS)
  - **Mr. Mike Dominguez (USAF), lead**
- Beyond Goldwater-Nichols
  - **Dr. John Hamre (CSIS), lead**
- Competency-based Management
  - **BrigGen Rich Hassan (USAF), lead**
- Core Competency Efforts by Services
  - **Mr. John MacDonald (USA)**
  - **Mr. Mike Dominguez (USAF)**
- OSD/JS Core Competencies & Collaboration
  - **Mr. Marty Hoffman, chair**
- Project Equinox (Organizational Approaches to OSD)
  - **Jeff McKitrick (SAIC), lead**
- Options for Improving Logistics
  - **Mr. Brad Berkson (AT&L), lead**
- MID 909 – Supply Chain Study
  - **Mr. Brad Berkson (AT&L), lead**
- IBM Study on Supply Chain Transformation
  - **Mr. Brad Berkson (AT&L), lead**
- Business Management Modernization Program
  - **Ms. Joann Boutelle (OUSDC), lead**

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Figure 2: Other Studies

Appendix D Strategy: Outline for SECDEF Strategic Planning Guidance

OUTLINE FOR SECDEF STRATEGIC PLANNING GUIDANCE

Objective – Define strategic objectives that support the National Security Strategy and Policy and their execution by Combat Commanders and other Defense Department components. The strategic direction contained in the SSPG will provide actionable guidance for the operational, enterprise, and capabilities planning processes. It is provides the beginning of the planning process for a program cycle.

1. **National Security Strategy/Policy Requirements** - Provide a unified, outcome-focused strategic direction for Combatant, Functional and Component Commands.

    a. Describe force employment concepts to achieve the objectives of the National Security Strategy. Is informed by feedback from program execution, including Readiness Reporting (DRRS), and identifies needed changes to current program execution.

    b. State strategic priorities. Show integration of theater strategies and priorities. Provide a global focus that integrates theater and functional mission priorities.

    c. Identify the Joint capability categories that will form a common framework and definitions for Joint capabilities, support the assessment of programs on the basis of their contribution to Joint capabilities, and allow the identification of trade areas to support gap analyses and evaluation of program contributions to the Joint capabilities (essential for the first cycle, 06).

2. **Identify ROM fiscal and other constraints**. (The strategy, and the plans that support it, should be consistent with the resources expected to be available for the time frame of the plans. The planning guidance should indicate, as specifically as possible, the fiscal and other resource constraints to be used in developing plans. The planning guidance should be the basis for the Departments business strategy. Any other constraints (e.g. political, organizational) that directly impact planning processes should also be indicated).

3. **Provides a framework for Enhanced Planning.**

a. **Incorporates an assessment of the future geo-strategic security environment.** (This should reflect the best projection of the capability and methods of future adversaries to provide a baseline for all planning efforts. Key threat assumptions, (e.g. weapon system proliferation rates, asymmetric application of low-tech equipment, ability to attack information systems) should be included).

b. **Establish and Specify Strategy Objectives** (including the SECDEF transformation policies and objectives).

i) Capability Objectives that enable the Strategy (e.g. defeat adversaries who can neutralize current /emerging stealth technology; target capital ships from 1000nm; deny APOD/SPOD access; neutralize satellites; disrupt SIPRNet; target US or allies w/WMD).

ii) Identify the decisions desired by capability category for the time frame of the guidance and the analytical efforts required to support them.

iii) Defines, describes, establishes metrics for and prioritizes desired near-term and future capabilities and operational characteristics and of the Joint Force and components (attached provides example capability categories).

- Capabilities should be quantified to the extent the strategy demands (e.g. deliver "x" amount of strike to "Y" areas with 96hrs warning; control "x" facilities/airfields/ports within 96 hours; project "y" size ground force ashore to "n" nm within 10 days of warning; perform forcible entry operations at the brigade level in X days without host nation support).

iv) By operational theater (CoCom AoRs); expected force postures to execute the strategy, including how regional partnerships should be factored into planning (Integrated Global Footprint, incorporate Security Cooperation Guidance).

- Component roles should be indicated as appropriate (e.g. Total strike capability should be planned "x%" by Naval forces in these AoRs, "y%" by USAF; "x%" of total ISR should come from space assets by 2010 in the following theaters).

v) By Functional Mission Area (e.g. Strategic Forces, Logistics, Intelligence) (incorporate the decisions and priorities of the Nuclear Posture Review).

- The future size, readiness posture, and response times of nuclear deterrent forces.

- The type and persistence required of ISR capabilities by operational theaters.

c. **Identifies the strategic concepts for planning future enterprise functions** (e.g. work force strategy, business practices, and infrastructure). Provides the organizing principles and new concepts for future enterprise management. They should be tied to concepts for future joint operations (JOCs) (incorporate specific priorities and goals of the TPG).

i) Identifies strategic approach to workforce planning and management

- Identifies criteria for utilization of military personnel, and decision strategy for choosing between use of Active Component and Reserve Component personnel.
- Identifies criteria for utilization of civilian employees rather than contractors.
- Defines, describes, and establishes metrics for personnel management functions (including planning functions).

ii) Identifies strategic approach to "overhead" support functions

- Identifies strategic goals of central support functions.
- Identifies criteria for choosing among options.

iii) Identifies strategic plan for bases, ranges, housing, etc.

- Identifies criteria for maintenance priorities, consolidations, closings, new facilities.
- Defines, describes, established metrics for infrastructure management (including long-range planning)

iv) Identifies strategic plan for acquisition enterprise operations

- Identifies strategic approach (e.g., spiral development)
- Identifies acceptable levels of technological risk.

d. **Articulates risk tolerance.** (Risks are currently characterized as Force Management, Operational, Future and Institutional. The planning guidance should state where and how much risk is acceptable in each risk area, and in each theater or mission area, to serve as constraints for any near or far term plans).

4. **Identifies operational and organizing concepts for future Joint Force Operations to structure experimentation, research and development, and capability planning.** (This may come in the form of the JOpsC and provide the direction for development of new capabilities that may change the way the joint force will operate in the future. Should incorporate the transformation goals and objectives of the TPG).

Appendix E Enhanced Planning

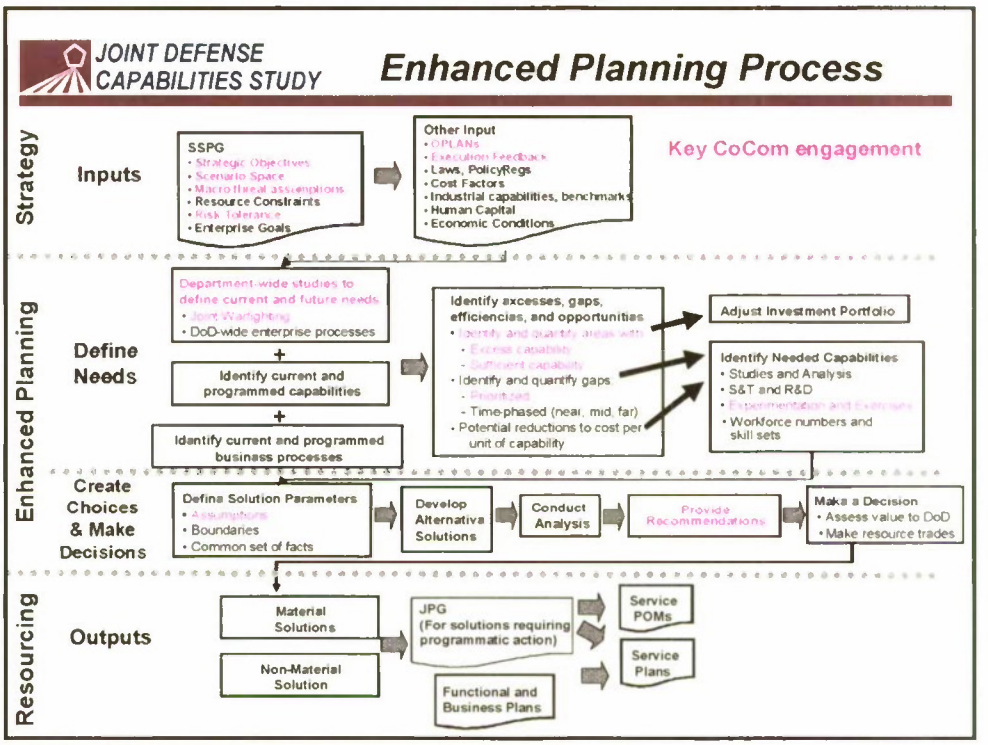

Figure 1: Enhanced Planning Process

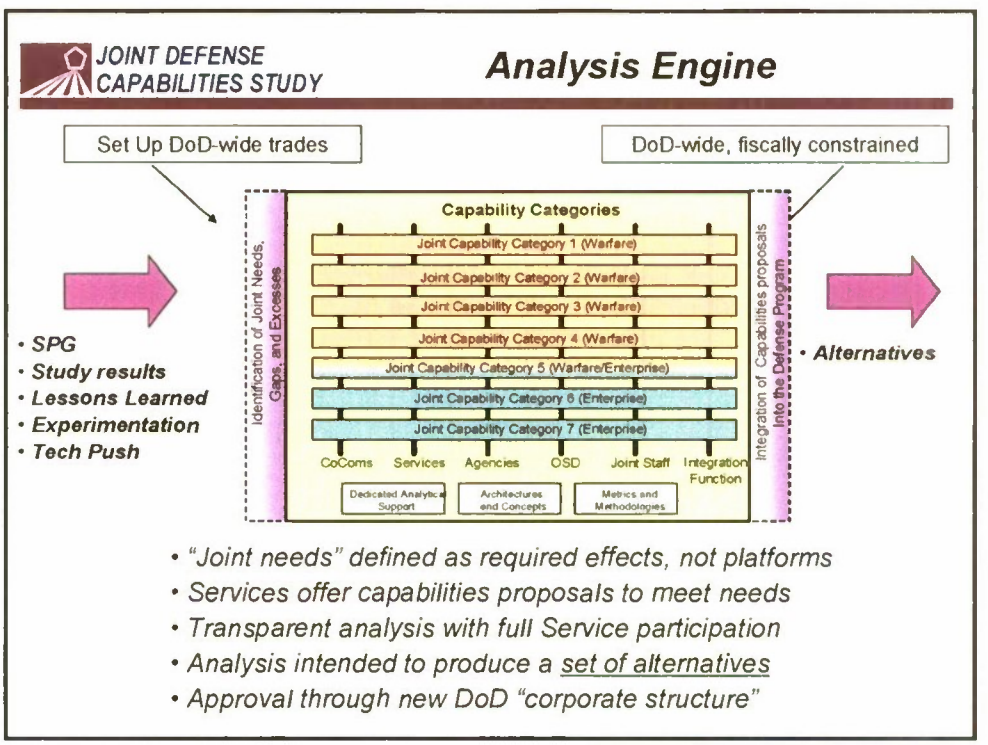

Figure 2: Analytic Engine

Appendix F Capability Categories

CAPABILITY CATEGORIES: CAPABILITY FRAMEWORK

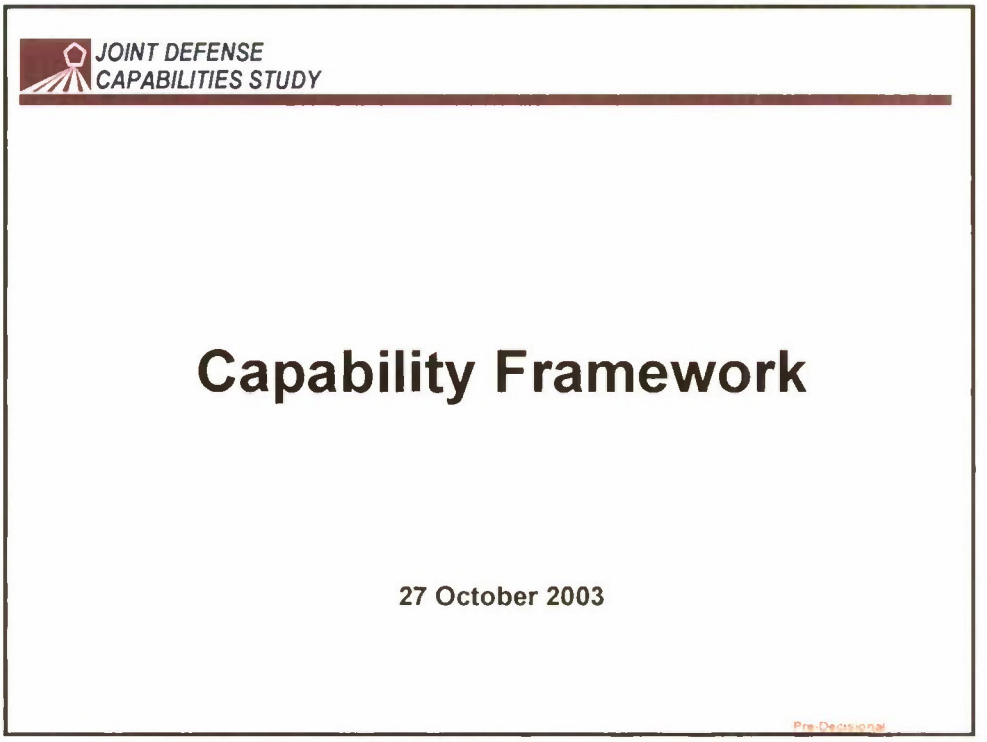

Figure 1: Title Slide

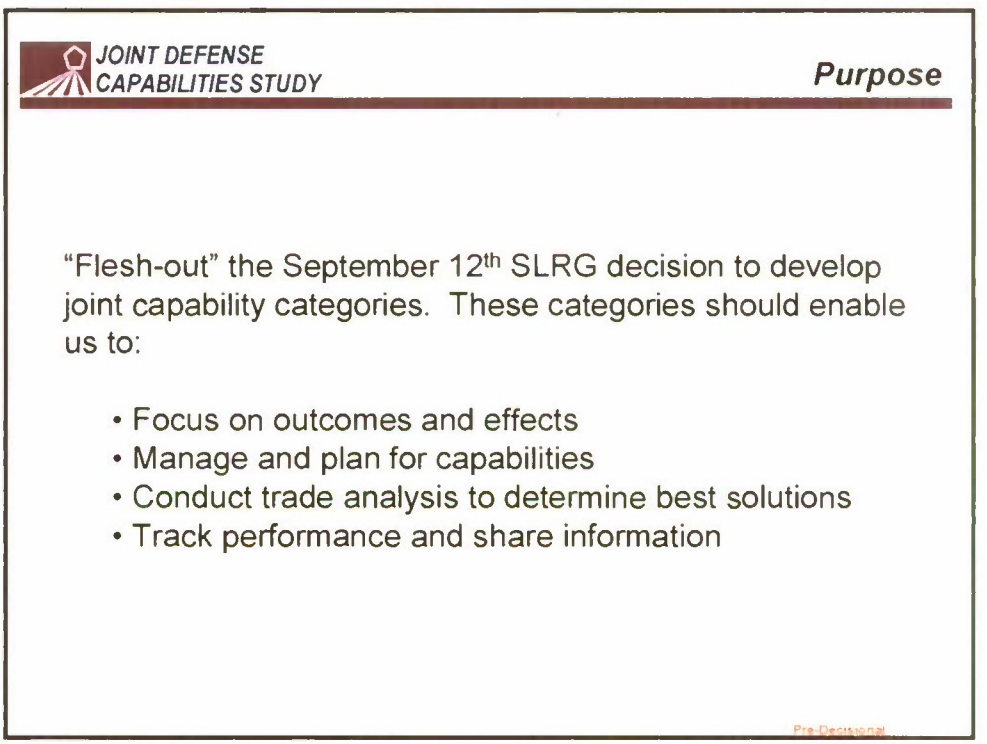

Figure 2: Briefing Purpose

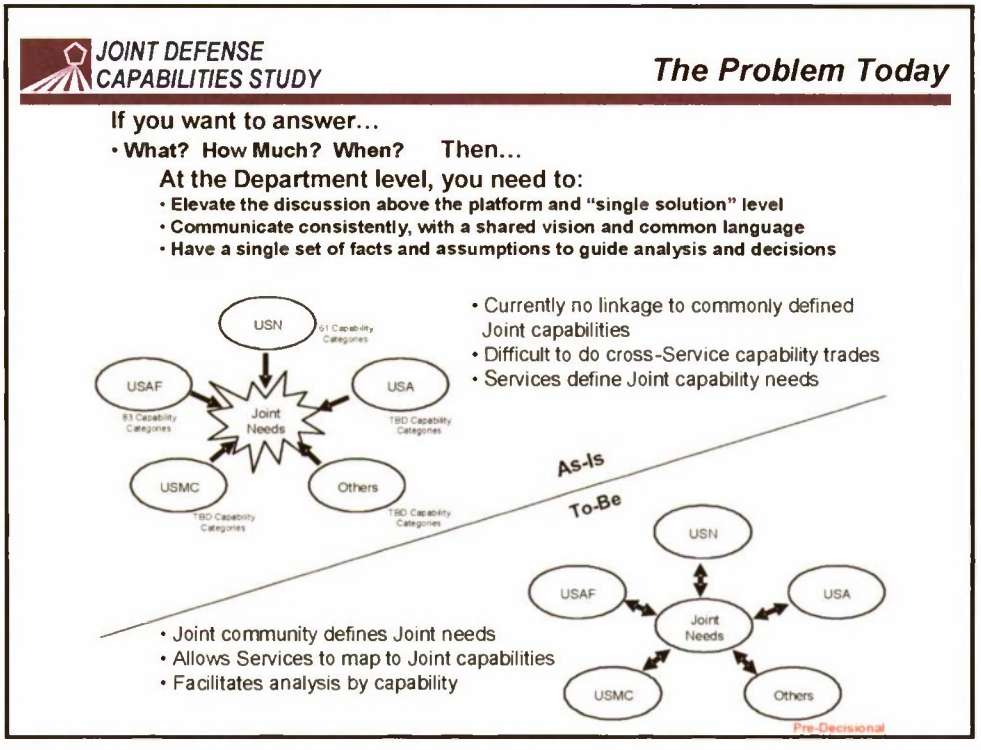

Figure 3: The Problem Today

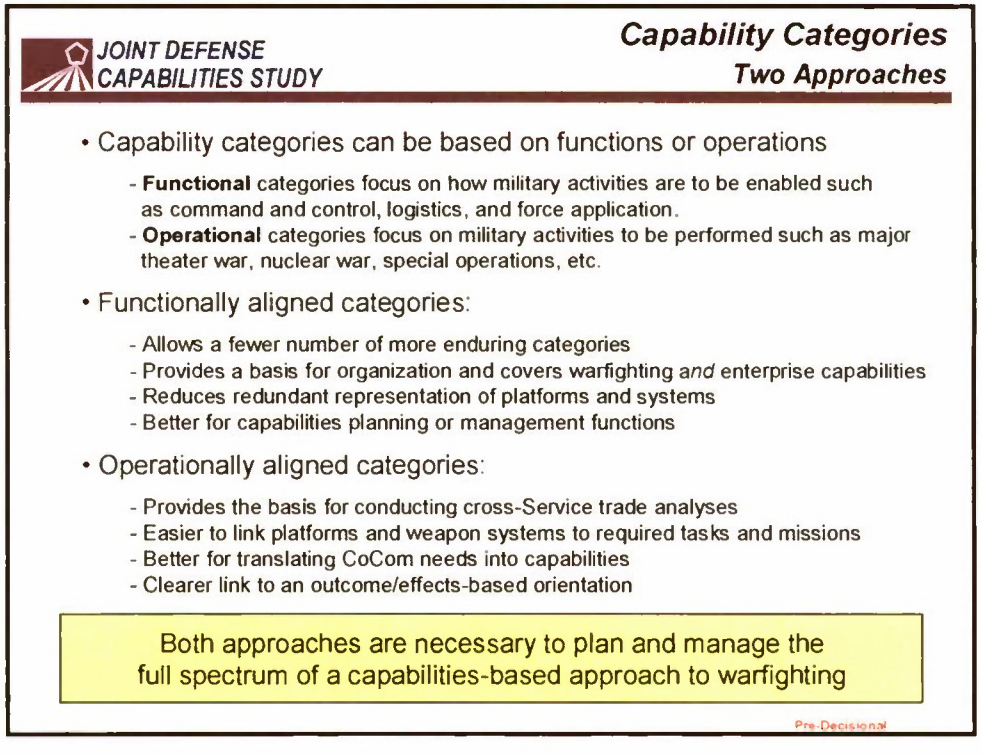

Figure 4: Capabilities Categories

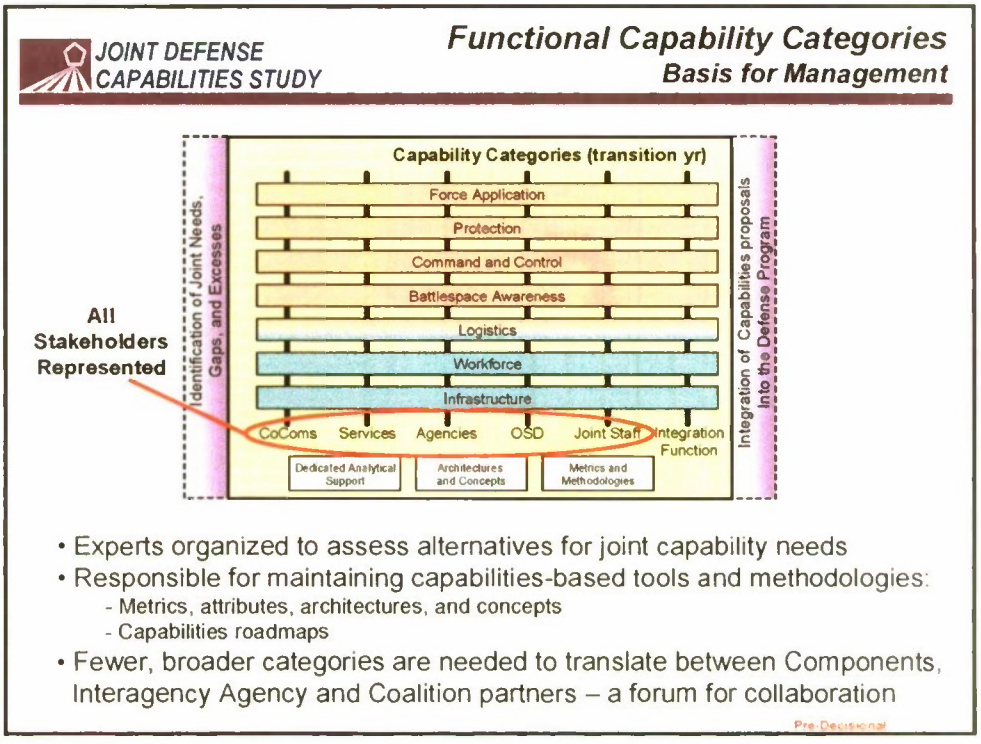

Figure 5: Functional Capability Categories

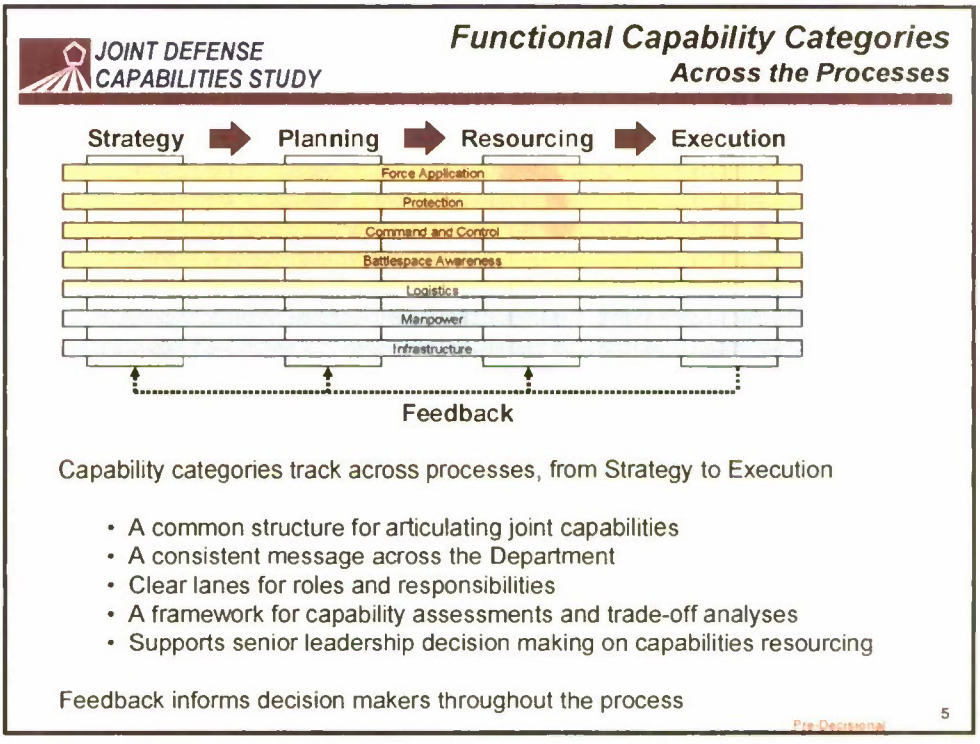

Figure 6: Functional Capability Categories (CON'T)

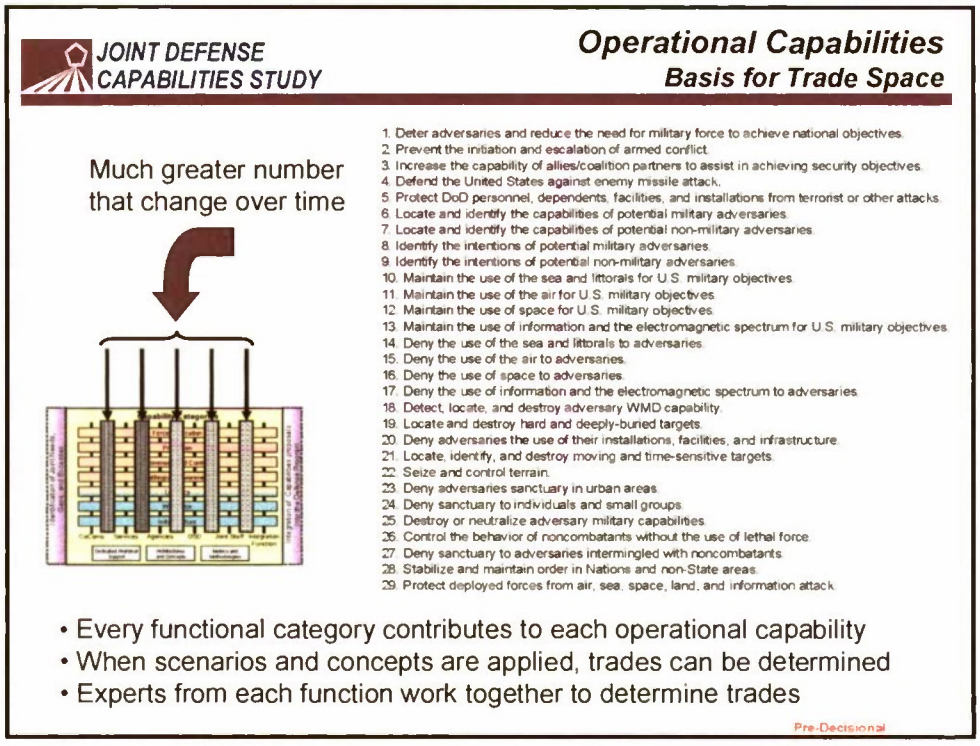

Figure 7: Operational Capabilities: Trade Spaces

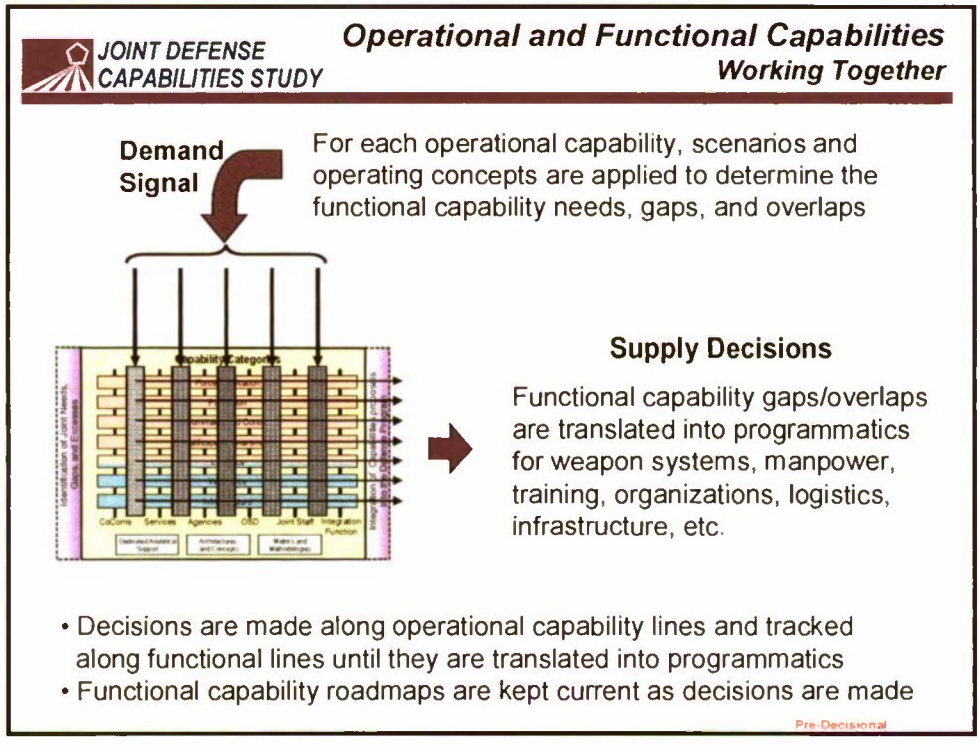

Figure 8: Operational and Functional Capabilities

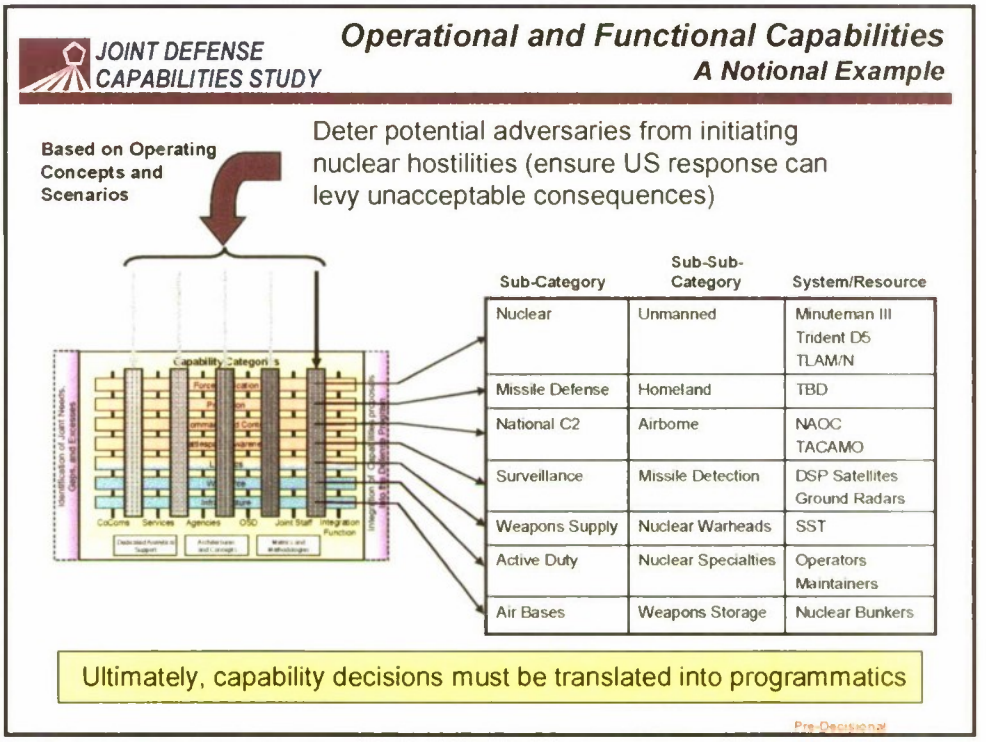

Figure 9: A Notional Example

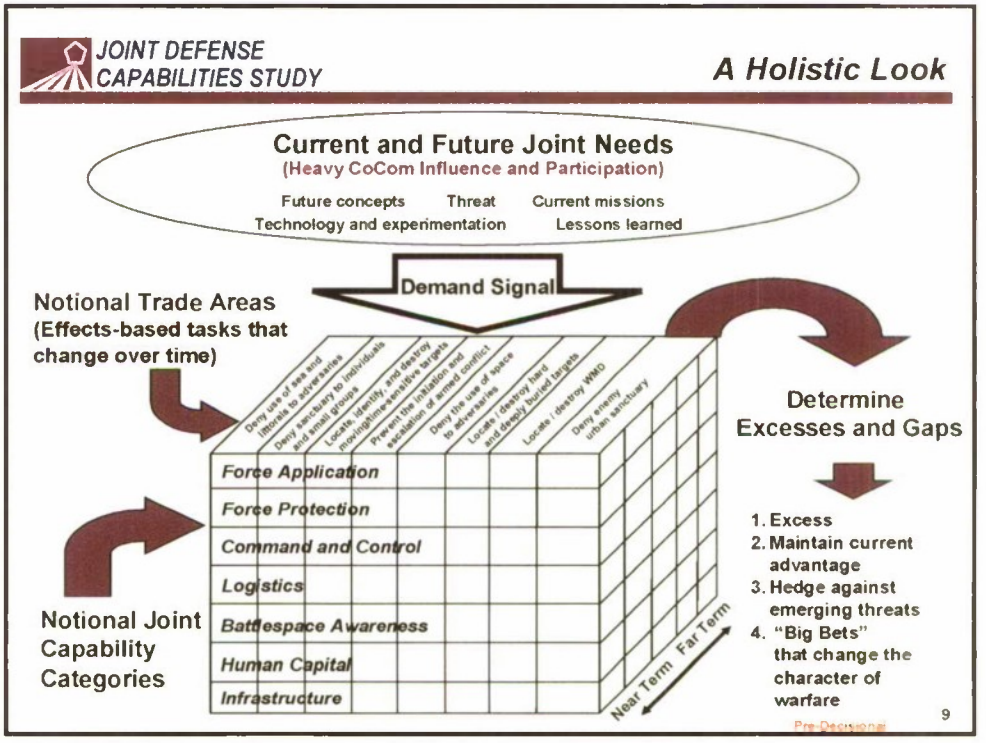

Figure 10: A Holistic Look

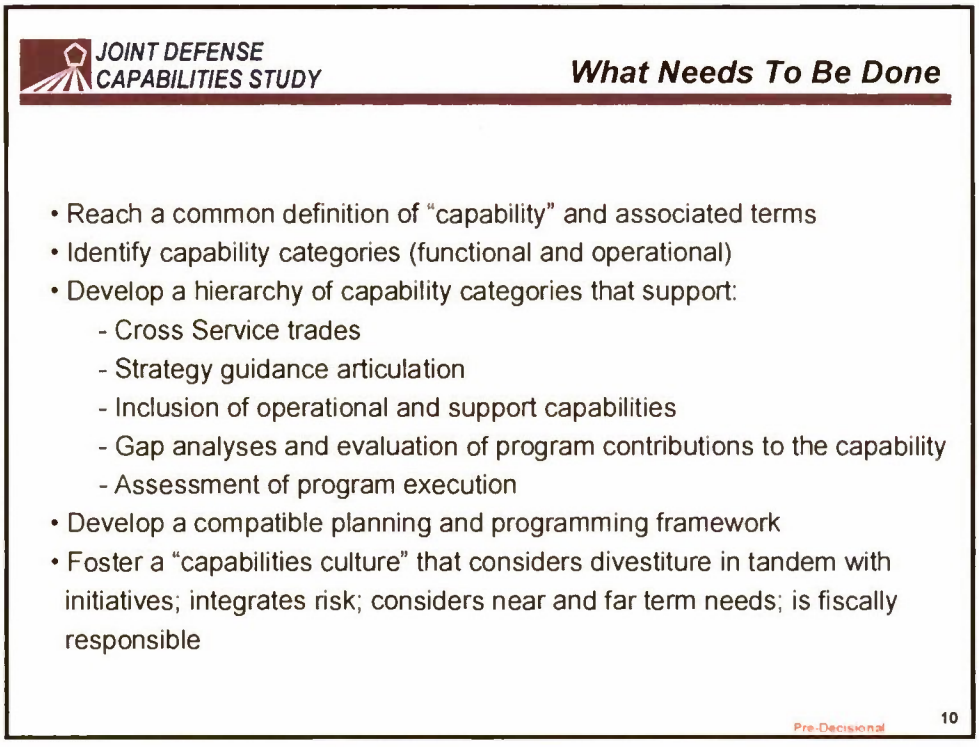

Figure 11: What needs to be done?

Appendix G Resourcing

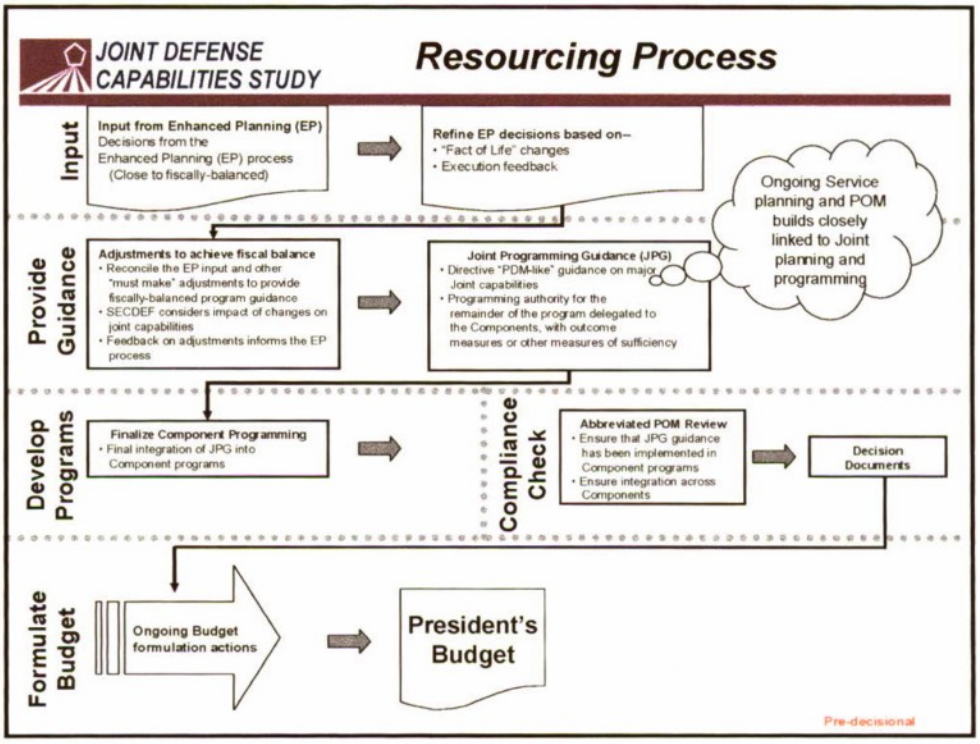

Figure 1: Resourcing Process

OUTLINE FOR SECDEF JOINT PROGRAMMING GUIDANCE (JPG)

Objective – To define joint, Component, and CoCom programming objectives to support SECDEF decisions recorded in the Strategic Planning Guidance (SPG) and developed in the enhanced planning process. The JPG will provide Program Decision Memorandum-like directive guidance for selected major joint issues. It will delegate authority to develop the remainder of the program to the Components and CoComs, with associated performance measures and metrics.

1. **Implementation of the Strategic Planning Guidance.** The SECDEF Strategic Planning Guidance is a multiyear document. This section of the JPG will summarize the objectives outlined in the SPG that will be addressed in the current programming cycle, and will identify any issues associated with key SPG objectives that will not be accomplished in this cycle.

    a. **SPG Objectives Addressed in the Programming Guidance.** This section will identify SPG objectives to be addressed in the current programming cycle, whether the capability will be fully or partially addressed, and the rough costs associated with providing the specified level of capability.

    b. **SPG Objectives Not Addressed in the Programming Guidance**. This section will identify SPG objectives that will not be addressed in the programming guidance, and the rationale for not addressing them.

    c. **Risk Assessment.** This section will assess the risk associated with the total program for this cycle and compare it to the risk guidance in the SPG.

2. **Directive Guidance for Joint Capabilities**. This section will provide PDM-like detail to implement the decisions made by the SECDEF during the enhanced planning process.

    a. **Organization**. This section will be organized in accordance with the capability categories and issues in the SSPG.

    b. **Content.** The content will be highly directive, with specific required outcomes. This section will specify which Component will execute the program, the quantities of personnel or systems to be provided, and milestones for the delivery of the capability.

3. **Guidance for Delegated Programming**. This section will provide guidance on the portions of the program that are delegated to the Components and CoComs. The delegated programming will contain performance measures and/or measures of sufficiency for capabilities.

a. **Organization.** This section will be organized in accordance with the capability categories and issues in the SSPG.

b. **Content.** The content will specify the outcome or level of effort required, and identifies how compliance or success will be measured.

4. **Reconciliation of Guidance and Resources Available**. This section will demonstrate that the sum of the funding requirements imposed by the JPG, and SSPG when applicable, is less than or equal to the resources available for the programming period.

Appendix H Performance

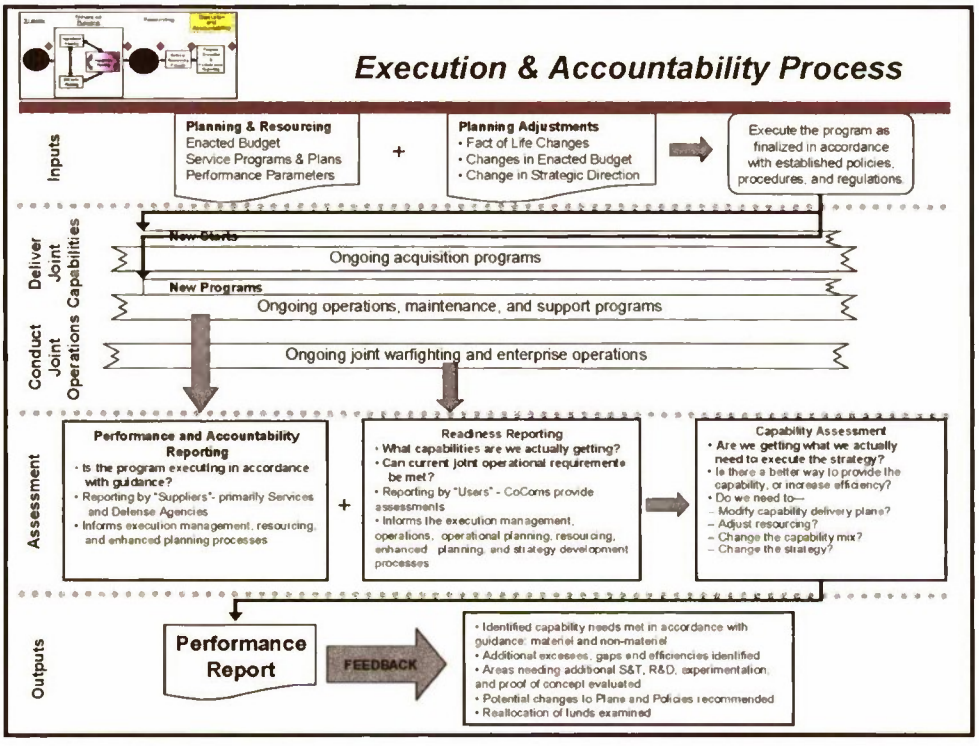

Figure 1: Execution and Accountability Process

OUTLINE FOR SECDEF PERFORMANCE ASSESSMENT PROCESS

Objective – To integrate user and provider assessments of current capabilities and risks in order to provide an overall review of current and planned future capabilities relative to the Strategic Planning Guidance (SPG) and the Joint Programming Guidance (JPG), and to determine whether those capabilities are sufficient to execute the strategy. To identify capability and resourcing issues for discussion by the Strategic Planning Council (SPC), and inform decisions to be incorporated in subsequent planning and programming guidance.

1. **Format.** The performance assessment process will take two forms – briefings and a written annual report. Both will be comprehensive – i.e., will be inclusive of all capabilities and activities in the Department. Both will be organized around the capabilities categories and objectives outlined in the SPG and addressed in the Joint Programming Guidance (JPG).

    a. One form of assessment will be periodic briefings to the SPC to support regular internal management review. The briefings will be based on capability metrics used in the Enhanced Planning Process.

    b. The second form of assessment will be an annual Performance Assessment Report (PAR), intended for both external and internal audiences. The PAR will summarize overall performance and relate it to the Department's overall goals. It will be at a high level of aggregation and will be based on a Balanced Scorecard approach.

2. **Reporting responsibilities.** Assessments will be made by an independent assessor, possibly supported by a small staff. The role of the assessor will be (1) to integrate input concerning current capabilities that is provided by Combatant Commanders, Chair of the Joint Chiefs of Staff, Service Chiefs, Principal Staff Assistants and Agency Heads, and analysis engine team leaders; (2) to determine whether the capabilities are being delivered as expected and as directed in the JPG (in both delegated and directive sections); and (3) to decide whether the total capabilities are sufficient to meet the strategy.

    a. Combatant Commanders report to the assessor as to whether the capabilities they have are sufficient to meet their Joint Operational Requirements.

    b. The Chair, Joint Chiefs of Staff, reports the capability of the United States as compared with those of its potential adversaries. S/he will make this assessment for all warfighting capabilities.

    c. For enterprise capabilities, the PSA may be an Under Secretary, or it may be another designated person (e.g., the DoD Human Capital Officer for workforce capabilities, the Chief Acquisition Executive for

acquisition capabilities). They report whether the current levels and expected longer-term changes in enterprise capabilities are sufficient to support the strategy enunciated in the SPG and JPG for enterprise capabilities. The PSAs also report whether any efficiencies or capabilities they are directed to provide under the Directed Programming Guidance are being achieved as specified in the JPG. Finally, the PSAs, together with Agency Heads, supply all input not provided elsewhere, so that the assessor receives reports concerning the totality of DoD spending.

d. The Service Chiefs report whether the capabilities they are directed to provide under the Directed Programming Guidance are being achieved as specified in the JPG. Service Chiefs also report on the sufficiency measures specified in the delegated guidance section of the JPG.

e. The analysis engine team leaders report their evaluation of the achieved levels of capabilities in their respective areas of responsibility.

3. Briefings to the Strategic Planning Council

a. One or more times a year the assessor will brief the SPC concerning (1) whether the program is executing in accordance with guidance, (2) what capabilities we are getting, and (3) whether the capabilities we are getting are sufficient to support the strategy. The assessments of capabilities will be based on the metrics and measures (objective and subjective) used in the SPG and JPG, and the requirements set in those documents.

b. One SPC briefing each year will be comprehensive (include all capabilities and risk) and occur in May, in time to inform SPC review and comment on the current JPG. This annual comprehensive briefing also will serve as a major input into the next SPG. The SPC and the participants in the Enhanced Planning Process then must make a decision to modify capability delivery plans (including resourcing), to change the capability mix, or to change the strategy.

c. The briefings to the SPC that occur between annual comprehensive assessments will focus in more depth on selected capabilities, staggered so that all important issues are reviewed over the course of a year. The staggered briefings will be based on the stakeholder reports provided for the annual comprehensive brief, as well as any more recent information that is readily available (e.g., through execution reviews).

4. Annual Performance Assessment Report (PAR)

a. This annual document will be transmitted by the Secretary to Congress and the public, and will summarize the strategy and capabilities of the Department of Defense. It will cover accomplishments of the previous fiscal year's budget, in capability terms.

b. The PAR will explicitly make the link from the Quadrennial Defense Review (QDR) through to the SPG and JPG.

c. The PAR almost certainly will not report using the metrics and measures of each capability category, and perhaps will not assess capability categories individually. Instead, it will follow a balanced scorecard approach for major goals, with an overall determination of "red-yellow-green," relative to the guidance in the SPG and JPG.

d. After full transition to the new process, the PAR will become the basis of the Annual Defense Report transmitted to Congress every January.

Appendix I Steering Group Members

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United States Joint Forces Command

Colonel Mike Morgan
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Lieutenant Colonel Jim Mathis
United States Army

Captain Wilhelm A. Hansen, Jr.
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Ms. Elaine Simmons
Logisties Management Institute

Mr. Simon Hernaez
Logistics Management Institute

Mr. Rick Wallace
Seienee Applieations International Corporation

Appendix K Chronology / Decision Points

MAJOR EVENTS CHRONOLOGY

Date	Event
03 APR 03	SECDEF commissions Mr. Aldridge to conduct study
19 MAY 03	Study Team Formed – study begins
17 JUN 03	As-is/ End State briefing presented to steering Group
19 JUN 03	Mr. Aldridge briefs SECDEF on As-is/End State
19 AUG 03	Study Team presents process brief to Mr. Aldridge
20 AUG 03	Mr. Aldridge briefs SECDEF on the Study Team's proposed process
10 SEP 03	Study Team presents process brief to the Steering Group
12 SEP 03	Mr, Aldridge presents proposed process to the Senior Leader Review Group
14 SEP 03	Overarching Memo recording the agreements made during the SLRG is coordinated through the Department
19 OCT 03	Study Team presents Process brief to OPSDEP Tank.
22 OCT 03	Study Group presents capabilities-based processes, level one organizational alternatives, and level two organizational alternatives brief to Mr. Aldridge
23 OCT 03	Mr. Aldridge meets with SECDEF to discuss the status of the overarching Memo and level one alternatives
30 OCT 03	Capabilities-based processes brief presented to Defense Science Board.
31 OCT 03	Mr. Aldridge presents capabilities-based processes brief to the Senior Leader Review Group
31 OCT 03	Secretary Rumsfeld signs directive to implement process for POM 06
19 NOV 03	Submitted draft final report to Mr. Aldridge.
22 NOV 03	Mr. Aldridge submitted draft final report along with his final recommendations to SecDef.
12 DEC 03	Final report published.

Appendix L Organizational Alternatives – First Order

ALTERNATIVES BRIEFING: FIRST ORDER CHANGES

Figure 1: Title Slide

Figure 2: End State Process- Organizational Assessment

Figure 3: Corporate Process

Figure 4: Analytical Engine

Figure 5: Analysis Engine

Figure 6: Performance Assessment Process

Figure 7: Moderate Alternative

Figure 8: Aggressive Alternative

Figure 9: Radical Alternative

Figure 10: General Observations

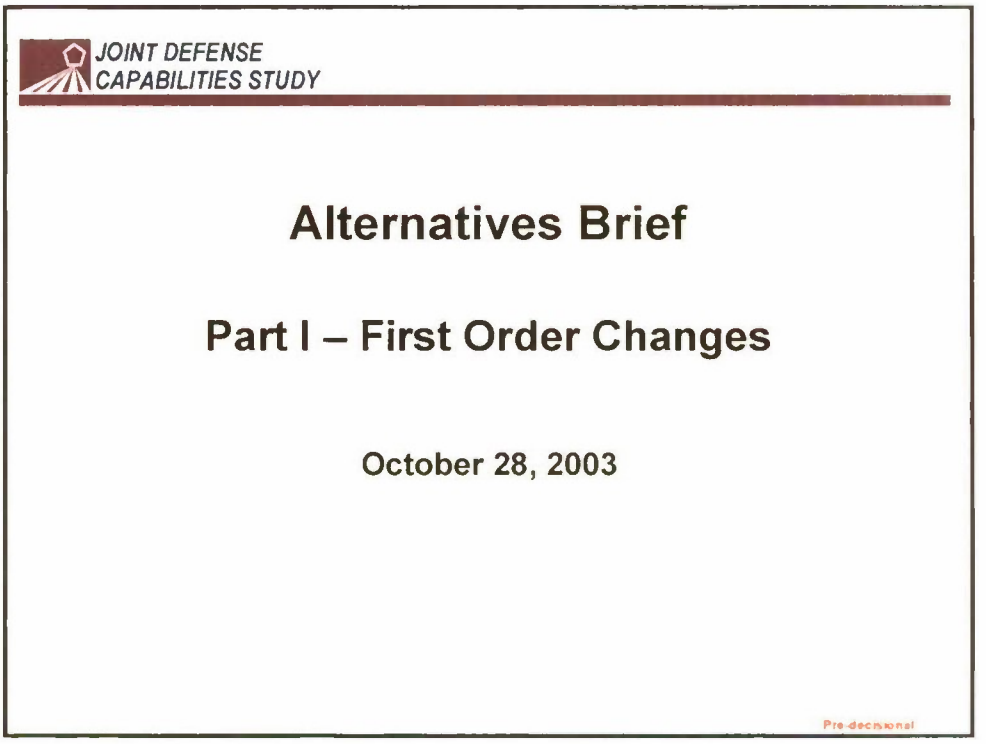

Figure 1: Title Slide

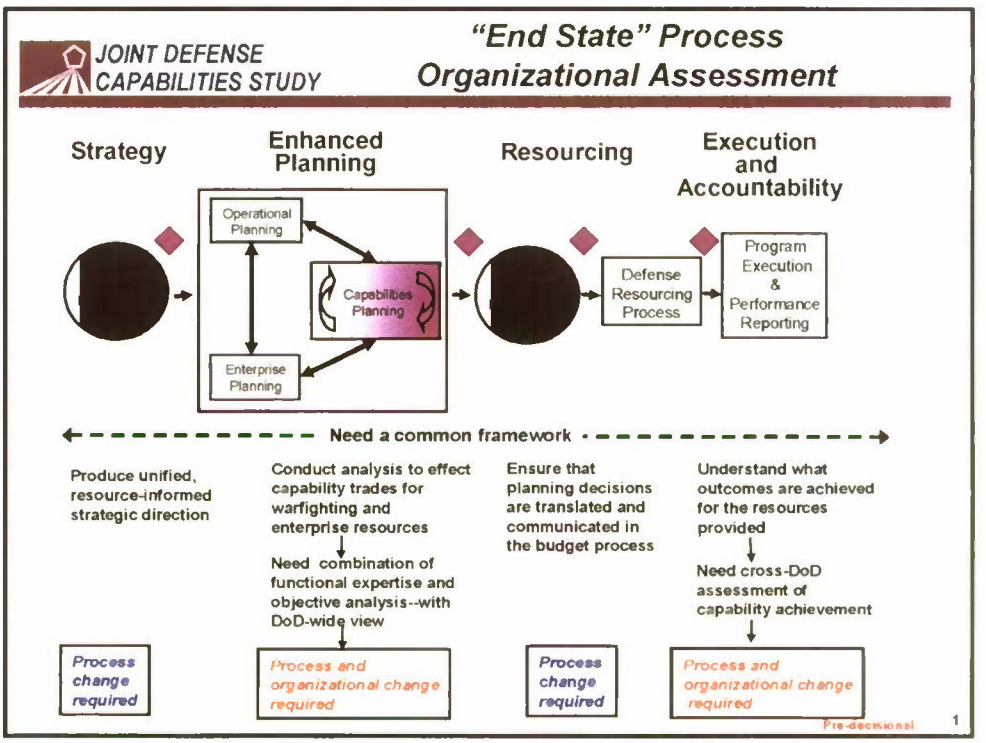

Figure 2: End State Process; Organizational Assessment

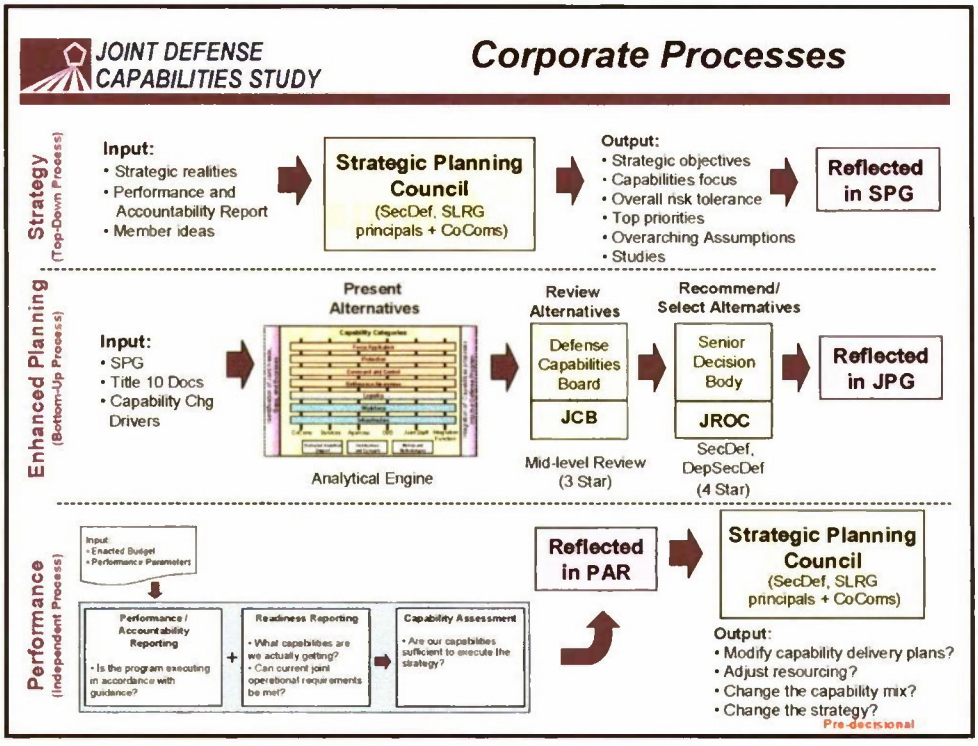

Figure 3: Corporate Process

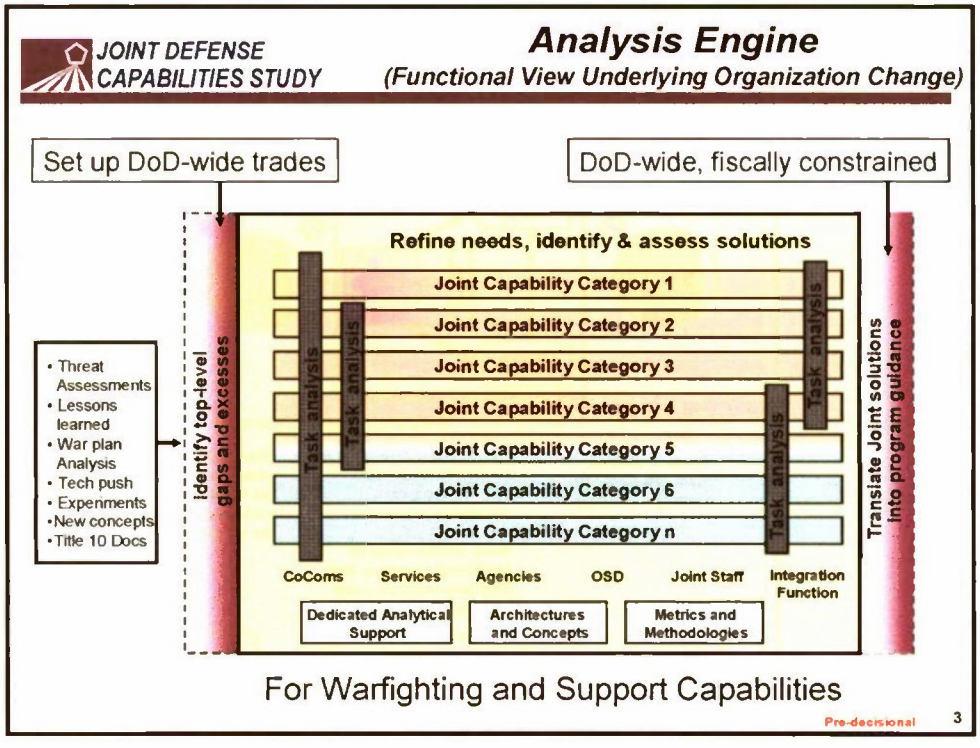

Figure 4: Analytical Engine

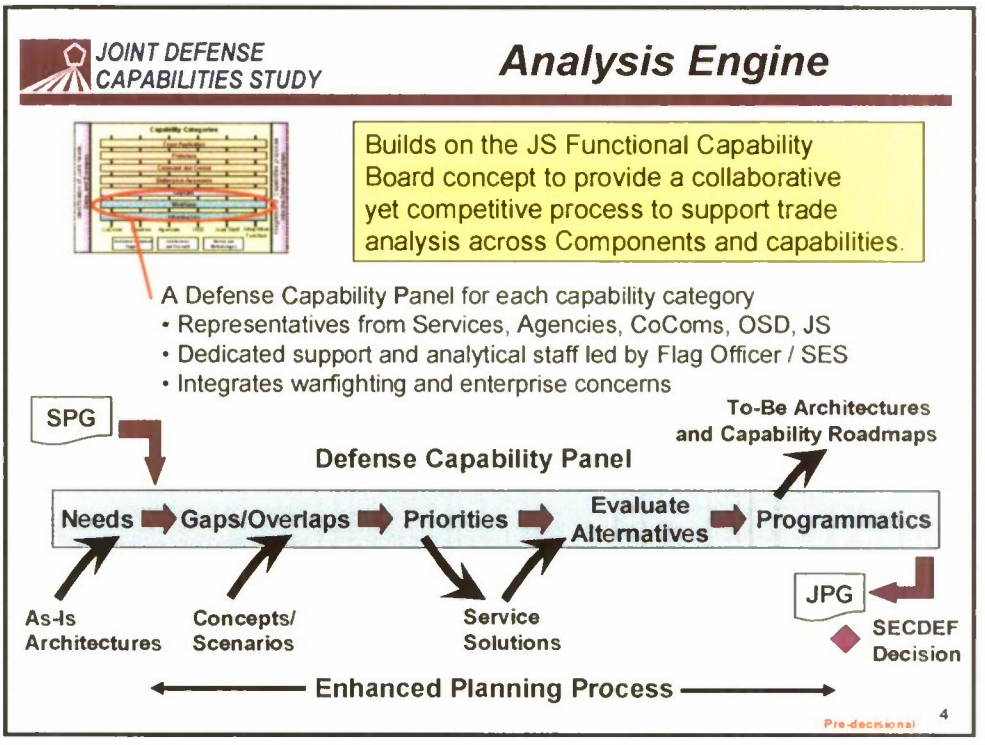

Figure 5: Analysis Engine

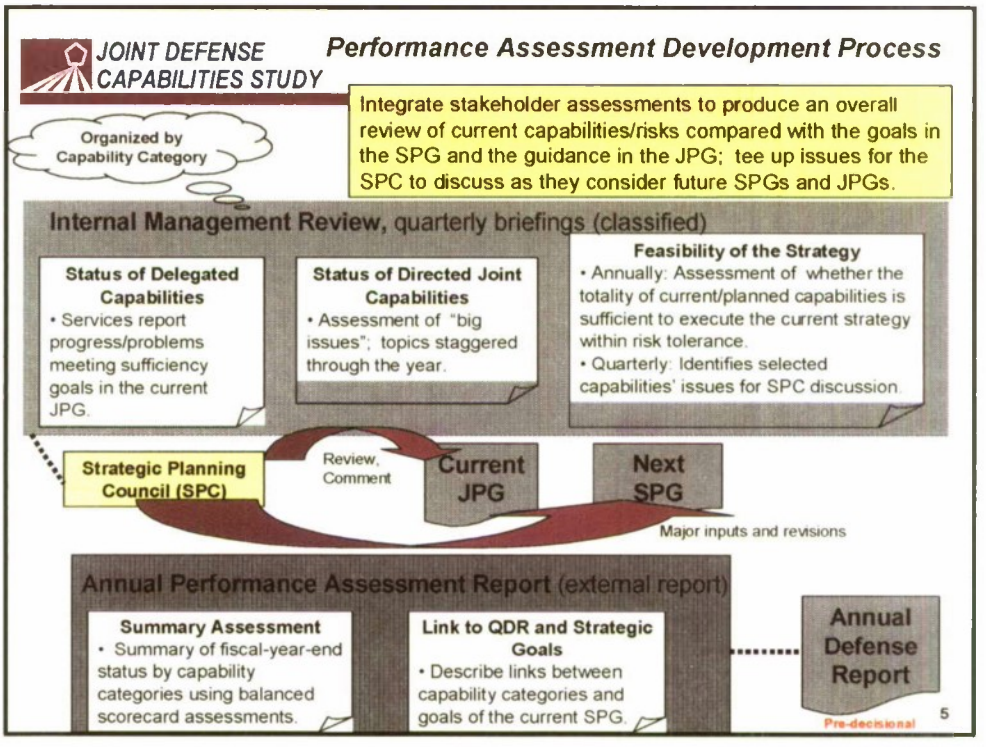

Figure 6: Performance Assessment Process

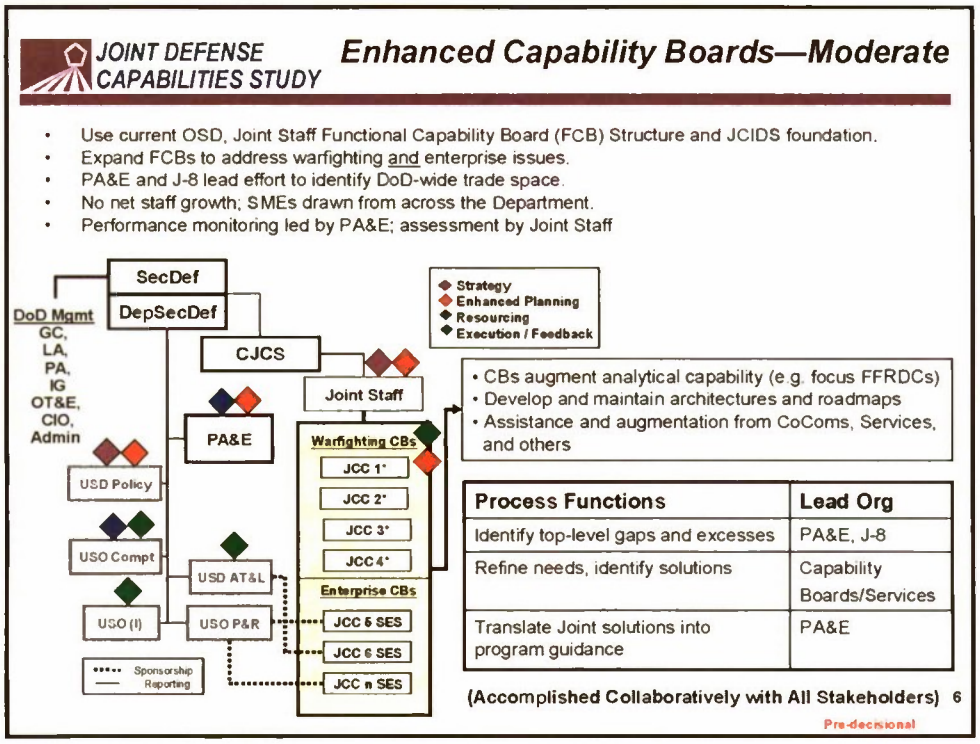

Figure 7: Moderate Alternative

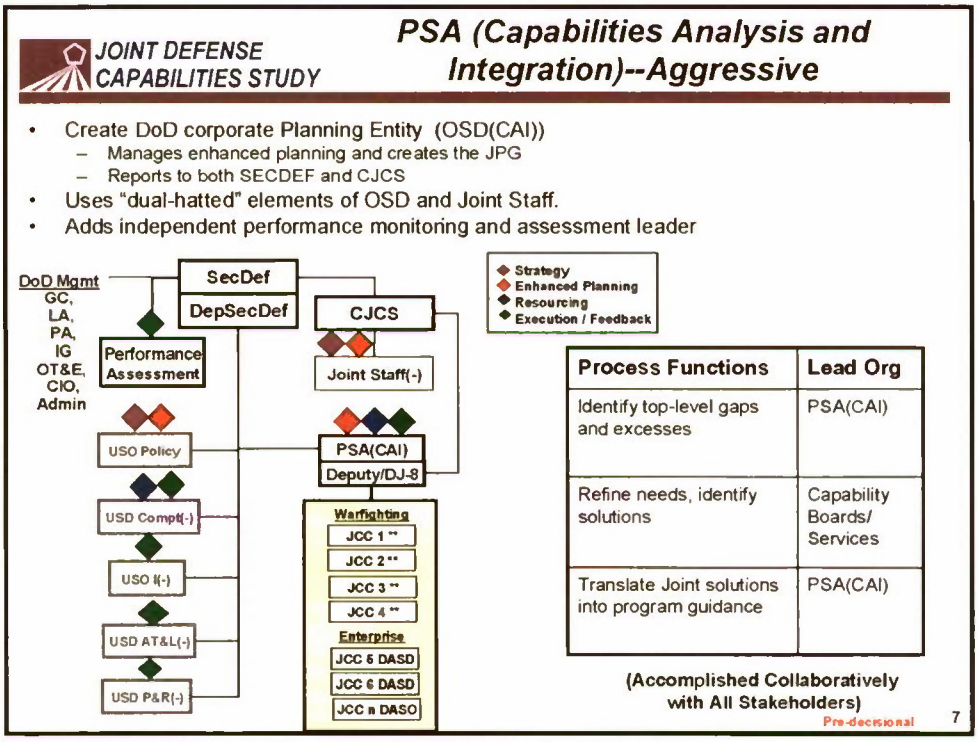

Figure 8: Aggressive Alternative

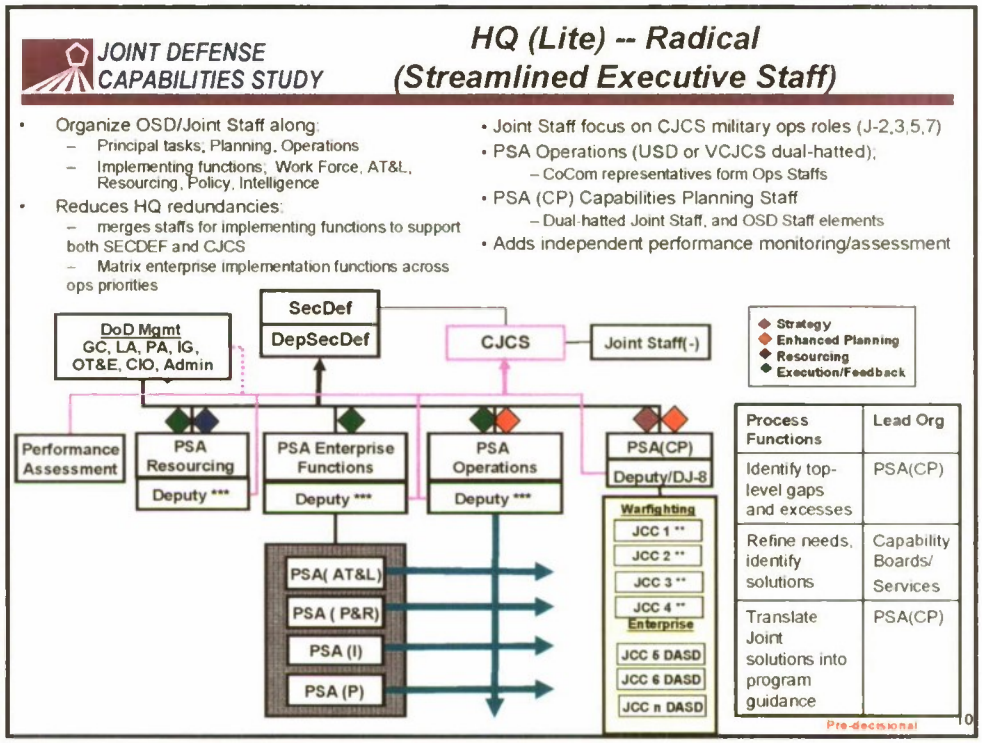

Figure 9: Radical Alternative

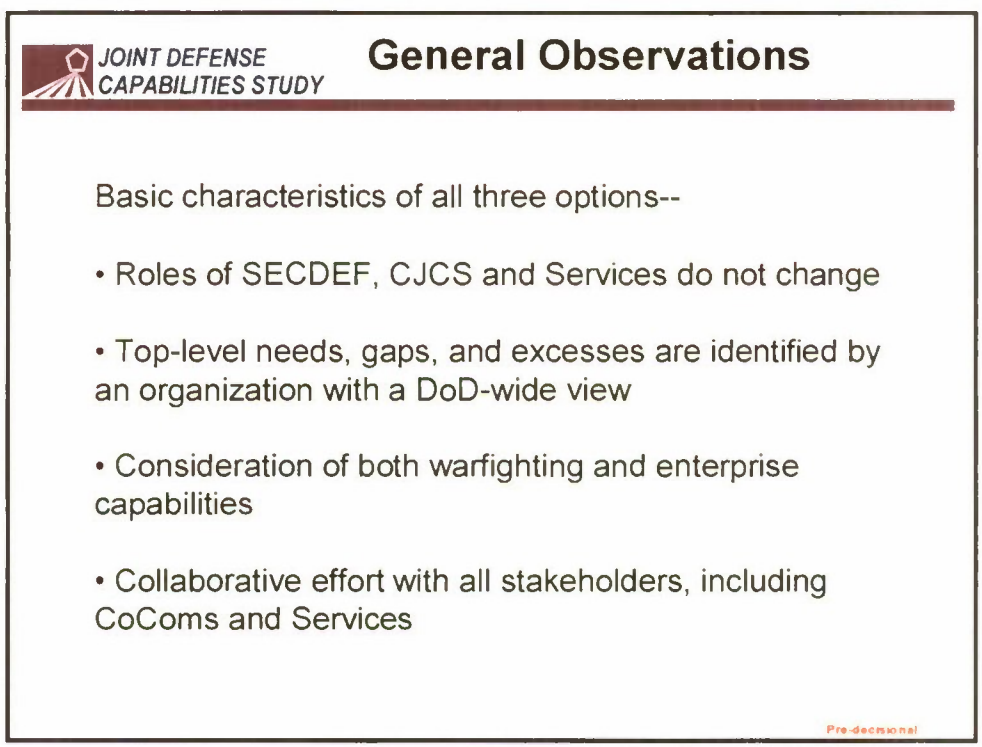

Figure 10: General Observations

Appendix M Organizational Alternatives – Second Order

SECOND ORDER ORGANIZATIONAL ALTERNATIVES

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Acquisition

Alt 1 - Moderate – Multiple JPE Concept

Description: Establish Joint Program Executives (JPE) for each of the designated Joint Programs.

- Designate Joint Program Executives (JPE) (reports through the Service Acquisition Executive), one for each Joint Capabilities Category (JCC), through the Joint Capability Boards (JCB) and the Defense Acquisition Board (DAB).
- Provide input to the Defense Acquisition Executive (DAE) (USD (AT&L)) on current joint in-development, in-production programs. This links the acquisition process to joint needs planning and development.
- Resources pulled from the Components for Joint Programs (JPG directed guidance) with oversight by JPE, reporting to DAE. SAEs retain resources for Service programs.
- DAE, with JPE and SAE input, develops a comprehensive acquisition strategy/plan which leverages the JCIDS process to clearly articulate goals/objectives to meet departmental joint capability needs. A comprehensive acquisition strategy allows for immediate, near term and long term programmatic planning to meet joint capability needs.
- Transform the Defense Acquisition Executive Summary (DAES) into a virtual, cross service process to allow for Department wide management across capability categories and within specific platforms. This DAES transformation permits the establishment of a cross cutting DAB.

Pros:

- Increased interoperability and material solutions execution due to capability focused vice platform centric planning and programming.
- Improved planning and coordination to meet joint capability needs.
- Improved efficiency in defining/delivering joint systems due to a better connectivity between "requires" and "acquires," as well as a more focused planning and upfront resourcing for joint programs.

Cons:

- Apportionment of resources specifically for joint programs could create gaps.
- Would enable but not ensure Service cross trade.
- Still dependent on existing Service or Agency to execute Joint Programs.

Figure 1: Acquisition Moderate Alternative

JOINT DEFENSE CAPABILITIES STUDY

Acquisition Alternatives Organizational Chart (Moderate)

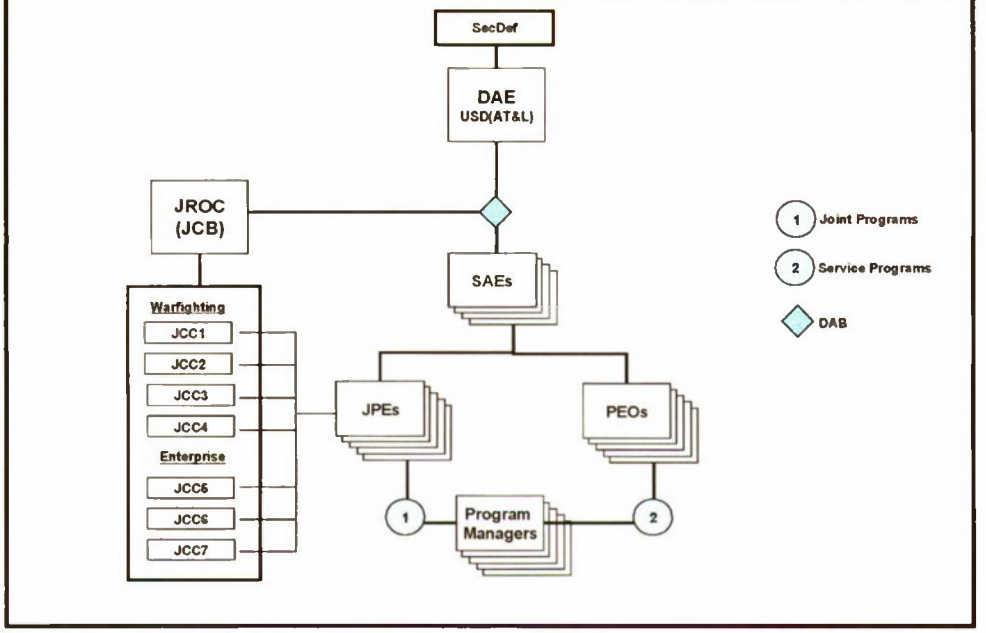

Figure 2: Acquisition Moderate Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Acquisition

Alt 2 – Aggressive – Single JAE Concept

Description: Establish a single Joint Acquisition Executive with oversight and decision authority on all joint developmental and in-production programs.

- JAE and SAEs, through JCB/DAB, provide input to the DAE on current joint in-development, in-production programs. This provides a direct link with central oversight to the acquisition process for joint needs planning and development.
- Acquisition resources for joint programs managed by the JAE would be supported by expanding the responsibilities of a selected acquisition agency to act as the JAE field activity. An appropriate portion of Component organizations would be integrated into this joint entity.
- DAE, with JAE and SAE input, develops a comprehensive acquisition strategy/plan which leverages the JCIDS process to clearly articulate goals/objectives to meet departmental joint capability needs. A comprehensive acquisition strategy allows for immediate, near term and long term programmatic planning to meet joint capability needs.
- DAB transformed along capability categories to align cross cutting joint capabilities, e.g., aircraft carrier command and control would be managed by the JAE, while the overall program is managed by the Navy.

Pros:

- Increased interoperability and material solutions execution due to capability focused vice platform centric planning and programming.
- Improved planning and coordination to meet joint capability needs through a single JAE.
- More efficiency in defining/delivering joint systems due to a better connectivity between "requires" and "acquires," as well as a more focused planning and upfront resourcing for joint programs.
- Creates an execution arm for joint capabilities with a field activity to manage joint programs without creating a new organization.

Cons:

- Loss of authority by Components. Services may argue this usurps some of their Title X authority.

Figure 3: Acquisition Aggressive Alternative

JOINT DEFENSE CAPABILITIES STUDY

Acquisition Alternatives Organizational Chart (Aggressive)

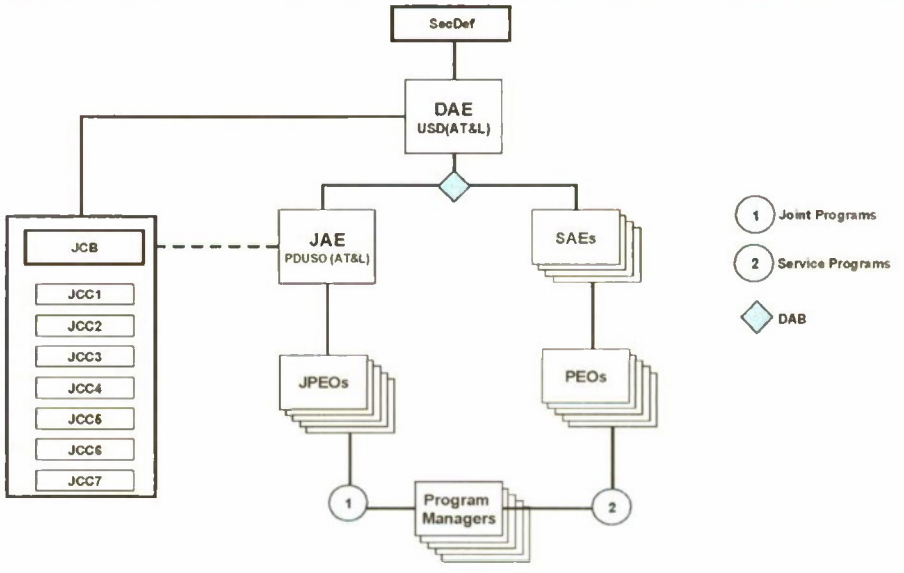

Figure 4: Acquisition Aggressive Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Acquisition

Alt 3 – Radical – Multiple CAE Concept

Description: Establish Capabilities Acquisition Executives (CAE) for each of the established Joint Capabilities Categories. The CAE would have oversight and decision authority on all Defense developmental and in-production programs.

- CAEs, through JCB/DAB, provides input to the DAE on current in-development, in-production, S&T and experimental programs. Acquisition process, management and structure directly support DoD capability needs development. All acquisition resources controlled by CAEs for their respective capability categories. As with the aggressive alternative, a joint entity or field activity would be established to support the CAEs.
- DAE, with CAE and SAE input, develops a comprehensive acquisition strategy/plan which leverages the JCIDS and Service unique requirements to clearly articulate goals/objectives to meet departmental capability needs.
- In addition to establishing an "expanded DCMA" as responsible for joint requirements acquisitions, establish an Agency which has oversight for Service Program Executive Offices (SPEOs). The SPEOs would manage ACAT I and II programs, through the Service Acquisition Executives.

Pros:

- Development of a comprehensive and seamless departmental S&T through acquisition system complete with resources and authority.
- Increased interoperability and material solutions execution of all DoD warfighting capabilities.
- Acquisition planning uniquely designed to meet DOD capability needs.
- Improved efficiency in defining/delivering joint systems due to a fully integrated system of "requires" and "acquires," as well as a more focused planning and upfront resourcing for joint programs.

Cons:

- Compete realignment of acquisition structure.
- Centralization under single acquisition executive could cause loss of focus on support programs.
- Loss of Service control of program development.

Figure 5: Acquisition Radical Alternative

JOINT DEFENSE CAPABILITIES STUDY

Acquisition Alternatives Organizational Chart (Radical)

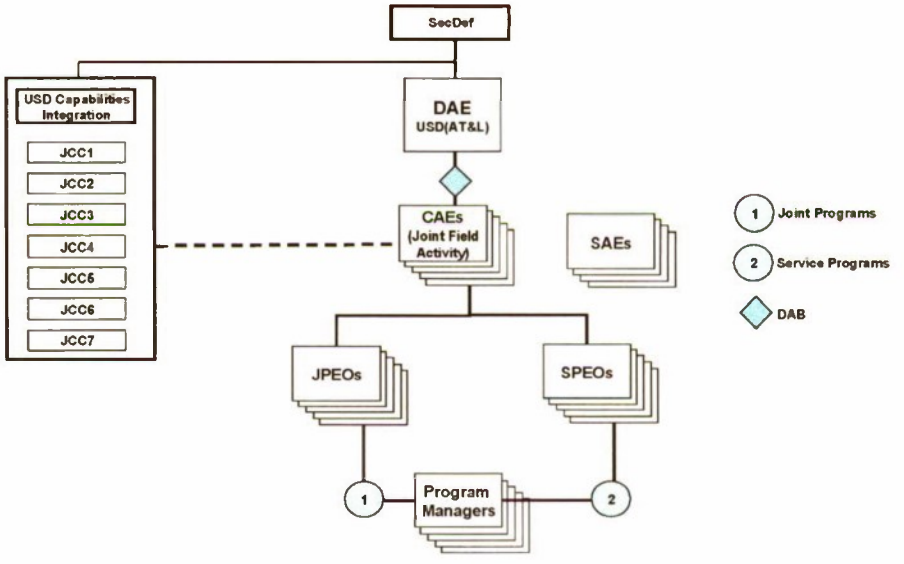

Figure 6: Acquisition Radical Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning – RDT&E

Alt 1 - Moderate – Coordinated Investment

Description: Establish through DDR&E, a coordinated investment strategy that would support the Joint Capabilities Categories and provide information and oversight of RDT&E programs.

- Section 913 of the National Defense Authorization Act for FY2000 required SECDEF to conduct a performance review of the relevance of the work performed by DoD labs. Additionally, it required DoD to develop a single performance review process, applicable to all military departments, for rating the quality and relevance of the work performed by DoD labs. This proposal assumes full implementation of recommendations from Section 913 studies including a performance review process.
- Service S&T Executives organize to support Joint Capabilities Categories (JCC). This would more closely link technology development to the acquisition process and to COCOM generated joint needs planning and development.
- Develop a process to allow effective transition from S&T to acquisition. Process would include formal, binding agreements between S&T sources and specific program offices, as well as transitional funding managed by DDR&E to support the transition. (BA1-4 is S&T and managed by the S&T community, BA5-7 is R&D managed by acquisition and T&E managed by the DOT&E community)
- Realign ACTD funding process to DoD budget cycle to make transition to acquisition more efficient by using investment funds managed at OSD.
- Fully implement the authorities of the Defense Test Resource Management Center (DTRMC), created by the 2003 National Defense Authorization Act (NDAA) for oversight of T&E policy, processes, personnel and infrastructure. The NDAA charters the DTRMC Director with producing a "Strategic Plan" and certifying the "adequacy" of T&E operating and maintenance budgets. Incentivize T&E organizations to get involved earlier in the acquisition cycle to speed delivery and reduce cost.

Pros:

- Development of a comprehensive DoD S&T strategy that would be capability based but Component driven.
- Better transition of technology from S&T to acquisition and maximize the S&T and T&E investment through a single review process.
- No legislation required.

Cons:

- Impact of improved processes and oversight would not be fully realized if Components still own the resources.

Figure 7: RDT&E Moderate Alternative

JOINT DEFENSE CAPABILITIES STUDY

RDT&E Alternatives Organizational Chart (Moderate)

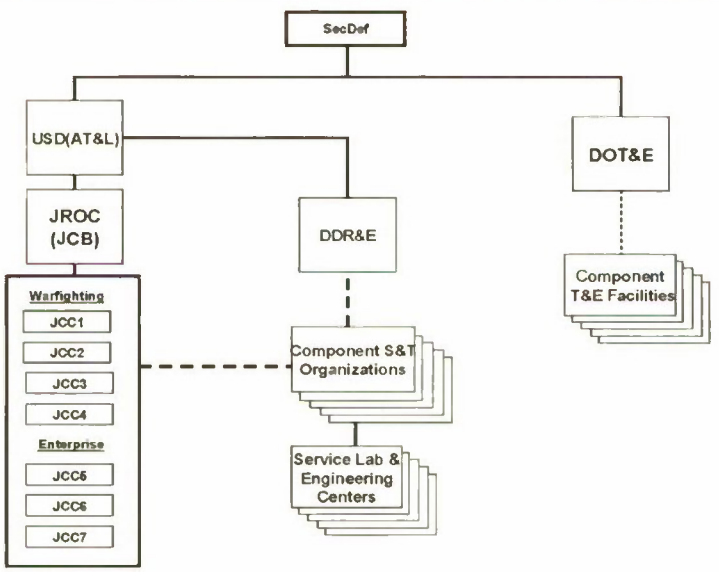

Figure 8: RDT&E Moderate Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning – RDT&E

Alt 2 – Aggressive – Centralized Funding and Centers of Excellence

Description: Change flow of RDT&E resources through Defense Technology Executive, Defense Acquisition Executive and DOT&E directly to the Service S&T/T&E agencies vice through the Services. Establish Centers of Excellence within the current DoD Lab structure that would concentrate S&T and R&D investment.

- RDT&E resources centrally managed by the JAE, SAE's and DTE in an IPT process to provide innovation through competition and seamless transition through all phases of development to sustainment. Technology Readiness Levels would be uniformly enforced to ensure appropriateness of S&T vs. R&D funding and ACTDs would be fully integrated into the process. Process would include coordinated S&T investment by representation on each of the capability teams promoting transition funding to spiral technology through R&D directly into joint and Service programs.
- Centers of Excellence would be established within the current DoD/Service lab resources (including the Universities doing Basic Research) to concentrate S&T and R&D efforts in specific areas. COE's could also rotate workforce for professional development and compete for "best of breed" decisions. They could do both S&T work for the DTE and R&D work for the JAE's and SAE's. (COE's would be challenged to present proposals for different governance option such as Federal corporations or Government owned/contractor operated entities that are more conducive to broadening the business base.)
- T&E resources would be managed through the DTRMC under the auspices of DOT&E. Note: Developmental testing is done by the acquisition community. Incentivize T&E community to get involved earlier to speed delivery and reduce cost.

Pros:

- Development of a comprehensive DoD S&T strategy that would be capability based and centrally managed (JWSTP recently restructured along capability categories).
- Maximize the S&T investment and reduce duplication through a single review and allocation process and better transition of technology from S&T to acquisition through an IPT process linking capabilities, technology and acquisition.
- Alignment with COCOM/JCB priorities would provide checks and balances needed to compensate for DTE "special interests".

Cons:

- S&T would be centrally funded but R&D funds would still be allocated to the JAE's and SAE's.
- Although Component S&T organizations would be centrally funded for programs, infrastructure costs would remain the responsibility of the Components.

Figure 9: RDT&E Aggressive Alternative

JOINT DEFENSE CAPABILITIES STUDY

RDT&E Alternatives Organizational Chart (Aggressive)

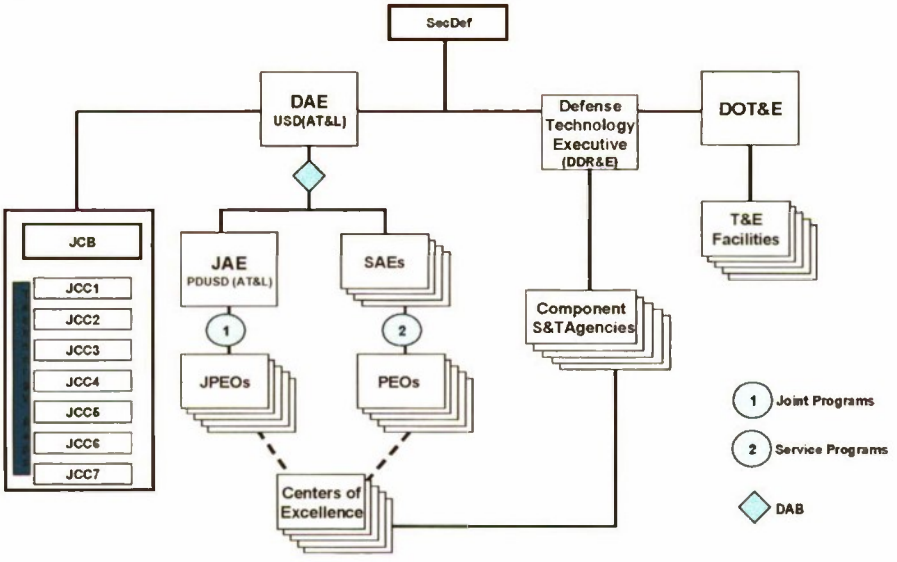

Figure 10: RDT&E Aggressive Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning – RDT&E

Alt 3 – Radical – Central DoD Lab System

Description: Establish a centralized DoD Lab system (for S&T and R&D) owned and operated by a Defense Technology Executive who would be responsible for delivering technology to the Capabilities Acquisition Executives. DOT&E would own and operate T&E facilities.

- RDT&E resources centrally managed by the CAE's and DTE in an IPT process to provide innovation through competition and seamless transition from basic research to sustainment. Technology Readiness Levels would be uniformly enforced to ensure appropriateness of S&T (6.1-6.3) vs. R&D (6.4-6.5) funding and ACTDs would be fully integrated into the process. Process would include coordinated S&T investment by representation on each of the capability teams promoting transition funding to spiral technology through R&D directly into programs.
- Centers of Excellence would be established within a central lab system to concentrate S&T and R&D efforts in specific areas. Although specialized, COE's could invest in several areas to provide competition for "best of breed" decisions. (COE's would be challenged to present proposals for different governance option such as Federal corporations or Government owned/contractor operated entities that are more conducive to broadening the business base.)
- A single Office of Research with a Defense Research Lab would manage/execute all basic research for DoD including University research.
- T&E resources would be managed through the DTRMC under the auspices of DOT&E and they would be involved from Milestone A through deployment.

Pros:

- Development of a comprehensive and coordinated DoD RDT&E strategy complete with authority, resources and infrastructure to better support DoD warfighting capabilities.
- Spiral development of technology uniquely designed to meet DOD capability needs.

Cons:

- Compete realignment of RDT&E structure.
- Loss of Component control of RDT&E resources.
- Some legislative changes required such as authorization of a DOD Office of Basic Research and Lab and approval of alternative governance charters for FedCorps or GO/CO's.

Figure 11: RDT&E Radical Alternative

JOINT DEFENSE CAPABILITIES STUDY

RDT&E Alternatives Organizational Chart (Radical)

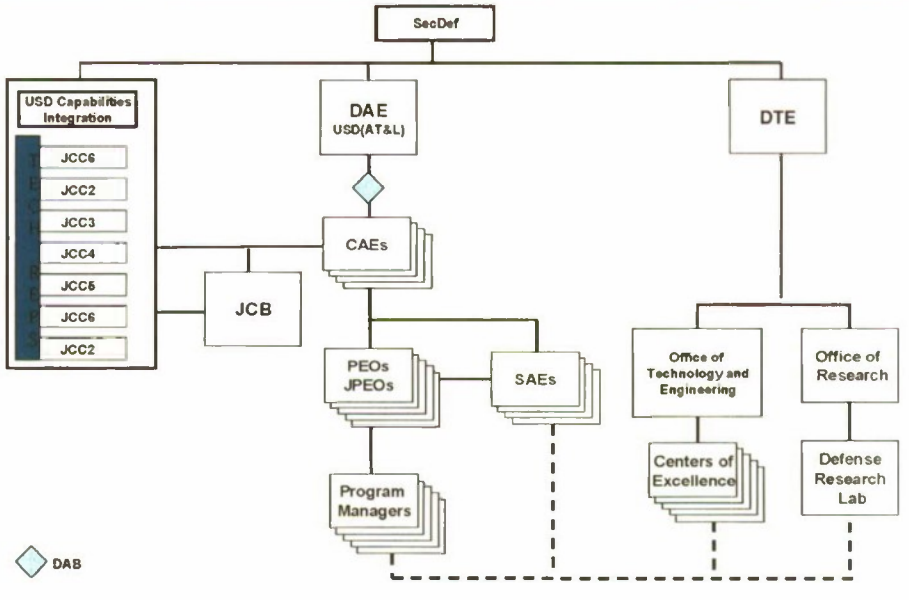

Figure 12: RDT&E Radical Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Logistics

Alt 1 – Moderate – Strengthened Defense Logistics Executive

Description: Use the Defense Logistics Executive (DLE) as the single Logistics, Global Supply Chain Manager with oversight and decision authority for Defense material and maintenance, with visibility of movement.

- Combine logistics related responsibilities (material management, repair, overhaul and transportation) under the DLE with authority to set policy, control joint funds and support the warfighter and readiness. Position to be part of a USD level (already existing as AT&L) and supported by a Joint Logistics Board. This individual would:
  - Determine the DoD Logistics Total Obligation Authority (TOA) for joint logistics programs and acquisitions (TOA amount and % for Joint TBD) as identified by the capabilities process.
  - Establish a Joint Office, for in theater management in support of military operations.
  - Manage the organization which accomplishes Joint Log Programs, e.g., DLA.
  - Oversees sustainment plans organized by joint capability missions, not by Service or Agency.
  - Responsible for integration sustainment planning and execution across the Department, focused on warfighting support and readiness.
  - Plan for efficiencies in operations, e.g., eliminate excess capacity in organic repair facilities.
  - Engage and direct strategic, operational and enhanced capabilities planning, presenting logistics/ supply chain considerations and develops Strategic Log Plan with performance parameters (see Radical alternative for details).
  - Leverage best practices and processes from within DoD, coalition partners and industry to improve efficiency and quality with the global supply chain.

Pros:

- Improves oversight of logistics supply chain by elevating work to a USD level manager.
- Enhances joint warfighter support by ensuring comprehensive department wide policies and direction.
- Strengthens support operations in execution phase by having upfront, comprehensive planning.
- Eliminates excess capacities and duplications.
- Separate POM for Joint Logistics.

Cons:

- Lines of authority and majority of resources remain fragmented through Services, joint staff, TRANSCOM and DLA.
- True savings not realized unless infrastructure is taken into account.

Figure 13: Logistics Moderate Alternative

JOINT DEFENSE CAPABILITIES STUDY

Logistics Alternatives Organizational Chart (Moderate)

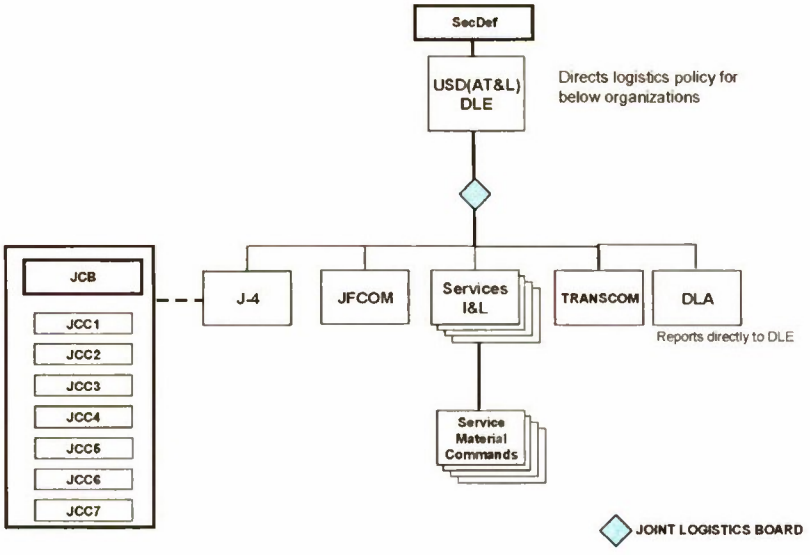

Figure 14: Logistics Moderate Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Logistics

Alt 2 – Aggressive – Centralize Logistics/Joint Command

Description: Establish a single Logistics, Global Supply Chain Organization (Joint Command/Agency) with oversight and decision authority for all Defense material, maintenance, movement and transportation.

- Combine all logistics related activity (material management, repair, overhaul and transportation) into a single Command with authority to set policy, issue and distribute material, for warfighter support and readiness. The entity, either Command or an Agency, to report at the USD level with J-4 (3 star) as deputy who is dual reporting. This Command/Agency will:
  - Consolidate all funding for joint and single service materials and logistics support by creating an appropriation authority Execution authority is performed by newly established entities previously part of Services and Defense Agencies.
  - Own all materiel available across DoD with total asset visibility and accessibility.
  - Create department wide policies and procedures for common logistics practices and procedures, to include financial investments.
  - Combine organic repair capabilities, which drives potential inputs to the current BRAC process.
  - Incorporate all duties & responsibilities of the proposed Defense Logistics Executive (DLE) such as develops Strategic Log Plan with performance parameters (see Radical alternative for details).

- Pros:
  - Enhances joint warfighter support and readiness by ensuring comprehensive department wide policies and direction.
  - Makes logistics and supply chain full partners in the planning phases for strategy, operations and capabilities.
  - Gains greater efficiencies in organic repair capabilities through involvement with BRAC.

- Cons:
  - Splits the Services (as users) from critical logistics support.
  - Creates large organization under the USD which may be difficult to establish.
  - Possible Title X issues – Services' responsibilities.
  - Establishment of either Agency or Command has separate implications and needs to be examined which is proper.

Figure 15: Logistics Aggressive Alternative

JOINT DEFENSE CAPABILITIES STUDY

Logistics Alternatives Organizational Chart (Aggressive)

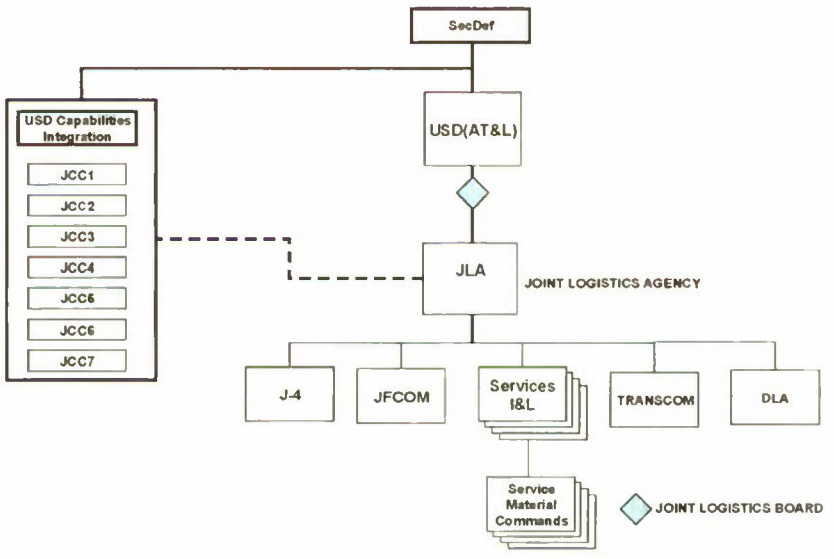

Figure 16: Logistics Aggressive Alternative; Organizational Chart

JOINT DEFENSE CAPABILITIES STUDY

Enterprise Planning - Logistics

Alt 3 – Radical – Corporate Logistics

Description: Under the OSD-led Command/Agency, pursue alternative governance structures for the various activities to support department logistics requirements; retaining 'core' or critical operations. Best alternative governance structure selection and oversight reside within OSD. Appoint to a term position, with financial performance incentives.

- Most logistics ownership removed from Services and other DoD agencies, and is placed in an entity (Command structure most likely) that reports to OSD. OSD selects the appropriate governance structure to support the requirement. Division of logistics services would be established along functional lines (e.g. combat logistics, operational support, etc.) with limited selected items as needed remaining in DoD. Run on a commercial type basis with a term appointment (e.g., 6 year)
- Alternative governance structures include PBOs, cooperative partnerships, federal government corporations, government-owned contractor operated (GOCO), public-private partnership or joint venture, and ESOPs.
- OSD develops and publishes a Strategic Logistics Plan and coordinates execution with subordinate Command, entity or entities.
  - Articulates goals and roadmap to meet them in published performance plans.
  - Drives input to the Operational plans development.
  - Holistic view of departmental logistics requirements and how they support DoD needs.
  - Consistent with guidance stipulated in the Strategic Planning Guidance (SPG).
  - Integrates "best business practices" into the logistics planning and execution processes.

Pros:

- Insulated from Component agendas.
- Maximizes return on logistics investments.
- Alternative governance structures provide increased flexibility in personnel and acquisition matters.

Cons:

- Variations of risk associated with each governance structure, e.g., profit motive of certain governance structures might conflict with DoD needs.
- Requires new organizational structures; potential to fragment support from a multitude of service providers.
- Congressional approval required for several of the alternative governance structures.
- A step removed from the integrated supply chain concept as it disperses logistics functions.

Figure 17: Logistics Radical Alternative

JOINT DEFENSE CAPABILITIES STUDY

Logistics Alternatives Organizational Chart (Radical)

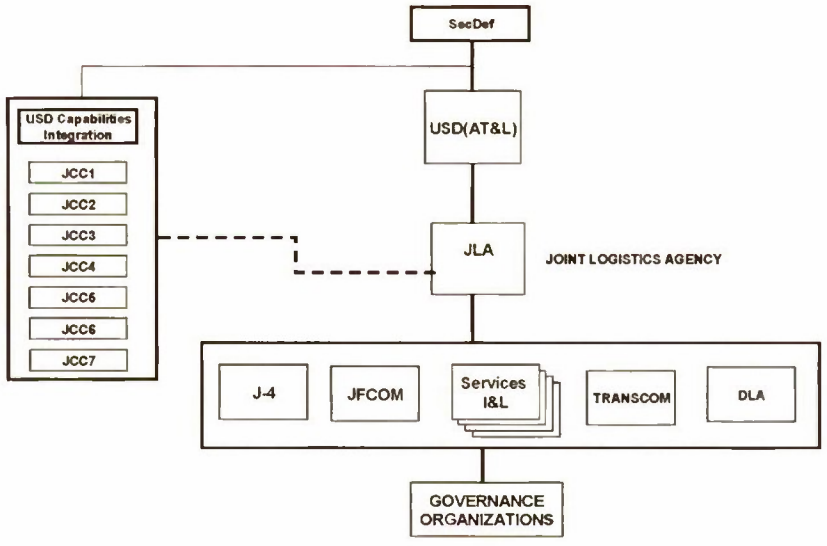

Figure 18: Logistics Radical Alternative; Organizational Chart

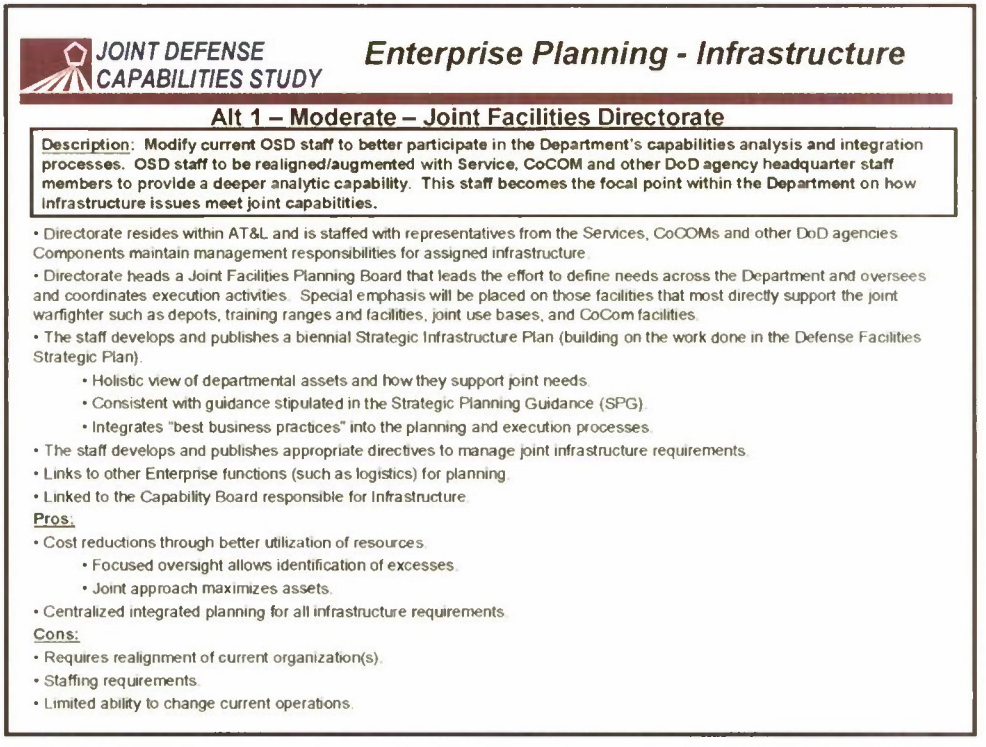

Figure 19: Infrastructure Moderate Alternative

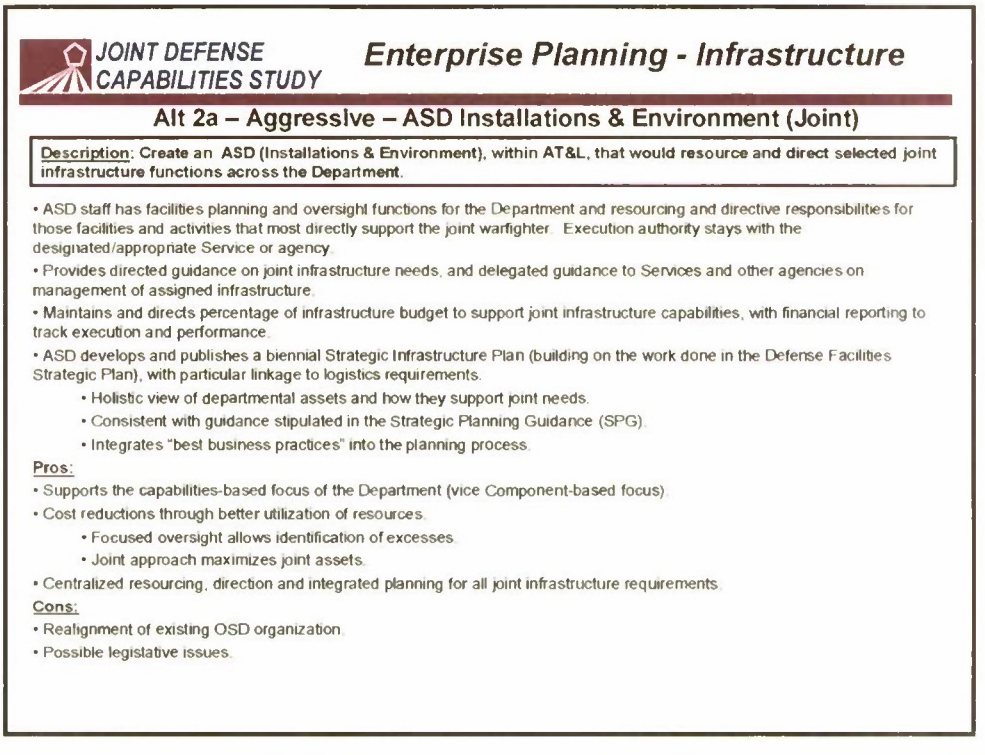

Figure 20: Infrastructure Aggressive Alternative; 2a

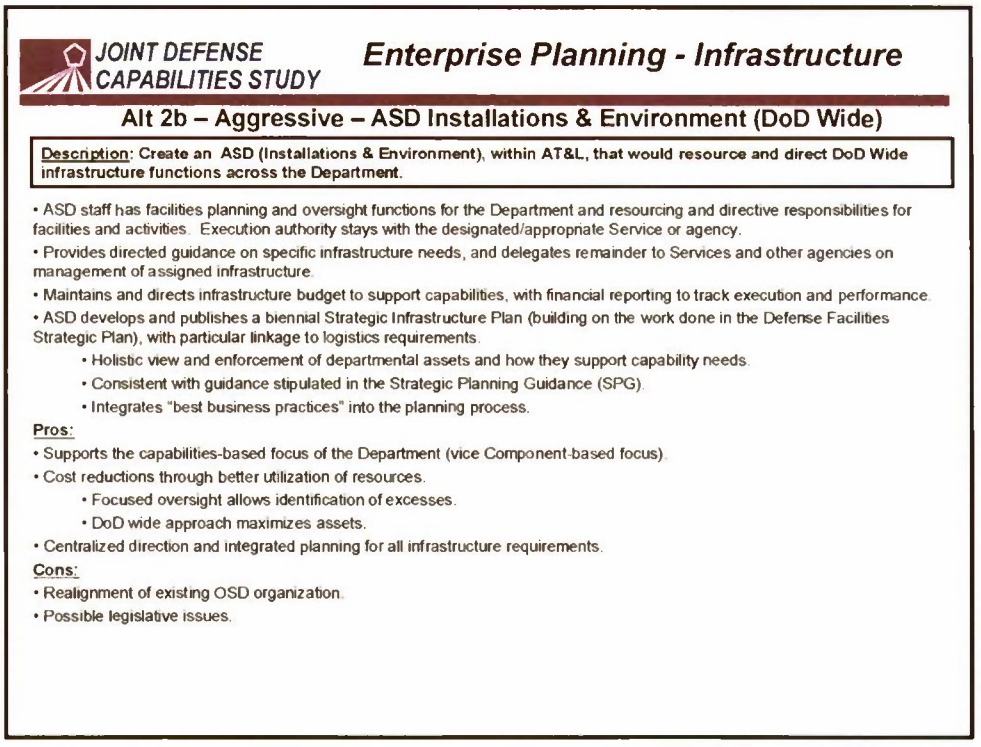

Figure 21: Infrastructure Aggressive Alternative; 2b

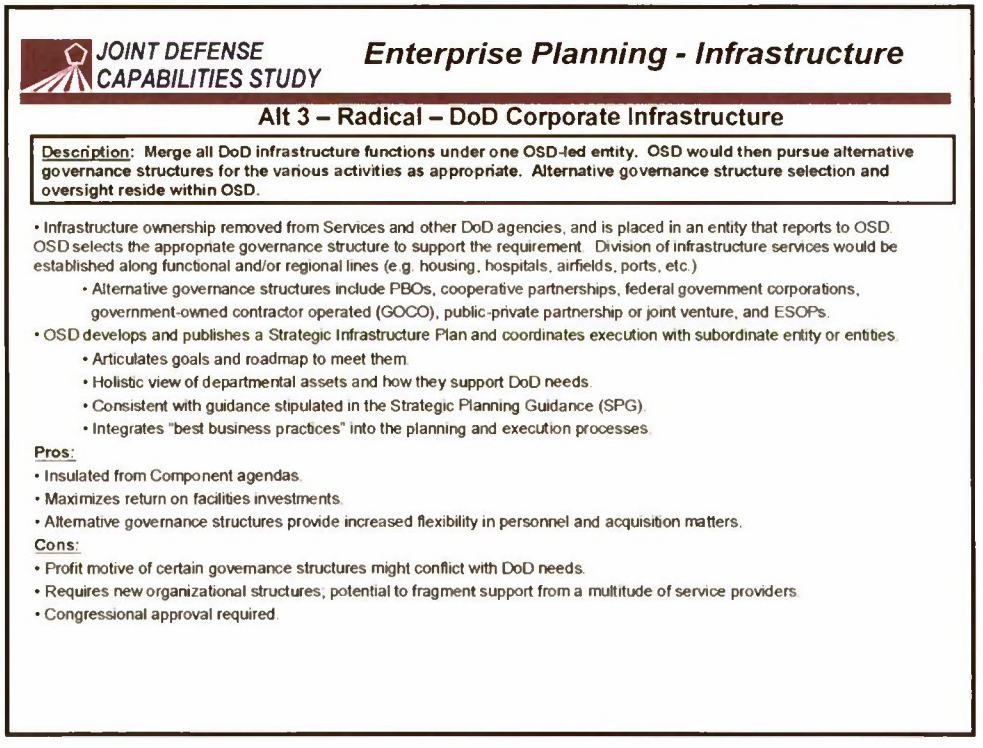

Figure 22: Infrastructure Radical Alternative

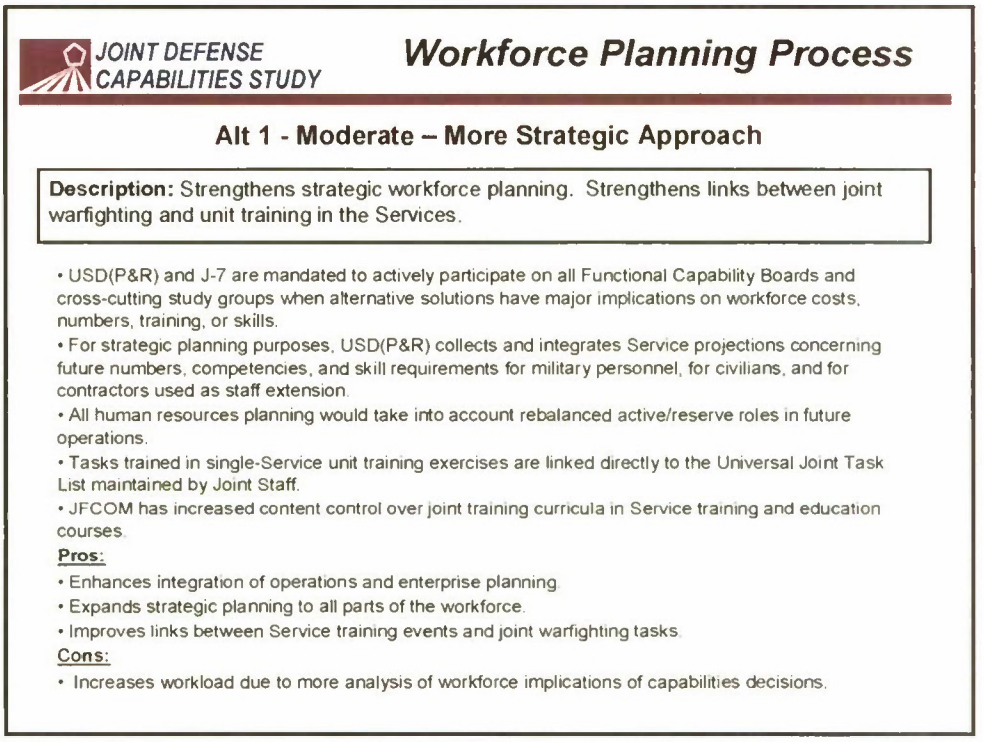

Figure 23: Workforce Moderate Alternative

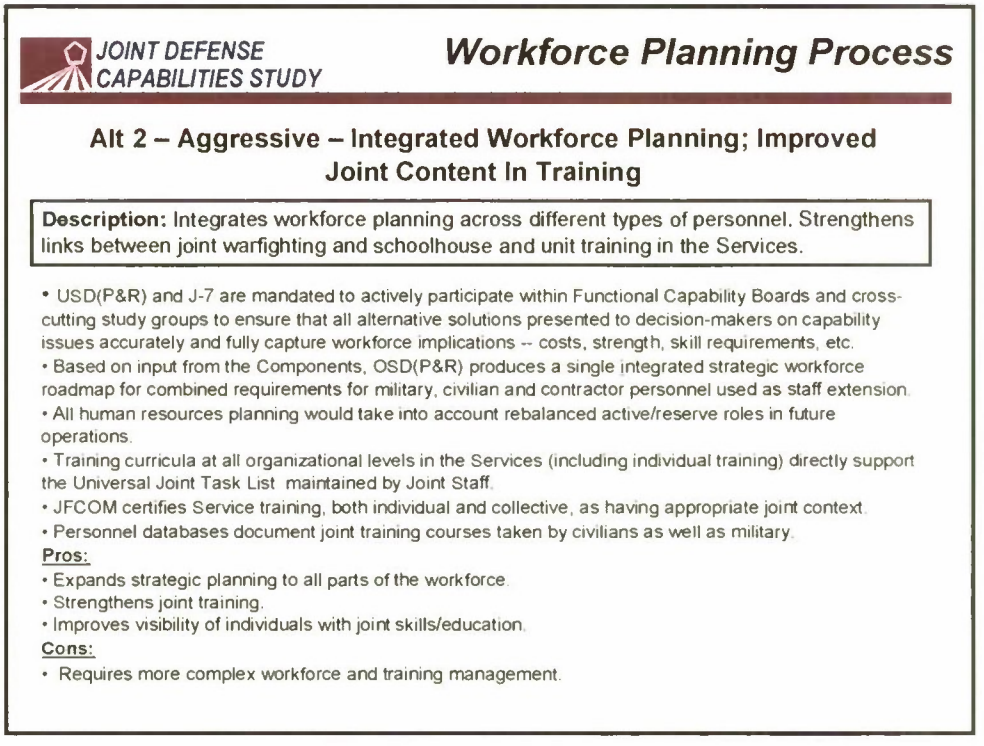

Figure 24: Workforce Aggressive Alternative

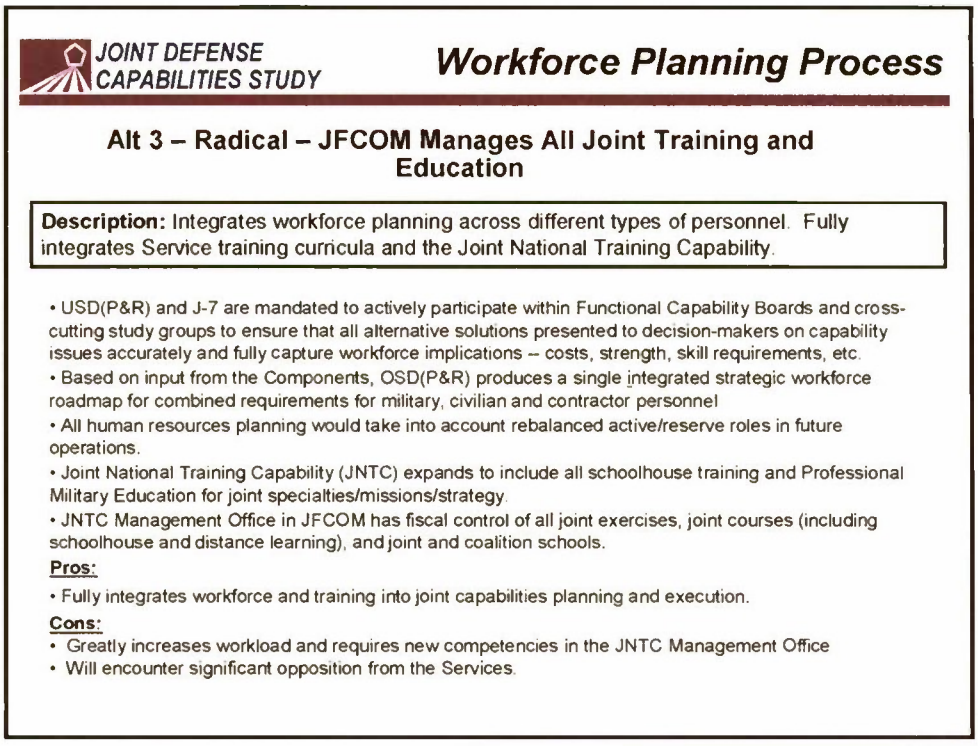

Figure 25: Workforce Radical Alternative