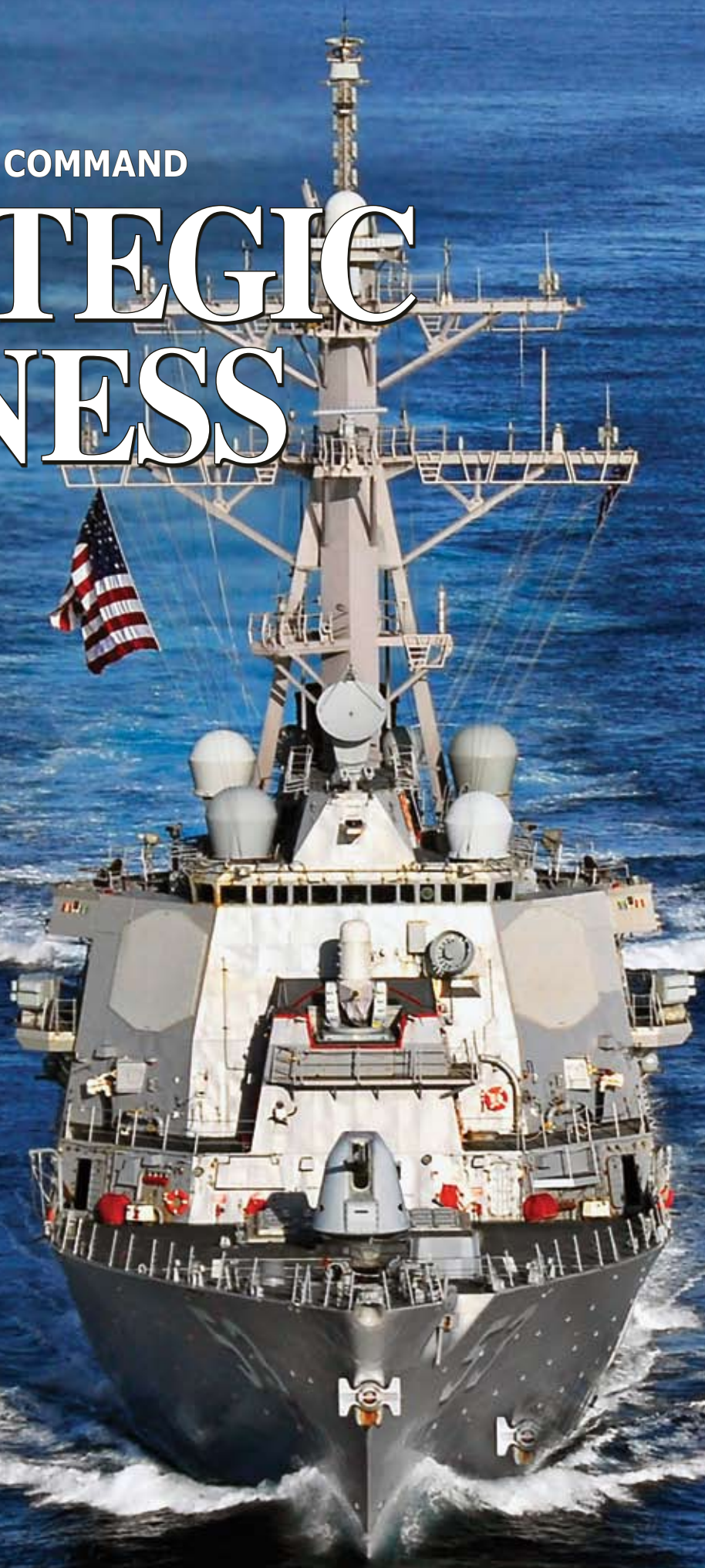


NAVAL SEA SYSTEMS COMMAND

STRATEGIC BUSINESS PLAN



2009-2013

Report Documentation Page

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NAVAL SEA SYSTEMS COMMAND
STRATEGIC BUSINESS PLAN

INTRODUCTION

CONTENTS

3 Introduction

The FY09-13 Strategic Business Plan will chart the course for our organization for the next five years.

4 Mission, Vision and Goals

We are the Nation's team accountable for achieving the 313-ship Navy.

6 About NAVSEA

With a budget of nearly \$30 billion, NAVSEA accounts for one-quarter of the Navy's budget.

8 Build an Affordable Future Fleet

Now, more than ever, the Navy's Fleet must be designed to adjust to rapidly evolving operational needs.

10 Sustain Today's Fleet Efficiently and Effectively

Sustaining today's Fleet is essential to our ability to achieve the 313-ship Navy.

12 Enable our People

NAVSEA's workforce is vital to our success. We will:

- Recruit, develop and retain a high-performing, competency-based, mission-focused workforce;
- Build and value a culture of Diversity; and
- Transition to a Competency Aligned Organization.

18 Tying it all Together

Like the emerging threats that require changes to our national security policies, shifting NAVSEA requirements make this an evolving document.

The Mission of the Naval Sea Systems Command (NAVSEA) is to develop, deliver and maintain ships and systems on time, on cost for the United States Navy. We provide our Nation with the capabilities to meet a dynamic set of requirements that include national defense, maritime security and humanitarian relief.

This document introduces the mission, vision, goals and objectives that make up the FY09-13 NAVSEA Strategic Business Plan. The plan outlined in the following pages will chart the course for our organization for the next five years.

Our Challenge — We are accountable to the Chief of Naval Operations (CNO) to deliver, modernize and maintain a 313-ship Navy that meets the requirements of our national security plan. If we continue to operate with a "business as usual" approach, this goal will not be achieved; we must change.

The Strategic Business Plan is specifically aimed at bringing the 313-ship Fleet from concept to reality. We each play a role in accomplishing this:

- Our PEOs must coordinate the design and development of new ships and systems, enforcing fiscal rigor, commonality in design and Life Cycle cost reduction.
- Our public and private sector shipyards must reduce the cost of maintenance and modernization so that our ships remain in peak condition and continue to serve relevant Fleet missions.
- Our Warfare Centers must develop and advance our technical capabilities while reducing risk to ensure affordability.
- Our headquarters organization must provide contracting, financial and technical support across the Enterprise.
- Our commercial partners must refine their physical plants, processes and people development programs to attain efficiencies that have not been achievable to date.

The goals and objectives of this Strategic Business Plan are high-level, but each objective has a tactical plan to help us achieve it. The goals focus on developing an organization that will meet our challenges head-on and develop workable solutions. Each and every NAVSEA employee plays an important part in this.

Our success as an organization is directly tied to the success of our employees. One of our goals relates directly to people and the development of our workforce, reflecting the importance of the role that you — the NAVSEA employee — play in accomplishing our mission.

Attracting, recruiting and retaining people ready to respond to the increasingly complex needs of our men and women in uniform will stay at the top of our priority list in the coming years. We understand our traditional recruiting sources and methods will not meet our future needs. The country's shifting demographics mean we must reach out to academic institutions in every segment of our population. Attracting bright workers with diverse cultures and backgrounds is crucial because they bring a range of ideas and thoughts to help create innovative approaches to overcoming our engineering, management and financial challenges in the years to come.

This plan — our plan — lays out a set of common priorities and serves to guide our decisions and actions. Read it, think about it and transform it from words to execution.

Mission

We develop, deliver and maintain ships and systems on time, on cost for the United States Navy.

Vision

We are the Nation's team accountable for achieving the 313-ship Navy:

- We must operate as a diverse organization with a single purpose to ensure the U.S. Navy remains the preeminent maritime power
- We must be supported by a modern, efficient industrial base
- We must be a world-class employer of choice that inspires innovation
- We must set the value-added standard for acquisition, engineering and maintenance

Goals

Build an affordable future Fleet

Sustain today's Fleet efficiently and effectively

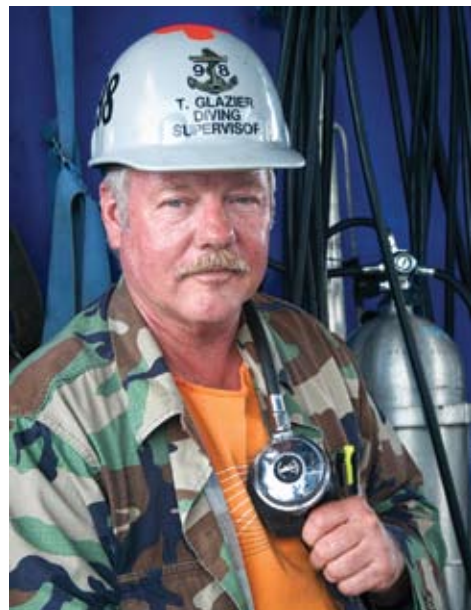
Enable our People:

- Recruit, develop and retain a high-performing, competency-based, mission-focused workforce
- Build and value a culture of Diversity
- Transition to a Competency Aligned Organization



About NAVSEA

About 95 percent of our people work in field activities, including Warfare Center divisions, Naval Shipyards and Supervisors of Shipbuilding



NAVSEA is comprised of 52,000 civilian and military personnel in 33 activities located across the United States and Asia. Together, we engineer, build, buy and maintain ships, submarines and combat systems for the United States Navy.

With a budget of nearly \$30 billion, NAVSEA accounts for one-quarter of the Navy's entire budget. NAVSEA manages more than 150 acquisition programs and is responsible for establishing and enforcing technical authority in ship and combat system design and operation. These technical standards ensure ships and systems are engineered effectively and operate safely and reliably.

In support of the CNO's vision of a global 1,000-ship Navy, we manage foreign military sales cases for the construction and modernization of ships and ship systems that include \$1.6 billion in annual sales to partner nations.

NAVSEA headquarters is comprised of command staff and directorates and five affiliated Program Executive Offices (PEOs). Ninety-five percent of our people work in field activities, including Warfare Centers,

Naval Shipyards and Supervisors of Shipbuilding. Each serves a unique and fundamental role in executing NAVSEA's important mission.

Headquarters Command Staff and Directorates

NAVSEA headquarters provides policy, guidance, oversight and support in the areas of financial management, contracting, logistics/ maintenance/ industrial operations, engineering, undersea warfare, corporate operations, information technology, legal support and security.

Program Executive Offices (PEOs)

NAVSEA's affiliated PEOs — PEO Ships, PEO Submarines, PEO Air-



craft Carriers, PEO Littoral and Mine Warfare and PEO Integrated Warfare Systems — are responsible for the development and acquisition of Navy and Marine Corps platforms and weapons systems. They report to the Assistant Secretary of the Navy for Research, Development and Acquisition for acquisition-related matters and to the NAVSEA Commander for planning and execution of in-service support. PEOs receive technical authority, contracting, financial, administration and staffing support from NAVSEA.

Naval Shipyards

Owned by the Fleet and operated by NAVSEA, the four Naval Shipyards — Portsmouth, Norfolk, Puget Sound and Pearl Harbor — maintain, repair, modernize, inactivate, dispose of, and provide emergency repair to U.S. Navy ships, systems and components. Together, the shipyards support and enhance the Fleet's operational availability and mission effectiveness. They are improving cost, schedule and quality performance by standardizing processes, sharing resources and partnering with private shipyards.

Naval Undersea Warfare Center (NUWC) are technical institutions dedicated to sustaining warfighting readiness. Warfare Center scientists and engineers provide expertise in support of research, development, test and evaluation, engineering and Fleet support. They provide unique services and assets not supplied by industry such as laboratories that replicate "at sea" systems, production of obsolescent parts, certification of safety and effectiveness and explosive ordnance disposal technology.

Other Field Activities

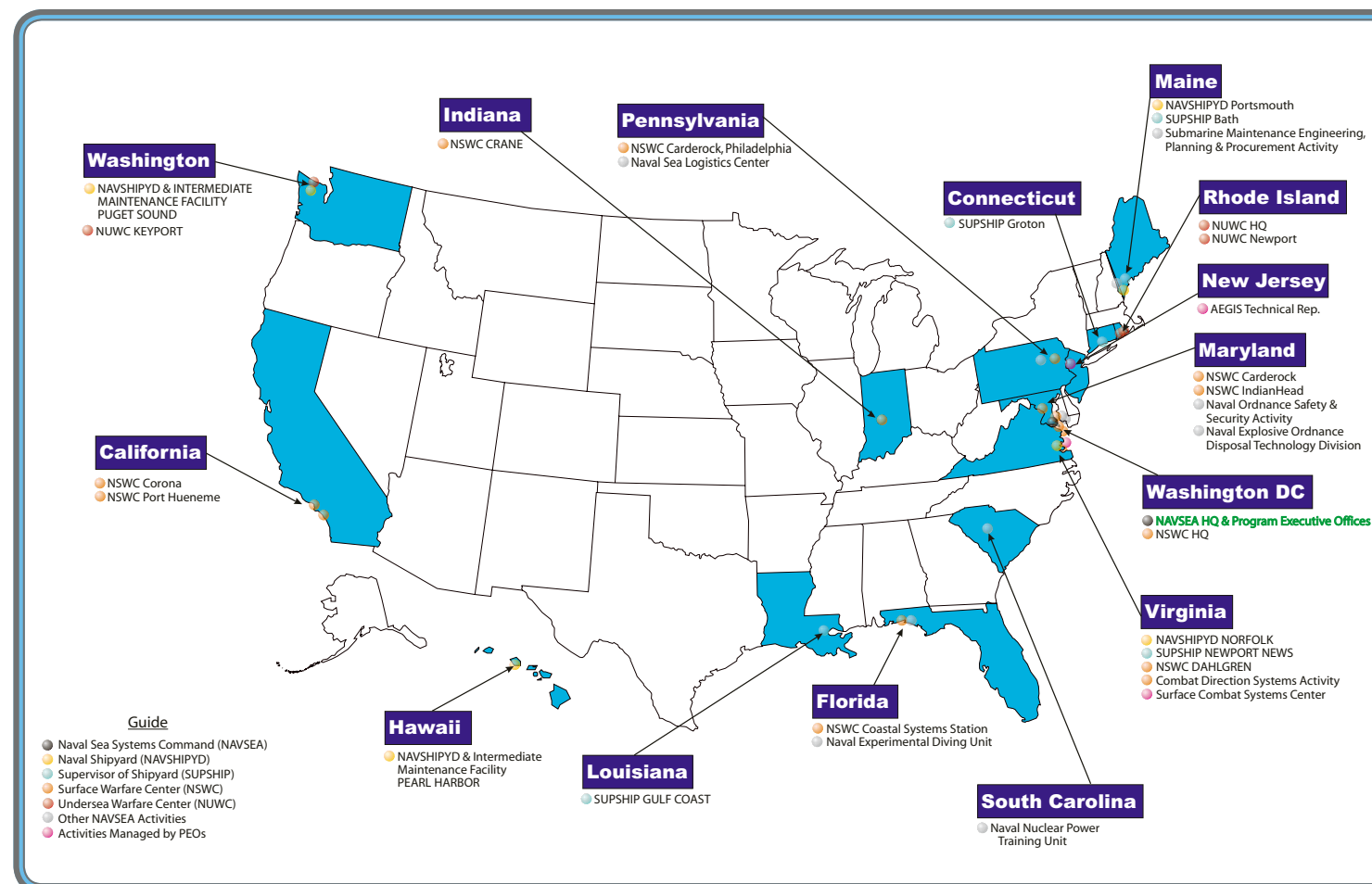
NAVSEA also directs several specific field activities that support the warfighter in a myriad of areas, including ordnance safety and security, experimental diving, submarine maintenance, logistics and testing of surface combat systems. Each of these activities provides unique and essential capabilities to the Fleet.

Supervisors of Shipbuilding (SUPSHIP)

NAVSEA's four SUPSHIPs — Bath, Groton, Gulf Coast and Newport News — execute our shipbuilding contracts as Administrating Contract Offices and provide oversight of cost, schedule and quality for Navy new construction shipbuilding assigned to our industry partners.

NAVSEA Warfare Centers

The Naval Surface Warfare Center (NSWC) and the



Goal: Build an Affordable Future Fleet



Now, more than ever, the Navy's Fleet must be designed to adjust to rapidly evolving operational needs. The NAVSEA team is charged with designing and acquiring ships and systems that easily assimilate new technologies and modular designs that can rapidly be tailored for multiple missions or new weapon systems. We must make the ships and major warfare systems of tomorrow's Navy affordable to build, easy to maintain and easy to upgrade over their service lives without sacrificing capability.

Every NAVSEA employee — from the human resources specialist in the shipyard to the financial manager in the Program Executive Office to the scientist at the warfare center — plays a part in this goal. We are all involved, in a significant way, in the drive to expand the fleet to 313 ships.

Objectives:

- Reduce type model series ships from 21 to 12 by 2020.
- Reduce surface ship combatant systems baseline from 16 to 8 by 2018.
- Improve the acquisition process [through risk-based acquisition strategies for new start programs, sharing cost reduction lessons learned across platforms and nations, and a common program health reporting process].
- Drive costs out of technical requirements and specifications.
- Reduce time from ship delivery to Initial Operational Capability by 20 percent by 2012.

The Plan to 313 Ships

Ship Types	FY08	FY20
Aircraft Carriers	11	11
DDG/CG/FFG	106	88
LCS	2	55
Attack Subs	52	48
SSGNs	4	4
SSBNs	14	14
Amphibious	32	31*
CLF	31	30
Mine	14	0
MPF(F)	0	12
Support	17	20
Total	283	313

* Note: DoN is reviewing options to increase assault echelon amphibious lift to 33 ships to meet USMC requirements.

As NAVSEA moves ahead with new ship designs to meet the threats of the future, flexibility will be a key element in the design of those vessels. The Littoral Combat Ship and Virginia-class submarine are designed to be easily modified with weapons and combat systems to best accomplish the current mission. Another future trend is sharing weapons across service lines. The Coast Guard adoption of the 57mm MK110 gun will streamline production and maintenance procedures for America's maritime forces.

Goal: Sustain Today's Fleet Efficiently and Effectively

Sustaining today's Fleet is essential to our ability to achieve the 313-ship Navy. We can't get there simply by building new ships. With 75 percent of the Navy's 313-ship goal already in today's Fleet, it is critical that our ships maintain full operational readiness to meet our projected missions. We must maintain and modernize the existing Fleet inventory as well as update mechanical, information technology and weapon systems to keep pace with technological advances and changing warfighter needs.

Maintenance and modernization programs cost the Navy approximately \$8 billion per year — about a third of our NAVSEA budget. NAVSEA will continuously improve our maintenance and modernization processes to ensure we are delivering the capability in a cost-effective way. This includes finding technological solutions to high-cost maintenance areas, using risk-based engineering to validate maintenance requirements, incorporating lessons learned and eliminating non-value added steps from our maintenance and modernization value streams.

By harnessing new preservation technologies and refining our engineering and design practices, we will maintain costs for a Fleet that is growing both in size and complexity.

Objectives:

- *Develop annual balanced, optimized, integrated and funded Maintenance and Modernization Execution Plans for shipyards and Regional Maintenance Centers.*
- *Execute the Maintenance and Modernization Execution Plan with accountability for results using metrics.*
- *Apply Continuous Process Improvements to reduce maintenance Life Cycle costs.*



Employees all across NAVSEA sustain today's Fleet. Under the "One Shipyard" concept, the Naval Shipyards use innovative teaming and planning techniques and improved processes to maintain and modernize today's Fleet efficiently. This includes leveraging existing technology to meet current and future warfighting needs, as evidenced by NAVSEA's conversion of four aging ballistic-missile submarines into state-of-the-art guided-missile submarines (SSGNs). At the same time, Supervisor of Salvage and Diving plays a key role in maintaining Fleet readiness through its ship husbandry program, and NAVSEA's technical experts deliver cutting-edge technology to the warfighter to combat Improvised Explosive Devices.

Goal: Enable our People

Recruit, develop and retain a high-performing, competency-based, mission-focused workforce

Competition for bright young talent — the future leaders of America — is fierce in today's job market and will intensify dramatically over the next ten years. The young leaders of our next generation workforce are not enticed with the mere promise of job security. They seek careers that offer interesting, meaningful work in a market where intelligence and innovation are keenly marketable talents. With approximately 50 percent of the NAVSEA civilian workforce eligible to retire in the coming decade, NAVSEA has a business imperative to become "the employer of choice" for this potential pool of talent.

Hiring bright employees, however, is only part of the answer. Once a talented new employee joins the NAVSEA team, we must offer them career and personal development opportunities. A strong mentoring program that matches the enthusiasm of the new employee with the experience of a NAVSEA veteran will pay great dividends. But our path to establishing a culture that welcomes new ideas, thrives on diversity and values individual contributions — whatever their source — is the responsibility of each and every employee.

Because of our critical role in providing complex defense capabilities to our armed forces, our future success and the security of our Nation is absolutely dependent on our ability to attract, retain and develop this next generation of NAVSEA leaders.

Objectives:

- *Develop an agile, flexible and diverse corporate workforce through a consistent strategy to recruit and hire superior candidates.*
- *Manage and nurture employees to maximize their contributions to the NAVSEA mission. Develop the best and brightest workforce.*
- *Implement a fully open and competitive process for the selection and promotion of personnel into higher level positions and professional growth assignments.*



The NAVSEA organization develops, maintains and extends the capability of our national defense through our highly technical workforce. Apprentice programs, technical training and outreach programs maintain the high standards of the artisans, engineers, scientists and many other employees required to design, build and maintain our Nation's Navy.



Goal: Enable our People

“Achieving a workforce that reflects the diversity of our Nation will make NAVSEA a better place to work, allow us to achieve higher levels of performance, help us deliver better products to the Fleet and make us an employer of choice.”

— NAVSEA Diversity Concept of Operations

Build and Value a Culture of Diversity

The threats to our Nation and our maritime services will be substantial in the coming years, and our ability to continue to provide our armed services with cutting-edge technologies will rely on the creativity of our workforce. To meet these challenges, we need a diverse workforce that embodies innovation through diversity of thought. Our path to building a culture that welcomes new ideas and values individual contributions begins with awareness and outreach and is reinforced by management accountability.

A fundamental truth of diversity is that people are attracted to organizations that share similar cultures and backgrounds, so diversity has become a business imperative that will allow NAVSEA to attract our future workforce from America’s diverse population. But it is more. It is also a moral imperative that we seek to build our workforce in a manner that reflects the diverse makeup of our country.

Our diversity guidelines offer us a broader vision of our evolving 21st century workforce. This workforce will recognize individual contributions, embrace different points of view and tap rich dimensions of innovative thought. Diversity is much more than a recruiting and hiring issue. Diversity embodies our most valuable asset — our people.

It is the responsibility of each one of us to recognize, celebrate and incorporate diversity into the structure of our organization. This will create a wealth of ideas, thoughts and approaches that we can use to overcome the challenges we face each day.

Objectives:

- *Increase awareness and understanding, among all NAVSEA personnel, of current diversity challenges.*
- *Establish and maintain relationships with external organizations, based on the MD 715 barrier analysis, that aid in increasing the diversity of our workforce.*
- *Hold NAVSEA management accountable for creating and maintaining a work environment that promotes diversity. Through a performance evaluation based on Measures of Effectiveness (MOEs), all NAVSEA management personnel will understand their role in helping achieve a diverse workforce.*



Goal: Enable our People

Aligning professional communities across the NAVSEA organization, CAO will share tools, techniques and best practices from the Warfare Centers to the waterfront. The more efficient manpower structure will help ensure NAVSEA's 21st century workforce is poised to meet the challenges of the new millennium.

Transition to a Competency Aligned Organization

Competency Aligned Organization (CAO) is our strategy for creating an organization capable of responding to work demand signals generated by our customers in a disciplined and cost-effective manner. Our goal is to align command resources in a manner that delivers the right readiness, at the right cost, at the right time, with the right person. We will accomplish this by matching our workforce to our workload demand and by standardizing processes.

The ability of NAVSEA to accurately forecast its workload demand is critical to the command's success in upcoming years. Having an agile workforce, well positioned to respond to our ever changing workload, is essential. We will need to identify our current and future workload demands and then shape our workforce to be able to effectively respond to the demands.

As a CAO, NAVSEA will satisfy customer requirements more efficiently. Customer Service Agreements (CSAs) will define the specifics of the work, the staffing and the operating procedures. Integrated Program Teams (IPTs), possessing the right mix of knowledge, skills and abilities, will respond to specific taskings or requirements. Maximizing the deployment of standard processes across NAVSEA will drive cost effectiveness and promote workforce agility down to the deck plates.

CAO will also provide benefits to individual employees. Competency Alignment will provide career paths and professional development plans that will allow employees to better manage their careers.

Objectives:

- *Develop NAVSEA CAO\IPT Manual and manage the culture change required to make the transition to a Competency Aligned Organization via a team led by Field Activity personnel.*
- *Identify and develop the set of tools required to implement CAO\IPT. Predict, align and manage NAVSEA workforce and work requirements through an enterprise tool.*
- *Make CAO personal; integrate the capabilities and desires of individuals with the needs of NAVSEA.*

Current NAVSEA Competencies:

- *Business Financial Manager and Comptroller (BFM&C)*
- *Contracting*
- *Corporate Operations*
- *Explosive Ordnance Safety and Disposal (EOS&D)*
- *Industrial Operations*
- *Information Management/Information Technology (IM/IT)*
- *Legal*
- *Logistics*
- *Program Management*
- *Research and Systems Engineering (R&SE)*



Tying it all Together

At NAVSEA, we have the critical responsibility of supporting the world's preeminent naval force. We ensure Navy ships and systems are engineered to be safe and mission-effective, while maintaining a reasonable cost to the taxpayer. This plan is our approach to successfully execute our mission.

The Foundation of the Strategic Business Plan

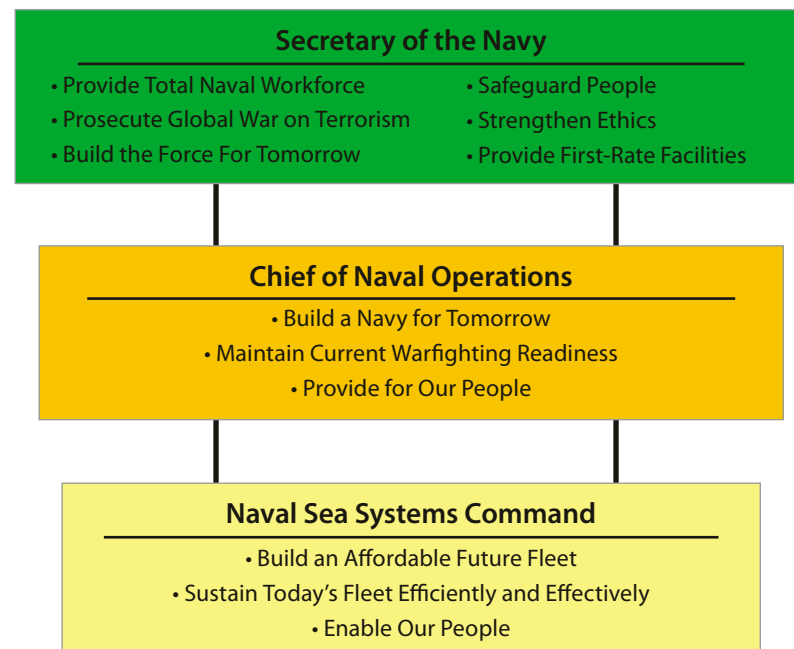
This Strategic Business Plan will serve as our navigational chart to guide us in accomplishing our mission and realizing our vision. However, it does not stand alone. It rests on our established culture of safety and continuous process improvement that has served and continues to serve our Fleet customers so well.

As an organization, we have come to understand two opposing ideas. First, we are not likely to see a significant budget increase in the foreseeable future. Second, our Fleet customers need increasingly sophisticated and complex products to meet the threats they encounter. The solution lies in our culture of continuous process improvement.

Whether it is collaboration within our organization or with our external military, government or commercial partners, we are problem solvers. Continuous evaluation of our needs, continuous measurement using productivity metrics, and continuous assessment of our workforce and how it is organized will ensure our alignment with our customers — the brave women and men in uniform who risk their lives to protect this country.

Our mission and the work accomplished by each of our employees derive directly from policies written at the highest levels of government designed to defend our Nation and preserve our freedom. Our goals align with those of the Secretary of the Navy and the Chief of Naval Operations.

Aligned Objectives



Like the emerging threats that require changes to our national security policies, shifting NAVSEA requirements make this an evolving document. With your help and input, we will assure its alignment with our vision and mission.

This plan will focus us on addressing our challenges and achieving the results required by our customers and by our Nation. Your dedicated, professional efforts keep the United States' fighting force the best in the world. This plan offers you the opportunity to see the command's strategic direction so you can determine your contribution to its success. This is your plan.

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Statement A:
Public release, distribution is unlimited