



February 2018

# DEFENSE MANAGEMENT

## DOD Needs to Take Additional Actions to Promote Department- Wide Collaboration

# GAO Highlights

Highlights of [GAO-18-194](#), a report to congressional committees

## Why GAO Did This Study

DOD continues to confront organizational challenges that hinder collaboration. To address these challenges, section 911 of the NDAA for Fiscal Year 2017 directed the Secretary of Defense to issue an organizational strategy that identifies critical objectives which span multiple functional boundaries and that would benefit from the use of cross-functional teams. Additionally, DOD is to establish cross-functional teams to support this strategy.

The NDAA also included a provision for GAO to assess DOD's actions in response to section 911. This report evaluates the extent to which DOD, in accordance with statutory requirements and leading practices, has (1) developed and issued an organizational strategy, (2) established Secretary of Defense-empowered cross-functional teams, and (3) provided associated training for Office of the Secretary of Defense leaders. GAO analyzed DOD's draft organizational strategy, draft guidance on establishing cross-functional teams, and draft training curriculum. GAO also interviewed DOD officials and subject-matter experts and identified leading practices for effective cross-functional teams.

## What GAO Recommends

GAO is making four recommendations to DOD, including revising its organizational strategy, collaborating with key stakeholders on the development of its organizational strategy, revising cross-functional team guidance, and providing training. DOD concurred with GAO's recommendations.

View [GAO-18-194](#). For more information, contact Elizabeth Field at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov).

February 2018

## DEFENSE MANAGEMENT

# DOD Needs to Take Additional Actions to Promote Department-Wide Collaboration

## What GAO Found

The Department of Defense (DOD) has implemented some of the statutory requirements outlined in section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 to address organizational challenges, but could do more to promote department-wide collaboration, as required under the NDAA. Specifically, DOD:

- Drafted an organizational strategy that includes the two required statutory elements, but does not outline how DOD will advance a more collaborative culture, as required by statute. Incorporating GAO's leading practices on mergers and organizational transformations, such as setting goals, would help DOD better advance a collaborative culture.
- Plans to coordinate review of the organizational strategy with some DOD offices, but has not followed GAO's leading practices for collaboration—to coordinate with key stakeholders, such as the Secretary of Defense and the military departments—in drafting the strategy. Without obtaining key stakeholder input, DOD may not be well positioned to improve collaboration across the department.
- Established one cross-functional team to address the backlog on security clearances and developed draft guidance for cross-functional teams that addresses six of seven required statutory elements and incorporates five of eight leading practices that GAO has identified for effective cross-functional teams (see figure). Fully incorporating all statutory elements and leading practices will help the teams consistently and effectively address DOD's strategic objectives.

**GAO Assessment of the Extent to Which DOD's Draft Guidance Addresses Leading Practices for Effective Cross-Functional Teams**



Source: GAO analysis. | GAO-18-194

- Developed a draft training curriculum for Presidential appointees in the Office of the Secretary of Defense. However, the curriculum addresses only one of four required statutory elements, and has not been provided to appointees. In addition, although the statute allows a waiver for this training, DOD has not developed criteria for such a waiver. Providing training for these officials or ensuring that appropriate criteria are used to waive training will improve DOD's ability to implement its new organizational strategy.

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## **Abbreviations**

CMO	Chief Management Officer
DCMO	Deputy Chief Management Officer
DOD	Department of Defense
NDA	National Defense Authorization Act
OCMO	Office of the Chief Management Officer
ODCMO	Office of the Deputy Chief Management Officer

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February 28, 2018

The Honorable John McCain  
Chairman  
The Honorable Jack Reed  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Mac Thornberry  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

Although the Department of Defense (DOD) maintains military forces with unparalleled capabilities, it continues to confront organizational and management challenges that hinder collaboration and integration across the department. In particular, DOD’s military departments and functional organizations have not always worked well together to accomplish departmental objectives.<sup>1</sup> For example, in August 2017, we found that DOD’s efforts to implement a hierarchical, portfolio-based approach to strategically acquire contracted services had not been successful. In part, we found that cultural barriers and military commanders’ reluctance to give up certain responsibilities for determining how and which services were needed to meet their missions hindered DOD’s efforts.<sup>2</sup> We have highlighted these challenges in numerous additional products, including our High-Risk List, which calls attention to agencies and program areas that are high risk because of their vulnerabilities to fraud, waste, abuse,

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<sup>1</sup>DOD’s functional organizations include those responsible for financial management, acquisition, defense security enterprise, installations and environment, logistics and materiel readiness, security cooperation, enterprise information technology infrastructure, and human-resources management.

<sup>2</sup>GAO, *Defense Contracted Services: DOD Needs to Reassess Key Leadership Roles and Clarify Policies for Requirements Review Boards*, [GAO-17-482](#) (Washington, D.C.: Aug. 31, 2017). In this report, we recommended, and DOD concurred, that it needed to reassess the roles, responsibilities, authorities, and organizational placement of key leadership that had been established at the DOD and military department levels to lead this transformation.

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and mismanagement or are most in need of transformation.<sup>3</sup> In an October 2017 memorandum, Secretary of Defense Mattis emphasized the need for DOD personnel to collaborate across components in order to maintain the department's capabilities.<sup>4</sup>

Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 directed the Secretary of Defense to, among other things, formulate and issue an organizational strategy for DOD. The organizational strategy should identify the critical objectives and other outputs that span multiple functional boundaries and would benefit from the use of cross-functional teams to ensure collaboration and integration across the department.<sup>5</sup> The act also required DOD to establish cross-functional teams whose leaders report directly to the Secretary of Defense and that, among other things, address the critical objectives and outputs outlined in the department's organizational strategy. DOD refers to these teams as "Secretary of Defense-empowered cross-functional teams." The act further required DOD to provide training on (1) leadership, modern organizational practice, collaboration, and the operation of cross-functional teams to individuals who have been appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense within 3 months of their appointment, and (2) elements of successful cross-functional teams to members of those established teams and their supervisors.

Prior to February 2018, the Deputy Chief Management Officer (DCMO) led the department's efforts to implement section 911 of the NDAA for Fiscal Year 2017. However, section 910 of the NDAA for Fiscal Year 2018 disestablished the position of DCMO on February 1, 2018 and established the position of Chief Management Officer (CMO). The CMO will lead the department's future efforts to implement section 911. Because we conducted this work prior to February 2018, we primarily refer throughout this report to Office of the DCMO (ODCMO) officials. However, as of February 1, 2018, the ODCMO became the Office of the CMO (OCMO).

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<sup>3</sup>GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

<sup>4</sup>Secretary of Defense Memorandum, *Guidance from Secretary Jim Mattis* (Oct. 5, 2017).

<sup>5</sup>Pub. L. No. 114-328, § 911 (2016).

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Section 911 of the NDAA for Fiscal Year 2017 also included a provision for us, not later than 6 months after the date of enactment on December 23, 2016, and every 6 months thereafter through December 31, 2019, to submit to the Committees on Armed Services of the Senate and the House of Representatives a report setting forth a comprehensive assessment of the actions that DOD has taken pursuant to section 911 during each 6-month period and cumulatively since the NDAA's enactment. In June 2017, we issued our first report and found that DOD had taken steps in several areas to begin implementing the requirements of section 911 of the NDAA for Fiscal Year 2017.<sup>6</sup> In this report, we evaluate the extent to which DOD has (1) developed and issued an organizational strategy in collaboration with relevant stakeholders that addresses required statutory elements and advances a collaborative culture; (2) established Secretary of Defense-empowered cross-functional teams and guidance for those teams that addresses required statutory elements and leading practices for effective cross-functional teams; and (3) provided training that addresses required statutory elements on cross-functional teams and related concepts for leaders in the Office of the Secretary of Defense and members of cross-functional teams. Appendix I lists the requirements of section 911 of the NDAA for Fiscal Year 2017, the corresponding due date, and the date completed for each requirement.

For objective one, we reviewed the most recent version of DOD's draft organizational strategy, dated August 2017.<sup>7</sup> In addition, we interviewed ODCMO officials on their efforts to collaborate with key stakeholders, such as the Secretary of Defense, military departments, and defense agencies, during the development of the organizational strategy. We evaluated DOD's efforts to develop and issue an organizational strategy against the required elements in section 911 of the NDAA for Fiscal Year

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<sup>6</sup>GAO, *Defense Management: DOD Has Taken Initial Steps to Formulate an Organizational Strategy, but These Efforts Are Not Complete*, [GAO-17-523R](#) (Washington, D.C.: June 23, 2017). First, we reported that DOD had begun exploring options for providing the required training to those individuals nominated by the President to positions within the Office of the Secretary of Defense and confirmed by the Senate. Second, we reported that DOD awarded a contract for a study on leading practices for cross-functional teams on June 9, 2017, after the required date of March 15, 2017. Finally, we reported that DOD was taking initial steps to develop an organizational strategy for the department and expected this strategy to be completed by September 1, 2017.

<sup>7</sup>According to the draft organizational strategy, it is not intended to serve as an agency strategic plan developed in response to statutory requirements. DOD intended to publish a revised agency strategic plan in February 2018, which will cover fiscal years 2018–2022.



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2017. Further, we reviewed leading practices from our prior work on mergers and organizational transformations and on collaboration to identify practices and implementation steps DOD could incorporate as it develops and issues its final organizational strategy.<sup>8</sup>

For objective two, we reviewed documentation, including DOD's internal and external studies on cross-functional teams, and interviewed ODCMO officials on DOD's steps to establish cross-functional teams. To identify leading practices for effective cross-functional teams, we reviewed literature from January 1990 through September 2017 that covered the use of these teams in both the private and public sectors as well as five case studies of cross-functional teams. In addition, we selected six academic and practitioner experts to interview based on their publications or research, prior testimony before the Senate Armed Services Committee on the implementation of cross-functional teams at DOD, and recommendations from DOD officials. Through this research, we identified eight broad categories of leading practices associated with effective cross-functional teams: (1) open and regular communication, (2) well-defined team goals, (3) inclusive team environment, (4) senior management support, (5) well-defined team structure, (6) autonomy, (7) committed cross-functional team members, and (8) an empowered cross-functional team leader.<sup>9</sup> In appendix II, we describe in more detail how we identified these leading practices for effective cross-functional teams.

For objective three, we reviewed documentation on the number of individuals appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense as of February 2018 (the latest month available at the time of our review). We also reviewed documentation from and interviewed ODCMO officials on DOD's efforts to

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<sup>8</sup>See GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (July 2, 2003). In 2002, we convened a forum of leaders who had experience managing large-scale organizational mergers, acquisitions, and transformations, as well as academics and others who have studied these efforts. We subsequently reported the key practices that were consistently identified from successful organizational changes and transformations. See also GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005). In this prior report, we reviewed academic literature and GAO and Congressional Research Service reports and interviewed experts in coordination, collaboration, and partnerships to identify key practices that can help enhance and sustain collaboration.

<sup>9</sup>We identified these leading practices for cross-functional teams to assess DOD's implementation of cross-functional teams in response to section 911 of the NDAA for Fiscal Year 2017.

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provide training for these officials as well as cross-functional team members. We compared DOD's efforts against the requirements in section 911 of the NDAA for Fiscal Year 2017 and the attributes of a well-designed training program.<sup>10</sup>

We conducted this performance audit from June 2017 to February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### Congressional Actions Related to DOD's Organizational and Management Challenges

DOD has historically faced organizational and management challenges that can limit effective and efficient coordination across the department to fulfill its mission, and Congress has taken steps to address these challenges through, among other things, legislation. For example, in the early 1980s, Congress expressed concern that DOD's structure primarily served the needs of the services and encouraged interservice rivalries that led to operational failures. In response, Congress passed the Goldwater-Nichols Department of Defense Reorganization Act of 1986 to improve the management and administration of the department, among other purposes.<sup>11</sup> One of the changes emanating from this act included specifying the military department secretaries' responsibility for training and equipping forces, while making clear that the military service chiefs were not in the chain of command for military operations. The act also required that military personnel selected for promotion to brigadier general or rear admiral (lower half) to have joint duty experience unless

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<sup>10</sup>See GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, [GAO-04-546G](#) (Washington, D.C.: Mar. 1, 2004). Our guide for assessing training summarizes the attributes of well-designed training programs related to four components of the training process: (1) planning/front-end analysis, (2) design/development, (3) implementation, and (4) evaluation. We obtained the information in this guide through consultations with government officials and experts in the private sector, academia, and nonprofit organizations; examinations of laws and regulations related to training and development in the federal government; and a review of the literature on training and development issues.

<sup>11</sup>Pub. L. No. 99-433, (1986).

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waived by the Secretary of Defense or an authorized official. However, shortfalls in strategic integration at DOD—how DOD and the military services align their efforts and resources across different regions, functions, and domains—continue. Congress intended that section 911 of the NDAA for Fiscal Year 2017 improve strategic integration across the organizational and functional boundaries of DOD by, among other things, requiring the Secretary of Defense to develop an organizational strategy to advance a collaborative culture across DOD and create cross-functional teams to address critical objectives and outputs.

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## DOD's External and Internal Cross-Functional Team Studies

As required by section 911 of the NDAA for Fiscal Year 2017, DOD awarded a contract to study how best to implement effective cross-functional teams in DOD. The study, conducted by McKinsey & Company and completed in August 2017, presented findings on leading practices for implementing cross-functional teams that were drawn from a literature review, DOD and non-DOD case studies, and interviews.<sup>12</sup> It identified seven critical factors for cross-functional team success: (1) mission; (2) objective; (3) delegated authorities; (4) team membership; (5) ways of working; (6) collaborative environment; and (7) an implementation plan. While not required by the contract, the study also contained a checklist for implementing cross-functional teams, which includes recommendations to assist DOD in assembling, initiating, and operating a team. The checklist distinguished action items by implementation phases: prelaunch, at launch, throughout the project, and at the project's close. For example, the checklist suggested that, at launch, DOD should onboard the team and tailor training to the team experience and timeframe. DOD transmitted the report to Congress in September 2017.<sup>13</sup>

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<sup>12</sup>McKinsey & Company is a global management consulting firm that works with private, public, and social sector institutions. McKinsey & Company's study for DOD is titled *Harnessing the Power of Cross-Functional Teams within the Department of Defense*.

<sup>13</sup>Section 911 of the NDAA for Fiscal Year 2017 required the Secretary of Defense to transmit the study to the congressional defense committees by July 15, 2017. However, due to delays in awarding the contract, the study was not completed in time to meet this deadline. According to DOD officials, they experienced budgetary constraints from the delay in enacting a defense appropriations bill for fiscal year 2017, and the delay hampered the ability of the department to award this contract by the required date, as there were not sufficient funds available to be obligated for the full estimated price of the contract without negatively affecting existing contractual commitments that relied on the same funding sources.

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ODCMO officials also began collecting information in March 2017 to conduct their own internal study of cross-functional teams within DOD to help inform their implementation of section 911.<sup>14</sup> This internal study, completed in August 2017, evaluated four case studies of prior DOD cross-functional teams, including their structure, returns, and implementation costs.<sup>15</sup> From the case studies, ODCMO officials identified lessons learned to inform establishing and monitoring cross-functional teams. The ODCMO's internal study found that cross-functional teams require significant senior leader attention. For example, the Secretary of Defense was directly involved in the sampled cross-functional teams, and he publicly stated his support for the teams, gave the teams precedence over other programs, and endorsed non-standard funding practices to accelerate their work. Further, the Secretary of Defense regularly engaged with teams. The study also found that DOD should provide team members with background information and the context behind the team's mission and goals. Finally, the internal study found that cross-functional teams had the most robust decision-making authority when it came to integration and implementation of the Secretary of Defense's priority initiatives.

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## Leading Practices for Effective Cross-Functional Teams

Through a review of literature and case studies as well as interviews with subject-matter experts, we identified eight leading practices for effective cross-functional teams, as shown in figure 1. These leading practices are similar to those identified by the McKinsey & Company contracted study

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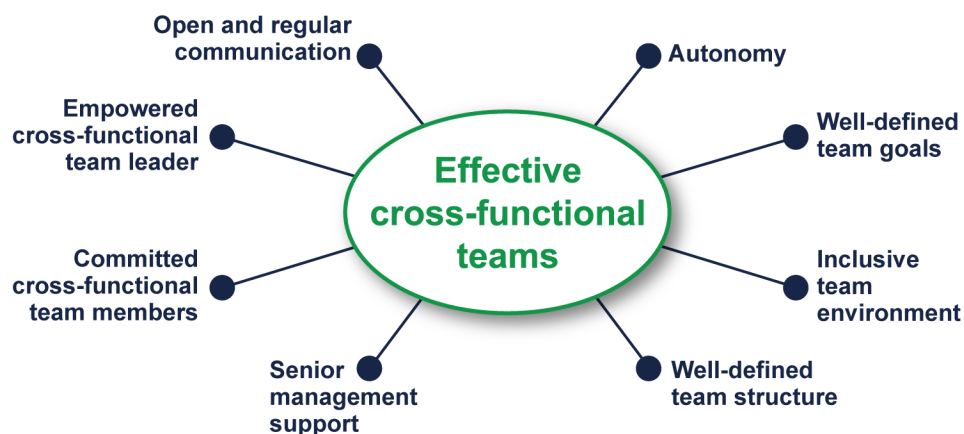
<sup>14</sup>The ODCMO stated that the internal study had a different focus than the contracted study in that the internal study focused on a team's costs and returns, whereas the contracted study focused on cross-functional team agility. ODCMO's internal study states that its findings will inform the guidance for the cross-functional teams.

<sup>15</sup>These case studies looked at teams that were operating from 2007 to the present.

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and the ODCMO's internal study as well as leading practices for interagency collaboration that we previously identified.<sup>16</sup>

**Figure 1: Leading Practices of Effective Cross-Functional Teams**



Source: GAO analysis of articles, case studies, subject-matter expert interviews, and congressional testimonies on cross-functional teams. | GAO-18-194

Further, we found that leading practices for implementing effective cross-functional teams include the key characteristics shown in table 1.

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<sup>16</sup>Leading practices for effective cross-functional teams are aligned with our leading practices for interagency collaboration. See GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012). In this prior report, we identified the mechanisms that the federal government uses to lead and implement interagency collaboration, as well as issues to consider when implementing these mechanisms. To identify the leading practices in the prior report, we conducted a literature review and interviewed experts in the field of collaboration. We identified seven mechanisms that the federal government uses to lead and implement interagency collaboration: (1) defining outcomes and accountability, (2) bridging organizational cultures, (3) sustaining leadership, (4) clarifying of roles and responsibilities, (5) including relevant participants, (6) leveraging resources, and (7) developing written guidance and agreements on the collaborative efforts, and continually updating and monitoring these agreements.

**Table 1: Leading Practices and Key Characteristics of Cross-Functional Teams**

Leading practice	Description	Key characteristics
<b>Open and regular communication</b>	Effective cross-functional teams have effective communication mechanisms.	<ul style="list-style-type: none"> <li>• Teams should openly share information within the team.</li> <li>• Teams should proactively seek feedback and information from stakeholders.</li> <li>• Teams should have open and regular communication with team members, team leaders, and management.</li> </ul>
<b>Well-defined team goals</b>	Effective cross-functional teams have clear, updated, and well-defined goals common to the team, team leader, and management.	<ul style="list-style-type: none"> <li>• Team goals should be clear, well defined, linked, updated, and commonly shared with team members, team leaders and senior leaders (management).</li> <li>• Team objectives should have linkages to the organization's goals.</li> <li>• Team members and leaders should be supportive of the cross-functional team's goals.</li> </ul>
<b>Inclusive team environment</b>	Effective cross-functional teams invest in a supportive and inclusive team environment where all team members have collective responsibility and individual accountability for the team's work.	<ul style="list-style-type: none"> <li>• Teams should invest in a single team culture with shared values of inclusiveness and collective responsibility.</li> <li>• Team members should be supportive and trusting of one another.</li> <li>• Team members should have mutual respect and cooperation with each other.</li> <li>• Individual team members should participate and be accountable for the team's work.</li> </ul>
<b>Well-defined team structure</b>	Effective cross-functional teams have well-defined team operations with project-specific rules and procedures established for each team.	<ul style="list-style-type: none"> <li>• Teams should have a well-defined structure, project-specific rules, and procedures.</li> <li>• Teams should be physically colocated.</li> <li>• Teams should have appropriate training and learning environments.</li> </ul>
<b>Autonomy</b>	Effective cross-functional teams are independent and have the ability to make decisions independently and rapidly.	<ul style="list-style-type: none"> <li>• Teams should be empowered to make decisions.</li> <li>• Teams should be able to creatively solve problems.</li> </ul>
<b>Senior management support</b>	Effective cross-functional teams have senior managers who view the teams as a priority within the organization and provide these teams with resources and rewards to recognize their work.	<ul style="list-style-type: none"> <li>• Senior management should support cross-functional teams as a priority.</li> <li>• Senior management should provide cross-functional teams with access to resources and rewards.</li> <li>• Senior management should provide career advancement opportunities, recognition, and incentives for cross-functional team leaders and members.</li> </ul>

Leading practice	Description	Key characteristics
<b>Committed cross-functional team members</b>	Effective cross-functional teams have members committed to the team's goals.	<ul style="list-style-type: none"> <li>Team members should have a wide diversity of knowledge and expertise.</li> <li>Team members should be committed to working toward achieving the team's goals.</li> </ul>
<b>Empowered cross-functional team leader</b>	The selected cross-functional team leader should provide clear guidance for team members, be proactive and empowered to make decisions, and provide feedback and developmental opportunities to team members.	<ul style="list-style-type: none"> <li>Team leaders should be empowered to provide clear guidance and be proactive in decision making.</li> <li>Team leaders should provide feedback and developmental opportunities to team members.</li> <li>Team leaders should regularly interact with senior management.</li> </ul>

Source: GAO analysis of articles, case studies, subject-matter expert interviews, and congressional testimonies on cross-functional teams. | GAO-18-194

## DOD's Draft Organizational Strategy Addresses Statutory Elements, but DOD Has Not Outlined How It Will Advance a Collaborative Culture or Collaborated with Stakeholders

The ODCMO developed a draft organizational strategy that addresses the two statutory elements required under section 911 of the NDAA for Fiscal Year 2017—identifying critical objectives and outputs that would benefit from the use of cross-functional teams, and providing for the appropriate use of these teams—but DOD has not issued that strategy as required by September 1, 2017. In addition, while the draft strategy contains the two required elements, it does not outline how DOD will achieve several future outcomes required under section 911 of the NDAA for Fiscal Year 2017 that are designed to advance a collaborative culture within the department. Further, ODCMO officials did not coordinate with key stakeholders, such as the Secretary of Defense, military departments, and defense agencies, in developing the organizational strategy. Our leading practices for collaboration highlight the value of agencies including stakeholders when defining and articulating a common outcome.

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DOD Has Developed, but Not Issued, a Draft Organizational Strategy That Includes Required Statutory Elements, but Has Not Outlined Its Approach for Advancing a Collaborative Culture

The ODCMO developed a draft organizational strategy, but DOD did not issue the organizational strategy as required by September 1, 2017, and as of February 2018 has not issued the strategy. The August 2017 draft organizational strategy we reviewed is intended to be an organizational design that focuses on the responsibilities, functions, and authorities of—and relationships between—the leaders of DOD components and those of cross-functional teams.<sup>17</sup> It describes DOD’s current organizational structure and processes and how they will change as a result of recent legislation and reform initiatives, and it describes best practices and lessons learned for implementing cross-functional teams, as well as areas that may benefit from the use of such teams.<sup>18</sup> Although the act required the Secretary of Defense to issue the strategy by September 1, 2017, the Acting DCMO told us that other reform initiatives and organizational changes have a higher priority and that therefore he did not take steps to finalize the strategy.<sup>19</sup> ODCMO officials told us that they plan to align the strategy with the revised National Defense Strategy, which was released in January 2018, and the Agency Strategic Plan, which was expected to be issued in February 2018.<sup>20</sup>

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<sup>17</sup>For the purposes of developing DOD’s organizational strategy, ODCMO defined an organizational strategy as the processes, structures, cultural attributes, and tools used to most effectively and efficiently achieve the department’s critical objectives and other priority organizational outputs.

<sup>18</sup>The draft organizational strategy discusses defense reforms mandated by various provisions in the NDAs for fiscal years 2016 and 2017, such as the requirement to split the Under Secretary of Defense for Acquisition, Technology, and Logistics into the Under Secretary of Defense for Acquisition and Support and the Under Secretary of Defense for Research and Engineering. In response to Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch* (Washington, D.C.: Mar. 13, 2017), the Office of Management and Budget issued a memorandum requiring executive branch agencies to submit an agency reform plan. Office of Management and Budget, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, M-17-22 (Washington, D.C.: Apr. 12, 2017).

<sup>19</sup>John “Jay” Gibson was confirmed as the DCMO on November 7, 2017 and as the CMO on February 15, 2018. Therefore, during the majority of this 6-month review, DOD had an Acting DCMO, who is currently the Assistant DCMO.

<sup>20</sup>The Agency Strategic Plan should contain, among other things, a comprehensive mission statement covering the major functions and operations of DOD, as well as long-term goals and objectives and a strategy for achieving those goals. According to ODCMO officials, the goals and objectives in the updated Agency Strategic Plan to be issued in February 2018 will focus on improving the department’s business operations.



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We found that DOD's draft organizational strategy contains the two elements required under section 911 of the NDAA for Fiscal Year 2017. According to the act, among other things, the organizational strategy must (1) identify the critical objectives and other organizational outputs for the department that span multiple functional boundaries and would benefit from the use of cross-functional teams to ensure collaboration and integration across organizations within the department; and (2) provide for the appropriate use of cross-functional teams to manage such objectives and outputs. To address the first statutory element, the draft organizational strategy identifies several mission-focused and business-operations areas that would benefit from the use of cross-functional teams. For example, the strategy identifies three primary candidates for business operations, including Military Health Systems reforms, financial auditability, and security clearance backlog mitigation. To address the second statutory element, the draft organizational strategy identifies considerations for the appropriate use of cross-functional teams. For example, the strategy states that cross-functional teams should be used only for the Secretary of Defense's highest-priority issues and that cross-functional teams require significant engagement with the Secretary of Defense and other top leadership.

Section 911 of the NDAA for Fiscal Year 2017 also identifies several outcomes that DOD should achieve to advance a collaborative culture within the department; however, we found that DOD's draft organizational strategy does not clearly articulate how the department will achieve these outcomes. The act states that DOD's organizational strategy should, among other things:

- provide for the furtherance and advancement of a collaborative, team-oriented, results-driven, and innovative culture within the department that fosters an open debate of ideas and alternative courses of action, and supports cross-functional teaming and integration;
- improve the manner in which the department integrates the expertise and capacities of the functional components of the department for effective and efficient achievement of critical objectives and other organizational outputs that span multiple functional boundaries and would benefit from the use of cross-functional teams;
- improve the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the defense agencies with regard to such objectives and outputs;

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- improve the ability of the department to work effectively in interagency processes with regard to such objectives and outputs in order to better serve the President; and
  - achieve an organizational structure that enhances performance with regard to such objectives and outputs.

We found that the draft strategy does not outline how the department will achieve these outcomes. For example, the draft organizational strategy notes that DOD leaders recognize the department must fully embrace and operationalize the cultural attributes set forth in section 911, including a more collaborative, team-oriented, results-driven, and innovative culture; however, it does not identify actions the department will take to help ensure that leaders embrace these attributes, such as through guidance or training. When we asked how the draft organizational strategy will help achieve these outcomes, ODCMO officials stated that the strategy contains references to cultural attributes for the department. For example, the draft organizational strategy describes cultural attributes of the department's management and business operations, such as visibility across components and collaboration. However, ODCMO officials stated that they agree that the strategy could do more to address collaboration. The ODCMO officials said they originally interpreted section 911 to mean that the organizational strategy should focus on DOD's organizational structure, processes, and leading practices for implementing cross-functional teams, rather than on how to transform the department's culture more broadly. Nonetheless, the outcomes called for under the act refer to the need to advance a collaborative culture across the department. These officials also stated that they plan to revise the draft organizational strategy to include additional information on collaboration and information-sharing processes and systems, among other things.

While not required to do so, OCMO, which will now lead the department's efforts to implement section 911, could utilize our leading practices for mergers and organizational transformations to revise the organizational strategy to address how the department will advance a culture that is collaborative, team-oriented, results-driven, and innovative. We previously reported on leading practices and implementation steps for mergers and organizational transformations that can help agencies transform their cultures so that they are more results-oriented, customer-

focused, and collaborative.<sup>21</sup> The leading practices and implementation steps listed in table 2 were built on the lessons learned from large private and public sector organizational mergers, acquisitions, and transformations.

**Table 2: Leading Practices and Implementation Steps for Mergers and Organizational Transformations**

Leading practice	Implementation step
Ensure top leadership drives the transformation.	<ul style="list-style-type: none"> <li>• Define and articulate a succinct and compelling reason for change.</li> <li>• Balance continued delivery of services with merger and transformation activities.</li> </ul>
Establish a coherent mission and integrated strategic goals to guide the transformation.	<ul style="list-style-type: none"> <li>• Adopt leading practices for results-oriented strategic planning and reporting.</li> </ul>
Focus on a key set of principles and priorities at the outset of the transformation.	<ul style="list-style-type: none"> <li>• Embed core values in every aspect of the organization to reinforce the new culture.</li> </ul>
Set implementation goals and a timeline to build momentum and show progress from day one.	<ul style="list-style-type: none"> <li>• Make public implementation goals and timeline.</li> <li>• Seek and monitor employee attitudes and take appropriate follow-up actions.</li> <li>• Identify cultural features of merging organizations to increase understanding of former work environments.</li> <li>• Attract and retain key talent.</li> <li>• Establish an organization-wide knowledge and skills inventory to exchange knowledge among merging organizations.</li> </ul>
Dedicate an implementation team to manage the transformation process.	<ul style="list-style-type: none"> <li>• Establish networks to support implementation team.</li> <li>• Select high-performing team members.</li> </ul>
Use the performance management system to define responsibility and assure accountability for change.	<ul style="list-style-type: none"> <li>• Adopt leading practices to implement effective performance management systems with adequate safeguards.</li> </ul>
Establish a communication strategy to create shared expectations and report related progress.	<ul style="list-style-type: none"> <li>• Communicate early and often to build trust.</li> <li>• Ensure consistency of message.</li> <li>• Encourage two-way communication.</li> <li>• Provide information to meet specific needs of employees.</li> </ul>

<sup>21</sup>See [GAO-03-669](#). To identify these practices, we interviewed a cross section of leaders with experience managing large-scale organizational mergers, acquisitions, and transformations, as well as academics and others who have studied these efforts. We asked these individuals about their experiences managing mergers, acquisitions, and transformations and reviewed literature on the subject drawn primarily from private sector mergers and acquisitions change management experiences to gain a better understanding of the issues that most frequently occur during such large-scale change initiatives. We also used our guidance and reports on strategic human-capital management and results-oriented management.

Leading practice	Implementation step
Involve employees to obtain their ideas and gain their ownership for the transformation.	<ul style="list-style-type: none"> <li>• Use employee teams.</li> <li>• Involve employees in planning and sharing performance information.</li> <li>• Incorporate employee feedback into new policies and procedures.</li> <li>• Delegate authority to appropriate organizational levels.</li> </ul>
Build a world-class organization.	<ul style="list-style-type: none"> <li>• Adopt leading practices to build a world-class organization.</li> </ul>

Source: [GAO-03-669](#) | GAO-18-194

These leading practices state that organizations should ensure that top leadership drives the transformation by defining and articulating a succinct and compelling reason for change. Doing so helps employees and stakeholders understand the expected outcomes of the transformation and engender not only their cooperation, but also their ownership of the outcomes. In addition, our leading practices state that organizations should establish a coherent mission and integrated strategic goals by adopting our leading practices for results-oriented strategic planning.<sup>22</sup> Lastly, our leading practices state the organizations should include implementation goals and a timeline for achieving the transformation. By demonstrating progress toward these goals, the organization builds momentum and keeps employees excited about the opportunities change brings and helps to ensure the transformation’s successful completion. The incorporation of these leading practices in its organizational strategy to better articulate how the department will achieve the outcomes that generally advance a collaborative culture across DOD—as section 911 of the NDAA required—would better position DOD to transform and meet its mission.

<sup>22</sup>GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GCD-96-118](#) (Washington, D.C.: June 1996). In this report, we identified three key steps for implementing the Government Performance and Results Act, along with the practices associated with each step. The three steps include: (1) define mission and desired outcomes, (2) measure performance, and (3) use performance information. We developed these steps and practices by studying a number of leading public sector organizations that were successfully pursuing management reform initiatives and becoming more results-oriented.

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**ODCMO Did Not Collaborate with Key Stakeholders, Including the Secretary of Defense, on Its Organizational Strategy**

ODCMO did not collaborate with key stakeholders on the development of the organizational strategy. Specifically, as of November 2017, ODCMO officials had not collaborated with or obtained input from the Secretary of Defense on the development of DOD's organizational strategy. The Acting DCMO noted that the Secretary of Defense has multiple competing priorities related to reorganizing the department, such as creating a separate CMO position required in the NDAA for Fiscal Year 2017, as well as other reform initiatives.

In addition, ODCMO officials told us that they did not collaborate with other stakeholders, such as the military departments and defense agencies, on the development of the organizational strategy. According to a draft memorandum from the Acting DCMO to the Deputy Secretary of Defense, the Acting DCMO plans to recommend that the Deputy Secretary of Defense coordinate the review and approval of the organizational strategy with stakeholders such as the Chairman of the Joint Chiefs of Staff, the Director of Cost Assessment and Program Evaluation, and DOD's General Counsel. However, the memorandum did not specify other stakeholders, such as the military departments, the combatant commands, and defense agencies. ODCMO officials stated that their office plans to coordinate the review and approval of the strategy with other stakeholders, such as the military departments and defense agencies. However, as of November 2017, the officials had not provided documentation, such as a revised memorandum, showing specific plans to do so.

Section 911 of the NDAA for Fiscal Year 2017 states that the Secretary of Defense should formulate and issue an organizational strategy that identifies the critical objectives and other organizational outputs for the department that span multiple functional boundaries and would benefit from the use of cross-functional teams. In addition, the act states that the organizational strategy should, among other things, improve the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the defense agencies with regard to such objectives and outputs. Our leading practices for collaboration state that when defining and articulating a common outcome, where appropriate, agencies should include stakeholders.<sup>23</sup> In doing so, agencies can better

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<sup>23</sup>[GAO-06-15](#).

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address their interests and expectations and gain their support in achieving the objectives of the collaboration. Without obtaining key stakeholder input on the development of the organizational strategy, such as from the Secretary of Defense, military departments, the combatant commands, and defense agencies, DOD may not be well positioned to issue an organizational strategy that reflects the Secretary of Defense's objectives and improves collaboration across the department.

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## DOD Has Established One Secretary of Defense-Empowered Cross-Functional Team, and Draft Team Guidance Addresses Most Statutory Elements and Leading Practices

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### DOD Established One Secretary of Defense-Empowered Cross-Functional Team

In August 2017, the Secretary of Defense issued a memorandum authorizing a cross-functional team to address challenges with personnel vetting and background investigation programs within DOD.<sup>24</sup> Although the memorandum refers to section 951 of the NDAA for Fiscal Year 2017, which requires DOD to develop a plan to transfer responsibility for conducting DOD personnel background investigations to the Defense Security Service, ODCMO officials told us that the cross-functional team reviewing personnel vetting was established pursuant to section 911 requirements, as the team will report directly to the Secretary's office,

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<sup>24</sup>Secretary of Defense Memorandum, *Establishing a Cross-Functional Team for Personnel Vetting Transformation* (Aug. 25, 2017) (U//FOUO).

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among other things.<sup>25</sup> Therefore, this team is considered a Secretary of Defense-empowered cross-functional team. The memorandum notes that a backlog of background investigations affects DOD's mission readiness, critical programs, and operations. According to the memorandum, this cross-functional team will conduct a full review of current personnel vetting processes to identify a redesigned process for DOD's security, suitability and fitness, and credential vetting. The cross-functional team's objectives are to develop options and recommendations to mitigate shortcomings, ensure necessary resourcing, and transform the personnel vetting enterprise. An ODCMO official told us that DOD had selected an interim leader for the team.<sup>26</sup>

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<sup>25</sup>For each cross-functional team established pursuant to section 911 of the NDAA for Fiscal Year 2017, the Secretary of Defense is required to (1) assign as leader of such team a senior qualified and experienced individual, who shall report directly to the Secretary regarding the activities of such team; (2) delegate to the team leader authority to select members of such team from among civilian employees of the department and members of the Armed Forces in any grade who are recommended for membership on such team by the head of a functional component of the department within the Office of the Secretary of Defense, the Joint Staff, and the military departments, by the commander of a combatant command, or by the director of a defense agency; (3) provide the team leader with necessary full-time support from team members, and the means to co-locate team members; (4) ensure that team members and all leaders in functional organizations that are in the supervisory chain for personnel serving on such team receive training in elements of successful cross-functional teams, including teamwork, collaboration, conflict resolution, and appropriately representing the views and expertise of their functional components; and (5) ensure that the congressional defense committees are provided information on the progress and results of such team upon request.

<sup>26</sup>ODCMO officials stated that DOD plans to establish other cross-functional teams as part of an Agency Reform Plan that it submitted to the Office of Management and Budget, but these teams will not report directly to the Secretary of Defense, as cross-functional teams established pursuant to section 911 of the NDAA are required to do. In addition, the Army has announced eight cross-functional teams that will focus on the Army's modernization priorities.

**DOD’s Draft Guidance for Cross-Functional Teams Addresses Most Required Statutory Elements, but Could More Fully Incorporate Leading Practices**

ODCMO officials developed draft guidance for Secretary of Defense-empowered cross-functional teams. The draft guidance fully addresses six and partially addresses one of the section 911 required statutory elements. We also found that the draft guidance fully addresses five leading practices, partially addresses two leading practices, and does not address one leading practice for effective cross-functional teams.

Table 3 shows our assessment of the extent to which DOD’s draft guidance meets required statutory elements.

**Table 3: GAO Assessment of the Extent to Which the Department of Defense’s (DOD) Draft Cross-Functional Team Guidance Addresses Required Elements in Section 911 of the National Defense Authorization Act for Fiscal Year 2017**

Required element for guidance	GAO assessment
Delineates the decision-making authority of cross-functional teams	●
Provides that the leaders of functional components of DOD that provide personnel to such teams respect and respond to team needs and activities	●
Emphasizes that personnel selected for assignment to such teams shall faithfully represent the views and expertise of their functional components while contributing to the best of their ability to the success of the team concerned	●
Addresses the role, authorities, reporting relationships, resourcing, manning, training, and operations of cross-functional teams established	●
Articulates the shared purposes, values, and principles for the operation of the Office of the Secretary of Defense that are required to promote a team-oriented, collaborative, results-driven culture within the Office to support the primary objectives of DOD	●
Ensures that collaboration across functional and organizational boundaries is an important factor in the performance review of leaders of cross-functional teams, members of teams, and other appropriate leaders of DOD	●
Identifies key practices that senior leaders of DOD should follow with regard to leadership, organizational practice, collaboration, and the functioning of cross-functional teams, and the types of personnel behavior that senior leaders should encourage and discourage	◐

Legend: ● Addresses the required element, ◐ Partially addresses the required element

Source: GAO analysis of section 911 of the National Defense Authorization Act for Fiscal Year 2017 and DOD information. | GAO-18-194



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The draft cross-functional team guidance briefly describes the characteristics of a cross-functional team and highlights the team's direct reporting line to the Secretary of Defense, the team's delegated authorities, and team leader and member selection. The guidance also states expectations for cross-functional team members' dedication to the team and for leaders of functional components to support their participating staff. Further, DOD's draft guidance discusses the role of the teams in addressing complex, enterprise-wide issues, and discusses training for and operations of the cross-functional teams. The guidance additionally describes DOD's commitment to collaboration and integration across the department. Finally, we found that the draft guidance partially addresses the required statutory element of identifying key practices on leadership, organizational practice, collaboration or functioning of cross-functional teams. The draft guidance discusses key practices for senior leaders on the functioning of cross-functional teams, but we found that it does not identify any practices on leadership, organizational practice, or collaboration.

We also found that DOD's draft guidance for cross-functional teams could more fully incorporate leading practices for cross-functional teams, which are similar to those identified by the McKinsey & Company contracted study and the ODCMO's internal study as well as leading practices for interagency collaboration that we previously identified.<sup>27</sup> Figure 2 shows our assessment of the extent to which DOD's draft cross-functional team guidance incorporates our leading practices for effective cross-functional teams.

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<sup>27</sup>[GAO-12-1022](#).

**Figure 2: GAO Assessment of the Extent to Which DOD’s Draft Guidance Incorporates Leading Practices for Effective Cross-Functional Teams**



Source: GAO analysis of Department of Defense (DOD) information and articles, case studies, subject-matter expert interviews, and congressional testimonies on cross-functional teams. | GAO-18-194

We found that the draft guidance fully incorporates five of the leading practices for effective cross-functional teams: well-defined team structure, autonomy, senior management support, committed cross-functional team members, and well-defined team goals. In addition, the draft guidance partially addresses the leading practice for open and regular communication, as it discusses that teams will update the Secretary of Defense and senior staff at regular staff meetings to reflect on progress and seek feedback. The draft guidance, however, does not address information sharing and communication within the cross-functional team. Also, the draft guidance partially addresses the leading practice for empowered cross-functional team leaders by indicating that team leaders should report directly to the Secretary of Defense, select team members, and seek feedback from other federal agencies. Further, the guidance states that cross-functional team leaders will contribute to the performance evaluations of their team members. The guidance states that the Secretary of Defense will select the team leaders, but does not elaborate on what qualities the team leader should possess. Finally, the draft guidance does not address the leading practice for an inclusive team environment. For example, the draft guidance does not contain any reference to developing a unified team culture and trust among team members.

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ODCMO officials told us that they anticipate the Secretary of Defense reviewing and approving this guidance, including a detailed terms of reference that addresses information on mechanics of team operations and guidance for each team. However, without initial guidance that fully addresses the required statutory elements in section 911 of the NDAA for Fiscal Year 2017 and incorporates leading practices, DOD's cross-functional teams may not be able to consistently and effectively approach the Secretary of Defense's strategic objectives or further promote a collaborative culture within the department.

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**DOD Has Developed, but Not Provided, Training for Its Presidential Appointees and Cross-Functional Team Members, and It Does Not Address All Statutory Requirements**

**DOD Developed a Draft Training Curriculum for Presidential Appointees, but It Does Not Address All Required Statutory Elements and Has Not Been Provided to Appointees**

As of October 2017, the ODCMO developed a draft training curriculum on cross-functional teams for presidential appointees, but this curriculum does not address all statutory requirements. Furthermore, as of February 2018, 22 individuals have been nominated by the President, confirmed by the Senate, and appointed to positions within the Office of the Secretary of Defense, but none have received training required by section 911.<sup>28</sup> Section 911 of the NDAA for Fiscal Year 2017 requires that, within 3 months of the appointment of an individual to a position in the Office of the Secretary of Defense appointable by and with the advice and consent of the Senate, the individual complete a course of instruction in leadership, modern organizational practice, collaboration, and the operation of cross-functional teams. The training requirement may be

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<sup>28</sup>There are a total of 35 such positions within the Office of the Secretary of Defense.

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waived by the President upon a request by the Secretary of Defense if the Secretary of Defense determines in writing that the individual possesses, through training and experience, the skill and knowledge otherwise to be provided through a course of instruction. ODCMO officials stated that they intend to recommend that the Secretary of Defense seek such a waiver; however, this requirement had not been waived for any appointees as of November 2017. In addition, according to an ODCMO official, DOD has not developed criteria for determining who would be eligible for such a waiver and on what basis.

We found that the draft curriculum addresses only one of four required elements in section 911 of the NDAA for Fiscal Year 2017. Specifically, the draft curriculum addresses the required statutory element for training on the operation of cross-functional teams by including information on elements of successful teams and when to use them. It does not, however, incorporate the required statutory elements for leadership, modern organizational practice, or collaboration. According to the Acting DCMO, these appointees do not need this type of training because they are already experts in their field, have considerable leadership experience, and have likely already received this type of training. However, our leading practices of a well-designed training program note that it is important for agencies to consider the need for continuous and lifelong learning, recognizing that learning is an investment in success rather than a cost to be minimized. In addition, our leading practices state that a core characteristic of a strategic training and development process is leadership commitment, meaning that agency leaders consistently demonstrate that they support and value continuous learning and set the expectation that effective training and development will improve individual and organizational performance. Further, as organizations are typically resistant to change and need top leadership to drive a successful organizational transformation, ensuring that senior officials receive this training will be important for DOD's overall organizational transformation to succeed in driving a more collaborative culture.<sup>29</sup>

Without the provision of training for top leadership within the Office of the Secretary of Defense that includes the required elements in section 911 of the NDAA for Fiscal Year 2017 or developing criteria for obtaining a waiver from providing the training, DOD may have difficulty implementing

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<sup>29</sup>[GAO-04-546G](#).

its new organizational strategy as top leadership commitment is a key element of an organizational transformation.

### DOD Developed Training for Team Members That Addresses Statutory Requirements and Plans to Provide the Training Once Team Members Are Announced

We found that DOD has developed a draft training curriculum for cross-functional team members and their supervisors that addresses required statutory elements, including the element focused on collaboration. This training has not been provided since no team members have been named for the one Secretary of Defense-empowered cross-functional team to address challenges with personnel vetting and background investigation programs within DOD. Section 911 of the NDAA for Fiscal Year 2017 requires that team members and their supervisors of Secretary-empowered cross-functional teams receive training in elements of successful cross-functional teams, including teamwork, collaboration, conflict resolution, and in appropriately representing the views and expertise of their functional components. Table 4 summarizes the requirements of section 911 of the NDAA for Fiscal Year 2017 and shows our assessment of the draft training curriculum against these required statutory elements.

**Table 4: GAO Assessment of Training Curriculum for Team Members and Their Supervisors of Secretary of Defense-Empowered Cross-Functional Teams**

Required element in section 911 of the National Defense Authorization Act for Fiscal Year 2017	GAO assessment
Elements of successful cross-functional teams	●
Teamwork	●
Collaboration	●
Conflict resolution	●
Appropriately representing the views and expertise of functional components	●

Legend: ● Addresses the required element.

Source: GAO analysis of section 911 of the National Defense Authorization Act for Fiscal Year 2017 and Department of Defense information. | GAO-18-194

Note: Secretary of Defense-empowered cross-functional teams are established pursuant to section 911 of the National Defense Authorization Act for Fiscal Year 2017 and report directly to the Secretary of the Defense's office.

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According to ODCMO officials, this training should take place soon after team members have been announced. In addition, ODCMO officials stated that they considered having an expert from another federal agency lead the training, but were prepared to conduct the training themselves if that expert was unavailable.

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## Conclusions

Congress has been encouraging DOD to undertake transformative organizational change and improve collaboration and more effectively accomplish its missions across its military departments and functional organizations. While ODCMO officials drafted an organizational strategy that includes the two required statutory elements, the strategy does not address how the department will achieve several outcomes that advance a collaborative culture in the department, as required under section 911 of the NDAA for Fiscal Year 2017. A revised strategy that addresses how the department will achieve these outcomes and is consistent with our leading practices for mergers and organizational transformations would better position DOD to further a culture within the department that is collaborative, team oriented, results driven, and innovative.

DOD could also address three other areas to improve the department's collaborative efforts. First, ODCMO officials need to collaborate with key stakeholders across the department—such as the Secretary of Defense, military departments, the combatant commands, and defense agencies—to strengthen the organizational strategy and ensure a more successful implementation. Without this stakeholder input, the organizational strategy may meet resistance and not result in the desired organizational change. Second, DOD's guidance for cross-functional teams is critical to their consistent and effective implementation across the department. This guidance would also help ensure that such teams are provided with the leadership support and resources, among other things, to address the Secretary of Defense's strategic objectives and further promote collaboration across the department. Third, without training for presidential appointees to positions within the Office of the Secretary of Defense that includes leadership, modern organizational practice, collaboration, and the operation of cross-functional teams or developing criteria for who could receive a waiver for this training and on what basis, DOD may have difficulty aligning the perspective of these leaders to most effectively bring about change when implementing its new organizational strategy.

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## Recommendations for Executive Action

We are making a total of four recommendations to the Secretary of Defense and the Chief Management Officer (CMO).

The Secretary of Defense should ensure that:

The CMO, in its revisions to the draft organizational strategy, address how the department will promote and achieve a collaborative culture, as required under section 911 of the NDAA for Fiscal Year 2017. The CMO could accomplish this by incorporating our leading practices on mergers and organizational transformations. (Recommendation 1)

The CMO obtain stakeholder input on the development of the organizational strategy from key stakeholders, including the Secretary of Defense, the military departments, the combatant commands, and defense agencies. (Recommendation 2)

The CMO fully address all requirements in section 911 of the NDAA for Fiscal Year 2017 and incorporate leading practices for effective cross-functional teams in guidance on Secretary of Defense-empowered cross-functional teams. (Recommendation 3)

The CMO either: (a) provide training for presidentially-appointed, Senate-confirmed individuals in the Office of the Secretary of Defense that includes the required elements—leadership, modern organizational practice, and collaboration—in section 911 of the NDAA for Fiscal Year 2017, or (b) develop criteria for obtaining a waiver and have the Secretary of Defense request such a waiver from the President for these required elements if the individual possesses—through training and experience—the skill and knowledge otherwise to be provided through a course of instruction. (Recommendation 4)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In written comments, DOD concurred with our recommendations. DOD also provided technical comments, which we incorporated where appropriate. DOD's comments are reprinted in their entirety in appendix III.

We initially made our recommendations to the DCMO; however, because section 910 of the NDAA for Fiscal Year 2018 disestablished the position of DCMO on February 1, 2018 and established the position of CMO, we have updated our recommendations to be directed to the CMO.

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In response to our first recommendation, DOD emphasized the importance of collaboration across the department in pursuing DOD's goals. In response to our second recommendation, DOD stated that finalizing the organizational strategy has been dependent on finalizing the National Defense Strategy and the Agency Strategic Plan. DOD also mentioned the reform teams established by the Deputy Secretary of Defense being aligned with strategic guidance. While DOD's efforts to establish these reform teams are notable, as we discussed in our report, these reform teams do not meet the requirements for cross-functional teams established pursuant to section 911 of the NDAA for Fiscal Year 2017. Finally, DOD concurred with our third and fourth recommendations and stated that criteria for waiving training for presidentially-appointed, Senate-confirmed individuals will be completed and appropriate waivers submitted to the President for key personnel by March 30, 2018.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and DOD's Chief Management Officer. In addition, the report is available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Elizabeth Field  
Acting Director  
Defense Capabilities and Management



# Appendix I: Summary of Requirements in Section 911 of the National Defense Authorization Act for Fiscal Year 2017

Section 911 of the National Defense Authorization Act for Fiscal Year 2017 requires the Secretary of Defense to take several actions. Table 5 below summarizes some of these requirements, the due date, and the date completed.

**Table 5: Summary of Requirements in Section 911 of the National Defense Authorization Act for Fiscal Year 2017**

Not later than . . .	The Secretary is to . . .	Date completed
Three months of the appointment of an individual to a position in the Office of the Secretary of Defense appointable by and with the advice and consent of the Senate	Send the individual to a training course in leadership, modern organizational practice, collaboration, and the operation of cross-functional teams. This training requirement can be waived under certain circumstances.	Not yet completed.
March 15, 2017	Award any necessary contract for a study to determine how to best implement effective cross-functional teams in the Department of Defense (DOD). This study should include (1) lessons learned, as reflected in academic literature, business and management school case studies, and the work of leading management consultant firms, on the successful and failed application of cross-functional teams in the private sector and government, and on the cultural factors necessary to support effective cross-functional teams and (2) the historical and current use by DOD of cross-functional working groups, integrated process teams, councils, and committees, and the reasons why such entities have or have not achieved high levels of teamwork or effectiveness.	June 9, 2017
July 15, 2017	Provide the results of the study to the congressional defense committees.	September 28, 2017
September 1, 2017	Develop and issue an organizational strategy that (1) identifies the critical objectives and other organizational outputs for DOD that span multiple functional boundaries and would benefit from the use of cross-functional teams; (2) improves the manner in which DOD integrates the expertise and capacities of the functional components of DOD for effective and efficient achievement of such objectives and outputs; (3) improves the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the defense agencies with regard to such objectives and outputs; (4) improves the ability of DOD to work effectively in interagency processes with regard to such objectives and outputs in order to better serve the President; and (5) achieves an organizational structure that enhances performance with regard to such objectives and outputs.	Not yet completed.
September 30, 2017	Establish cross-functional teams to address critical objectives and outputs for such teams as determined to be appropriate in accordance with the organizational strategy.	August 25, 2017 <sup>a</sup>

**Appendix I: Summary of Requirements in  
Section 911 of the National Defense  
Authorization Act for Fiscal Year 2017**

<b>Not later than . . .</b>	<b>The Secretary is to . . .</b>	<b>Date completed</b>
September 30, 2017	Issue guidance on cross-functional teams (1) addressing the role, authorities, reporting relationships, resourcing, manning, training, and operations of cross-functional teams; (2) delineating decision-making authority of such teams; (3) providing that the leaders of functional components of DOD that provide personnel to such teams respect and respond to team needs and activities; and (4) emphasizing that personnel selected for assignment to such teams shall faithfully represent the views and expertise of their functional components while contributing to the best of their ability to the success of the team concerned.	Not yet completed.
18 months after the date of the enactment of this act (i.e., June 23, 2018) <sup>b</sup>	Submit to Congress a report on the establishment of cross-functional teams, including descriptions from the leaders of teams on the manner in which the teams were designed and how they functioned.	Not yet completed and deadline has not passed.
18 months after the date of the enactment of this act (i.e., June 23, 2018) <sup>b</sup>	Take actions, as the Secretary considers appropriate, to streamline the organizational structure and processes of the Office of the Secretary of Defense in order to increase spans of control, achieve a reduction in layers of management, eliminate unnecessary duplication between the Office of the Secretary of Defense and the Joint Staff, and reduce the time required to complete standard processes and activities.	Not yet completed and deadline has not passed.
18 months after the date on which the first cross-functional team is established (i.e., February 25, 2019) <sup>b</sup>	Complete an analysis of the successes and failures of teams established, and determine how to apply the lessons learned from that analysis.	Not yet completed and deadline has not passed.

Source: GAO analysis of section 911 of the National Defense Authorization Act for Fiscal Year 2017 and DOD information. | GAO-18-194

<sup>a</sup>The Secretary of Defense established a cross-functional team on personnel vetting on August 25, 2017.

<sup>b</sup>These requirements are not discussed in this report.

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# Appendix II: Identification of Leading Practices for Effective Cross-Functional Teams

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We identified leading practices for effective cross-functional teams and compared the Department of Defense's (DOD) steps to establish cross-functional teams against these leading practices. To identify the leading practices, we reviewed literature as well as five case studies of cross-functional teams. In addition, we selected six academic and practitioner experts to interview based on their publications or research, prior testimony before the Senate Armed Services Committee on the implementation of cross-functional teams at DOD, and recommendations from DOD officials. We identified eight broad categories of leading practices associated with effective cross-functional teams: (1) open and regular communication, (2) well-defined team goals, (3) inclusive team environment, (4) senior management support, (5) well-defined team structure, (6) autonomy, (7) committed cross-functional team members, and (8) an empowered cross-functional team leader.

To identify what is known from published research about factors contributing to effective cross-functional teams, we conducted a literature search among relevant articles published from January 1990 through September 2017. We conducted a search for relevant peer-reviewed articles in 19 databases, including JSTOR, Academic OneFile, and ProQuest. Key terms included various combinations of "cross-functional team," "best practice," "characteristics," "effective," and "success." From all database sources, we identified 46 relevant articles. We first reviewed the abstracts for each of these articles for relevancy in identifying contributing factors related to effective cross-functional teams. For the 17 articles that we found relevant and based on empirical research, we reviewed the full article for methodological rigor. GAO social scientists read and assessed each study, using a standardized data collection instrument. The assessment focused on information such as the population examined, the research design and data sources used, and methods of data analysis. The assessment also focused on the quality of the data used in the studies as reported by the researchers, any limitations of data sources for the purposes for which they were used, and inconsistencies in reporting study results. A second GAO social scientist reviewed each completed data collection instrument to verify the accuracy of the information included. We determined that the studies were sufficiently sound to support their results and conclusions. We excluded articles that lacked enough information about their methodologies for us to evaluate them. We then reviewed the citations and literature reviews of the relevant articles for additional sources. After including these articles and excluding others, 14 articles remained, covering cross-functional teams in both the private and public sectors.

We took several additional steps to identify leading practices. First, we reviewed five case studies developed by subject-matter experts on cross-functional teams and interagency task forces employing similar collaboration tactics for national security issues. We reviewed these studies for academic rigor and determined that we could use them to inform our leading practice development. Second, we reviewed three relevant congressional testimonies from a Senate Armed Services Committee hearing in June 2016 about the use of cross-functional teams for improving strategic integration within DOD and incorporated them as well into the identification of leading practices. Third, we interviewed six subject-matter experts on cross-functional teams, utilizing a semi-structured set of questions, and used their responses to inform our cross-functional team leading practices. These experts include current and former government officials involved with cross-functional teams and academic researchers, who are listed below.

**Honorable Michael B. Donley**—Former Secretary of the Air Force from 2008 to 2013,

**Dr. Amy Edmondson**—Novartis Professor of Leadership and Management, Harvard Business School,

**Chris Fussell**—Managing Partner at the McChrystal Group, former Navy SEAL and aide-de-camp to General Stanley McChrystal,

**Dr. Christopher J. Lamb**—Distinguished Research Fellow, Center for Strategic Research in the Institute of National Strategic Studies, National Defense University,

**Honorable James R. Locher III**—Former President and CEO, Project on National Security Reform, and

**Dr. Jeffrey Polzer**—UPS Foundation Professor of Human Resource Administration, Harvard Business School.

We documented our interviews with the selected subject-matter experts in a record of interview. To determine appropriate subject-matter experts to interview, we received recommendations from the Senate Armed Services committee and DOD officials, and identified subject-matter experts who testified before Congress on the topic of cross-functional teams. We also solicited names of other cross-functional team experts during our initial subject-matter expert interviews. Additionally, we examined the top business programs and research institutes at

universities in the country identified in the top five rankings by U.S. News & World Report and identified researchers with expertise in cross-functional teams. Finally, we identified subject-matter experts through reviewing the Academy of Management's Annual Meeting program from 2014 to 2016. The experts identified from this search were based in the United States and had papers in the program relating to cross-functional teams.

We conducted a content analysis of cross-functional team practices identified in our literature review, the case studies, the congressional testimonies, and the subject-matter expert interviews. To do so, team members first reviewed: the results sections from the scholarly articles, the texts of the case studies, the transcripts of the testimonies, and the records of interview from the subject-matter interviews in order to identify characteristics of effective cross-functional teams. Then the team members independently reviewed the characteristics to identify themes. They subsequently compared the themes and developed a series of conceptual categories to be used as a coding structure for the content analysis. To conduct the content analysis of all identified characteristics, two analysts independently assigned each identified characteristic from the sources to one or more categories and sub-categories. Then, the team members met to compare their categorization decisions and to discuss the differences. Any disagreements regarding the categorizations of the characteristics were discussed and reconciled. The team members then tabulated the number of characteristics in each category and sub-category and reached agreement on the final set of categories and sub-categories. We assessed the outcome of our content analysis by comparing leading practices we identified to the contractor and internal DOD studies, as well as to our key considerations for implementing interagency collaborative mechanisms.<sup>1</sup>

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<sup>1</sup>See [GAO-12-1022](#).

# Appendix III: Comments from the Department of Defense



OFFICE OF THE CHIEF MANAGEMENT OFFICER  
9010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-9010

12 February 2018

Ms. Elizabeth Field  
Acting Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Field,

Enclosed is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report GAO-18-194, "DEFENSE MANAGEMENT: DOD Needs to Take Additional Actions to Promote Department-wide Collaboration," dated December 15, 2017 (GAO Code 102056).

My point of contact is Mr. Brian Helmer, who can be reached by email at [brian.w.helmer.civ@mail.mil](mailto:brian.w.helmer.civ@mail.mil) and by phone at 703-614-4783.

Sincerely,

**TILLOTSON.DAVI** Digitally signed by  
**D.III.1109966815** TILLOTSON.DAVID.III.1109966815  
Date: 2018.02.12 17:51:00 -05'00'

David Tillotson III  
Assistant Deputy Chief Management Officer

Enclosure:  
As stated

GAO DRAFT REPORT DATED DECEMBER 15, 2017  
GAO-18-194 (GAO CODE 102056)

“DEFENSE MANAGEMENT: DoD Needs To Take Additional Actions To Promote  
Department-Wide Collaboration”

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATIONS

**RECOMMENDATION 1**—the GAO recommends the Secretary of Defense should ensure that:

The Deputy Chief Management Officer (DCMO), in its revisions to the draft organizational strategy, should address how the department will promote and achieve a collaborative culture, as required under Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017. The DCMO could accomplish this by incorporating our leading practices on mergers and organizational transformations.

**DoD RESPONSE:** Concur. The Department is pursuing many of the practices for mergers and organizational transformations summarized in Table 2 of the report. Both Secretary Mattis and Deputy Secretary Shanahan have emphasized in written guidance and other venues the importance of collaboration across the Components in pursuing the goals of the Department. The Secretary and Deputy Secretary have been very focused on producing the National Defense Strategy which provides the key statements of mission and goals essential to aligning organizational strategy. In advance of final strategic guidance, the Deputy Secretary established cross-functional reform teams, which are directly accountable to the Chief Management Officer, in nine focus areas to identify preliminary opportunities in anticipation of final strategy. Those teams become the core of the accountable implementation teams as the Department settles on final direction. Finally, the Reform Management Group, chaired by the CMO and Director CAPE, are setting performance measures to ensure progress toward goals.

**RECOMMENDATION 2**—the GAO recommends the Secretary of Defense should ensure that:

The DCMO should obtain stakeholder input on the development of the organizational strategy from key stakeholders, including the Secretary of Defense, the military departments, the combatant commands, and defense agencies.

**DoD RESPONSE:** Concur. Finalizing the organizational strategy has been dependent on completing final strategic guidance from the Secretary of Defense in the form of National Defense Strategy (already released), the Agency Strategic Plan (slated for release in February 2018). The development of these key guidance documents have been done with the participation of key stakeholders across the Department.

The reform teams established by the Deputy Secretary of Defense are finishing work on initial implementation plans aligned to the strategic guidance. These teams, directly accountable to the CMO, include representatives from all military departments and affected OSD organizations.

**RECOMMENDATION 3**—the GAO recommends the Secretary of Defense should ensure that:

The DCMO should fully address all requirements in Section 911 of the NDAA for FY 2017 and incorporate leading practices for effective CFTs in guidance on DoD's Secretary of Defense-empowered CFTs.

**DoD RESPONSE:** Concur.

**RECOMMENDATION 4**—the GAO recommends the Secretary of Defense ensure that:

The DCMO should either provide training for Presidentially Appointed, Senate-confirmed individuals in the Office of the Secretary of Defense that includes the required elements—leadership, modern organizational practice, and collaboration—in Section 911 of the NDAA for FY 2017 or develop criteria for obtaining a waiver and have the Secretary of Defense request such a waiver from the President for these required elements if the individual possesses, through training and experience, the skill and knowledge otherwise to be provided through a course of instruction.

**DoD RESPONSE:** Concur. The Department will develop criteria and submit appropriate waivers to the President for key personnel by 30 March 2018.



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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Elizabeth Field, (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Tina Won Sherman (Assistant Director), Tracy Barnes, Leslie Bharadwaja, Arkelga Braxton, Adelle Dantzer, David Dornisch, Jessica Du, Michael Holland, Amie Lesser, Ned Malone, Judy McCloskey, Sheila Miller, Richard Powelson, Terry Richardson, Ron Schwenn, Jared Sippel, Pam Snedden, Sarah Veale, and Richard Zarrella made key contributions to this report.

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