

# BACKGROUND

No. 3001 | MARCH 23, 2015

## Defense Reform by the Numbers: Four Crucial Priorities for the Next Administration

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### Abstract

*The U.S. military is marginally prepared to fulfill its constitutional obligations to provide for the common defense. The Department of Defense needs substantial reform to improve performance and expand defense capabilities. The right game plan for addressing the Pentagon's management woes should be tackled in order: (1) reducing civilian overhead; (2) implementing the consistent use of performance-based logistics; (3) right-sizing the department's massive global infrastructure; and (4) building a results-based system for buying new equipment managed by a professional, focused, and competent acquisition workforce.*

The Heritage Foundation recently released the *2015 Index of U.S. Military Strength*. This comprehensive survey of American military power evaluates the state of the Armed Forces, current threats, and the operating environment in which U.S. forces might be called on to defend a vital interest. The overall findings of the evaluation conclude that the American military is only marginally prepared to achieve even its most critical mission objectives.<sup>1</sup> The rationale for this score is multifaceted, and includes a combination of rising threats, shrinking allied contributions to collective defense, a reduced size of the U.S. military, and underinvestment in defense modernization—as well as inefficiencies that diminish the effectiveness of the Armed Forces.

Of all these challenges, the Department of Defense (DOD) has the most authority and capacity to address wasteful defense practices.<sup>2</sup> By addressing four critical obstacles to improving operations in a systematic and integrated manner over the first months and years

### KEY POINTS

- The Heritage Foundation has released the *2015 Index of U.S. Military Strength*, a comprehensive survey of American military power that evaluates the state of the Armed Forces, threats, and operating environment.
- The overall findings of the evaluation conclude that the American military is only marginally prepared to achieve even its most critical mission objectives.
- The rationale for this score includes a combination of rising threats, shrinking allied contributions to collective defense, reduced size of the U.S. military, and underinvestment in defense modernization—as well as inefficiencies that diminish the effectiveness of the Armed Forces.
- The Department of Defense needs substantial reform to improve performance and expand defense capabilities.
- The Pentagon should (1) reduce civilian overhead; (2) implement the consistent use of performance-based logistics; (3) right-size the department's massive global infrastructure; and (4) build a results-based system for buying new equipment.

This paper, in its entirety, can be found at <http://report.heritage.org/bg3001>

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of the next Administration, the next leadership team in the Pentagon can lay the best foundation for a better-performing defense enterprise. The right game plan for addressing the Pentagon's management woes would be to tackle (in this order): (1) reducing civilian overhead; (2) implementing the consistent use of performance-based logistics (PBL); (3) right-sizing the DOD's massive global infrastructure; and (4) building a results-based system for buying new equipment managed by a professional, focused, and competent acquisition workforce. A reform agenda will, in part, free up resources and add both capacity and capabilities to address some of the Armed Forces' most serious strategic shortfalls.<sup>3</sup>

## The Agenda

Organizational and process reforms are always difficult. Implementing effective change is even more daunting in government bureaucracies that must balance dysfunctional congressional oversight, the challenge of managing day-to-day demands, and internal agency conflict. Besting the bureaucracy is even more difficult during an Administration transition, as a new team takes control, setting the policies and tone for how it plans to get things done. Effective change management under the most daunting of conditions requires starting with a focused, suitable, feasible, and acceptable plan to guide the change process. Key to success is (a) identifying the most critical enabling objectives; (b) establishing realistic demands for the roles of senior leaders; and (c) laying out practical achievable timelines for implementation.<sup>4</sup> Based on an extensive survey of possible reform initiatives, their potential impact to yield

cost savings and improve performance, and a realistic assessment of the time and energy that senior leaders could commit to a results-driven reform agenda, four priorities stand out. The Pentagon leadership under the next Administration must:

- **Priority #1: Cut excessive DOD bureaucracy.** There are about 770,000 civilian defense employees. Paying for all this overhead competes directly with fielding military capabilities to conduct critical DOD missions. The Pentagon cannot afford both.<sup>5</sup> Further, excessive bureaucracy slows down the capacity of the services to respond to global threats; a significant problem in an increasingly interconnected world in which speed is absolutely critical to mission success. The DOD needs to launch an initiative to assess true personnel needs so that the excess can be reduced in a systemic manner that minimizes workforce disruptions while yielding real personnel savings.
- **Priority #2: Employ performance-based logistics.** Proven private-sector logistics management practices have the potential both to yield significant cost savings and to boost the effectiveness of the support provided to U.S. military forces.<sup>6</sup>
- **Priority #3: Establish the right global military footprint for America.**<sup>7</sup> Over the last quarter-century, Washington's primary tool for divesting infrastructure that the Armed Forces no longer need has been the Base Realignment

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1. Dakota Wood, ed., *2015 Index of U.S. Military Strength* (Washington, D.C.: The Heritage Foundation, 2015), p. 14, [http://ims-2015.s3.amazonaws.com/Sections/05\\_ExecutiveSummary.pdf](http://ims-2015.s3.amazonaws.com/Sections/05_ExecutiveSummary.pdf).

2. This paper was adapted from a series of articles on defense reform first published in *The National Interest* in 2014.

3. For a comprehensive assessment of strategic military shortcomings, see the Honorable Jim Talent and the Honorable Jon Kyl, "A Strong and Focused National Security Strategy," Heritage Foundation *Special Report* No. 135, October 31, 2013, <http://www.heritage.org/research/reports/2013/10/a-strong-and-focused-national-security-strategy>.

4. For a summary of defense reform initiatives, see The Heritage Foundation Defense Reform Task Force, "The Heritage Foundation 2014 Defense Reform Handbook," *Special Report* No. 151, February 26, 2014, <http://www.heritage.org/research/reports/2014/02/the-heritage-foundation-2014-defense-reform-handbook>.

5. James Jay Carafano, "The Pentagon's Greatest Challenge (and It's Not ISIS or China)," Heritage Foundation *Commentary*, November 6, 2014, <http://www.heritage.org/research/commentary/2014/11/the-pentagon-greatest-challenge>.

6. Baker Spring, "Performance-Based Logistics: Making the Military More Efficient," Heritage Foundation *Backgrounder* No. 2411, May 6, 2010, <http://www.heritage.org/research/reports/2010/05/performance-based-logistics-making-the-military-more-efficient>.

7. James Jay Carafano, "Getting America's Global Footprint Right," Heritage Foundation *Commentary*, October 28, 2014, <http://www.heritage.org/research/commentary/2014/10/getting-american-global-military-footprint-right>.

and Closure (BRAC) process. The Pentagon needs better tools if it is to manage its massive global footprint efficiently. Implementing better management of DOD infrastructure will make the Armed Forces more responsive to worldwide operational demands. While this will not likely result in short-term savings, it will make for more cost-effective employment of the force over the long-term.

- **Priority #4: Craft a 21st-century acquisition strategy.** Large, all-or-nothing initiatives have failed in the past because they have been too ambitious.<sup>8</sup> The DOD should take a disciplined, systematic approach on which successive Administrations can build. Rarely can meaningful change be enacted within a term or two. Crafting a strategy that is buildable over the span of Administrations creates a greater chance of prolonged success.

Addressing these priorities is a more-than-ambitious-enough reform agenda for a new Administration.

### **Priority #1: Cut Excessive DOD Bureaucracy**

There are currently some 770,000 civilian employees working for the DOD,<sup>9</sup> an inflated number that is the result of several years of successive personnel increases. According to the Government Accountability Office (GAO), the DOD reported that the personnel increases were due to “increased mission responsibilities, conversion of functions performed by contracted services to civilian positions, and institutional reorganizations.”<sup>10</sup> Cutting

personnel in accordance with GAO-prescribed assessments of personnel requirements is at the root of enacting meaningful reform aimed at generating sustainability and freeing up dollars for reinvestment in core military capabilities—which are critical to ensuring that the United States has the strategic capacity required for the challenges of the 21st century.

According to Congressional Budget Office (CBO) calculations, the rising costs associated with civilian defense pay account for two-thirds of projected growth in operations and maintenance spending for fiscal years 2013 to 2021.<sup>11</sup> It would spell disaster if the DOD continued to maintain current spending trends regarding its civilian workforce.

Defense budget analysts have also pointed out that the current Administration’s failure to cut the civilian workforce in a manner that is proportionate with cuts to military personnel bucks historical trends. Traditionally, the number of civilians employed by the DOD has dropped when the size of the U.S. military shrinks<sup>12</sup>—a move that apparently makes too much sense these days.

A recent report issued by the GAO revealed that the DOD lacks clarity in defining sufficient personnel requirements within most major offices—including the Office of the Secretary of Defense (OSD), the Joint Staff, and all the secretariats, whose cadres have ballooned in size in recent years.<sup>13</sup> The GAO also found that “headquarters organizations it reviewed do not determine their personnel requirements as part of a systematic requirements-determination process.”<sup>14</sup> Addressing this shortfall ought to be an urgent priority. Efficient management of the DOD’s vast infrastructure, right-sizing military staffs, and cutting

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8. James Jay Carafano, “Time for the Pentagon to Craft a Twenty-First-Century Acquisition Strategy,” *Heritage Foundation Commentary*, November 21, 2014, <http://www.heritage.org/research/commentary/2014/11/time-for-the-pentagon-to-craft-a-twenty-first-century-acquisition-strategy>.

9. Eric Katz, “Republican Lawmakers Try Again to Cut 115,000 Civilian Defense Jobs,” *Defense One*, January 21, 2015, <http://www.defenseone.com/politics/2015/01/republican-lawmakers-try-again-cut-115000-civilian-defense-jobs/103377/> (accessed January 29, 2015).

10. U.S. Government Accountability Office, “Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats,” Report to the Committee on Armed Services, U.S. House of Representatives, January 2015, p. 2, <http://www.gao.gov/assets/670/667997.pdf> (accessed March 3, 2015).

11. Mackenzie Eaglen, “Cut the Pentagon’s Civilian Workforce,” *Breaking Defense*, April 30, 2014, <http://breakingdefense.com/2014/04/cut-the-pentagons-civilian-workforce/> (accessed January 16, 2015).

12. *Ibid.*

13. U.S. Government Accountability Office, “Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats,” p. 2.

14. *Ibid.*

non-essential personnel to match the current force size will all go a long way toward allowing the DOD to increase performance. Diem Salmon, The Heritage Foundation's former Senior Policy Analyst for Defense Budgeting, has calculated that cuts to the civilian workforce, when paired with found efficiencies (savings initiatives), could yield potential savings of close to \$29 billion over 10 years.<sup>15</sup> These savings could be put toward modernization programs that have been cut in successive years,<sup>16</sup> a move that could boost U.S. strategic capabilities.

A new Administration will need a clear and concise five-step plan to take the initiative in right-sizing Pentagon staffs.

- **Step 1: Establish an independent review board to** make recommendations on right-sizing staffs and functions. Before the board begins work, the Secretary will have to lay out the department's top priorities—the strategic capabilities and efficiencies that are most important. Far more efficient management of the department's vast infrastructure, for example, ought to be near the top of the list. Efficient management should include creating an independent review board to make recommendations on right-sizing staffs and functions; giving this board a short deadline to deliver its recommendations; and instructing the board to work with existing budgets and statutory guidelines. Furthermore, there should be no firewall between the board and the Defense Secretary, the Armed Services, and Congress. On the contrary, engagement and transparency must be a priority.
- **Step 2: Set up a transition strike force within the DOD and service staffs.** The task: Be prepared to help mobilize the department to make personnel adjustments as efficiently as possible. This would send a powerful message to Congress and the military workforce that taking care of people is and will remain a priority throughout

the process. Senior DOD leaders must have responsibility for making the strike force a real force for human capital management, not just for yet more bureaucracy.

- **Step 3: Hire the right people to run the Pentagon.** The next Secretary of Defense should pair service chiefs with Defense Secretaries that can work as a team. Service Secretaries must be a “band of brothers and sisters” who will pull together as a team—leaders who share trust and confidence in one another. Key principal political appointees in the DOD secretariat must be competent in defense-management matters. In part, that will mean establishing practical, responsible ethics rules that will encourage good people to serve, rather than making public service an intolerable burden. Having the right ethics guidelines is one thing; getting Congress to go along with them is another. The next Administration must have the support of key congressional leadership. As for the Joint Staff—it has an important role to play in defense matters, but second-guessing everything the Pentagon does is not one of them. The Vice Chairman of the Joint Chiefs of Staff, for example, does not need a say in all Defense Department matters. The Joint Requirements Council does too much—not too little.
- **Step 4: Turn the task of reshaping the staff over to the services and key leaders in the secretariat.** The results of the report from the independent review board should guide this reshaping. There must be clear goals and deadlines. This should not be a zero-sum game; the resources that are saved should be returned to the Services in order to build up capability and capacity. In implementing the plan, leadership should work hand in hand with the transition strike force to ensure that people who are downsized receive assistance in finding new employment.

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15. Rachel Greszler, Laura Trueman, and Brad Watson, *The Budget Book: 106 Ways to Reduce the Size and Scope of the Government* (Washington, DC: The Heritage Foundation, 2015), p. 21, [http://budget-book-2015.s3.amazonaws.com/PDFs/Sections/Function%20050\\_National%20Defense/Individual%20Recommendations/01\\_Reduce%20Civilian%20Overhead%20in%20Department%20of%20Defense%20%28DOD%29.pdf](http://budget-book-2015.s3.amazonaws.com/PDFs/Sections/Function%20050_National%20Defense/Individual%20Recommendations/01_Reduce%20Civilian%20Overhead%20in%20Department%20of%20Defense%20%28DOD%29.pdf).

16. Diem Nguyen Salmon, “A Proposal for the FY 2016 Defense Budget,” Heritage Foundation *Background* No. 2989, January 30, 2015, [http://www.heritage.org/research/reports/2015/01/a-proposal-for-the-fy-2016-defense-budget#\\_ftnref38](http://www.heritage.org/research/reports/2015/01/a-proposal-for-the-fy-2016-defense-budget#_ftnref38).

- **Step 5: Push for a budget amendment to reprogram funds to take advantage of restructuring and right-sizing.** A budget amendment would not be salami slicing—trimming a little bit of something to have less of everything. Implementing a budget amendment would avoid arbitrary cuts and would lay the groundwork for a strategic, focused effort to match defense manpower to the defense mission. It is also not uncarving, as it would include taking care of people and respecting the interests and equities of all parts of the department, using an open and fair process to provide for the common defense.

Another advantageous feature: While this plan requires respecting and engaging with Congress, it does not demand a huge legislative lift from Capitol Hill—just a committed Administration.

Finally, these steps are a great way to get the defense-reform agenda rolling. If well executed, they could keep the Defense Department leadership busy for two years. Meanwhile, the Defense Secretary can start setting the stage for other key reforms in areas such as defense acquisition.

## **Priority #2: Employ Performance-Based Logistics (PBL)**

There is a reason why many of the world's most productive, profitable companies are privately owned: They put in place commonsense, cost-saving business models that prioritize efficiency and performance. They can shed unnecessary infrastructure in order to realize cost savings—something that many companies do with a great deal of regularity. Companies with a global presence—DHL, for example—do this regularly to ensure efficiency and the effectiveness of their operations.<sup>17</sup> Like the private sector, the DOD should make infrastructure review

an annual process. Unlike the private sector, however, the DOD is precluded from implementing such practices easily due to federal regulation. By cutting burdensome regulation, the government could realize real savings.

One reliable business-style tool that can be used to garner savings is PBL, a practice that by some estimates could save the Pentagon between \$25 billion and \$30 billion a year<sup>18</sup>—a not insignificant number even by government standards. PBL focuses on how companies (or the Pentagon in this example) *sustain* their operations. This includes how the military moves, fixes, supplies, repairs, and maintains everything it uses.<sup>19</sup>

As defense expert Dan Gouré explains, because PBL is focused on “maximizing outcomes,” rather than the metrics that the government has traditionally been concerned with, its implementation makes the contracted company money while excising the possibility of waste.<sup>20</sup> In other words, instead of focusing on creating an “outcome,” PBL focuses on platform readiness.<sup>21</sup> Everyone wins: The private sector does for the government what it cannot do efficiently, and the government saves money. Yet, PBL processes have never delivered on their full potential. Gouré writes that “institutional resistance, an agnostic acquisition culture, and a lack of adequate training for government officials regarding creation and maintenance” have all contributed to the lack of government-wide approval.<sup>22</sup>

While PBL will not address all the problems associated with waste that the DOD faces, its wide implementation and consistent use could make for a smoother-running Pentagon. Studies have shown that its consistent use could save up to 10 percent on DOD maintenance and sustainment costs—which average approximately \$90 billion a year.<sup>23</sup> Increased use of PBL by the DOD in weapons

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17. Carafano, “Getting America’s Global Footprint Right.”

18. James Jay Carafano, “Putting Pentagon Performance First,” *The National Interest*, November 10, 2014, <http://nationalinterest.org/feature/putting-pentagon-performance-first-11639> (accessed March 3, 2015).

19. Ibid.

20. Daniel Gouré, “Performance Based Logistics Is a No Brainer Everywhere But in the Pentagon,” Lexington Institute Early Warning Blog, July 3, 2014, <http://www.lexingtoninstitute.org/performance-based-logistics-is-a-no-brainer-everywhere-but-in-the-pentagon/> (accessed March 3, 2015).

21. Greszler, Trueman, and Watson, *The Budget Book: 106 Ways to Reduce the Size and Scope of the Government*, p. 27.

22. Ibid.

23. John Boyce and Allan Banghart, “Performance Based Logistics and Project Proof Point: A Study of PBL Effectiveness,” *Defense AT&L* (March–April 2012), p. 30, [http://www.dau.mil/pubscats/ATL%20Docs/Mar\\_Apr\\_2012/Boyce\\_Banghart.pdf](http://www.dau.mil/pubscats/ATL%20Docs/Mar_Apr_2012/Boyce_Banghart.pdf) (accessed March 3, 2015).

systems maintenance and sustainment could result in a savings of \$184 billion over 10 years.<sup>24</sup> The DOD should push hard for increased use of PBL.

To reap the potential savings of PBL, the next Pentagon team will have to tackle these problems in two systematic steps.

- **Step 1: Set up a senior management team** that can thoughtfully, competently, and systematically identify and implement major PBL initiatives.
- **Step 2: Require the leadership team to build consensus**, creating win-win, public-private partnerships that will garner the support—instead of the anger—of Congress and other stakeholders.

This simple two-step process will require a lot of time, and will place serious demands on defense leadership. That is why these two steps are second on the list of priorities for implementing out-of-the-box changes for leading the Pentagon.

PBL is not a quick fix or a silver bullet. It cannot reduce all the waste in the Pentagon. But a consistent commitment to the practice would demonstrate that an Administration is really interested in making the Pentagon work better—not just in cutting budgets and capabilities. As a systematic and disciplined step in running the Pentagon, it would be a very smart move for the next team to make.

### **Priority #3: Establish the Right Global Military Footprint**

Over the last quarter-century, Washington's primary tool for divesting infrastructure that the Armed Forces no longer need has been the Base Realignment and Closure (BRAC) process. The Pentagon needs better tools if it is to manage its massive global footprint efficiently.

Merely viewing military infrastructure through the prism of cutting bases to reduce cost would be a massive strategic mistake. The Armed Forces do not need the cheapest and smallest infrastructure the Pentagon can get away with—they need the most cost-effective footprint for accomplishing current and future missions.

If Congress and the Pentagon want to try this again—and do a better job than before—they need a better approach. The authority for BRAC has lapsed. Instead of just debating the rules for another round of BRAC, Congress and the Pentagon ought to forge a dynamic management process that continually reviews and updates the enterprise. This partnership should focus just as much attention on reviewing long-term defense needs and investments as on closing a base. Before a new Pentagon management embarks on the task of trying to right-size the American military's global footprint, it and Congress need to agree on a new set of guidelines to drive the process rooted in learning the right lessons from the last round of BRAC, considering U.S. responsibilities from a global perspective, and focusing on the strategic operating environment.<sup>25</sup>

Next on the to-do list for the new leadership team at the Pentagon is convincing Congress of the right steps for allowing the DOD to manage its infrastructure without the encumbering straightjacket of an overly restrictive and formal BRAC process.

- **Step 1: Manage the Process of Managing the Infrastructure.** Past BRACs had it backwards. The first question asked was whether to shutter a base. A better place to start would be to examine how the Pentagon can trim the massive overhead currently required to manage the enterprise. Authorities and responsibilities for managing defense infrastructure are widely dispersed among the DOD bureaucracy and the individual services. Streamlining the byzantine management structure would be a huge first step in reducing future infrastructure costs.
- **Step 2: Learn the Lessons of BRAC.** The DOD should use an appropriate formula to determine the “military value” of facilities. Specifically, the DOD must be clear-eyed, transparent, and inclusive when assessing closures. “Domestic constituents play an important role in the U.S. part of the process because military installations are integrated in local economies,” writes Heritage's Michaela Dodge in a detailed analysis of past BRAC efforts. “BRACs cause substantial anxiety

24. Greszler, Trueman, and Watson, *The Budget Book: 106 Ways to Reduce the Size and Scope of the Government*, p. 27.

25. Carafano, “Getting America's Global Footprint Right.”

in the local communities.”<sup>26</sup> Some bases are very costly to close, meaning that sometimes there are no savings to be found. A lot goes into shuttering a base, from environmental cleanup to the economic impact on the communities surrounding military installations.<sup>27</sup>

The Congressional Research Service concluded that BRACs “generally have not had the dire effects that many communities expected.”<sup>28</sup> Nevertheless, when jobs are on the line, people get nervous. Further, when thinking through these challenges, it is worth remembering that no one has a monopoly on good ideas. People ought to be heard. The best way to manage the process is not to try to hide or obfuscate the politics, opinions, and options, but to embrace open and effective engagement.

Further, the U.S. government has to “get real” about being “green.” “The Pentagon,” Dodge notes, “must include costs of environmental cleanup and restoration if it decides to close facilities in the United States.” Sometimes these costs can wipe out estimated savings from shuttered facilities. “While the Pentagon should contribute to restoring the land it used,” Dodge concludes, “the Department of Defense should not have to accommodate excessive demands on the land and facilities it is required to close down.” Such declarations ought to be clear, unambiguous, and made at the front end of the decision-making process.

- **Step 3: Do Not Disconnect Domestic from Overseas Infrastructure Needs.** As a global power with global responsibilities, the U.S. should not think of its military facilities as two separate domestic and foreign groups, but as one.

Defense facilities at home and overseas should fit cohesively together. What the future American basing structure in Europe looks like ought to be just as important as how many bases the DOD keeps in Texas.<sup>29</sup> With elements of the DOD—the National Guard, for instance—having a domestic mission and supporting Department of Homeland Security (DHS) initiatives in times of crisis, it makes sense to have an infrastructure management system that addresses both overseas and domestic basing needs.

Correctly sizing America’s military footprint should be predicated upon matching capability and capacity to mission needs.<sup>30</sup> To do this is it critical to understand that America’s footprint is never static; Americans need to acknowledge that the threat landscape and strategic operating environment constantly change—which means that they must continually assess their country’s military makeup and footing. What works today may not work tomorrow.

To ensure that America is on solid footing and prepared to defend its vital interests, the next leadership team at the Pentagon should make the process of determining the “military value” of installations dynamic, holistic, and inclusive, considering, for example, demands for the support to civil authorities that the military provides.<sup>31</sup> Similarly, leadership should honor the commitments that the U.S. has made to allied nations and treaty partners, bearing in mind that management of America’s global infrastructure is not a cost-savings measure but a strategic, deliberate process that should *only* be concerned with matching capability and capacity to the needs of the mission.<sup>32</sup>

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26. Michaela Dodge, “Beyond BRAC: Global Defense Infrastructure for the 21st Century,” Heritage Foundation *Background* No. 2791, May 3, 2013, <http://www.heritage.org/research/reports/2013/05/beyond-brac-global-defense-infrastructure-for-the-21st-century>.

27. *Ibid.*

28. Tadlock Cowan, “Military Base Closures: Socioeconomic Impacts,” Congressional Research Service, February 7, 2012, <http://www.fas.org/sgp/crs/natsec/RS22147.pdf> (accessed March 3, 2015).

29. Carafano, “Getting America’s Global Footprint Right.”

30. *Ibid.*

31. *Ibid.*

32. *Ibid.*

Thus, the main task of the Pentagon's new team is to craft an alternative framework for BRAC that engenders the confidence of Congress, providing a principled framework that will allow the DOD to efficiently manage its global infrastructure.

#### **Priority #4: Craft a 21st-Century Acquisition Strategy and Workforce**

Part of the first two years of the next Defense Secretary's term should be spent laying down the foundation for a better acquisition enterprise, using the following four-step process:

- **Step 1: Focus on people first.** Placing the right leaders at the top is key. So are sensible, responsible ethics rules that the congressional leadership supports. Such rules would allow the President to appoint knowledgeable, experienced officials and facilitate their sustained service in government by making sure that their tasks would not inflict undue personal hardship on them and their families. Continuity of leadership—making sure that key acquisition posts do not become revolving doors—is just as vital as ensuring that senior staff members have the skills, knowledge, and attributes necessary to manage programs.
  - **Step 2: Establish real accountability for major acquisitions.** The trend in acquisition “reform” has been to add oversight steps and micromanage everything. But when a system tries to hold everyone accountable and give everyone a say, no one is really responsible. Establishing policies that reverse the trend is important for setting the right command climate for responsible management. Some of this can be done by the Pentagon alone; other policy changes will have to be made in consultation with Congress. The goal is to establish measures that align responsibility for acquisition programs with the services and allow flexibility and decentralization in management.
  - **Step 3: Start clearing out the underbrush of unneeded processes.** Like weeding the garden, this is an unending task. The leadership team will need to roll up their sleeves and get started right away, and plan on keeping at it until
- the day that Administration leaves office. At the top of this to-do list: (1) Eliminate contracting requirements that reduce efficiency and increase costs (small business set-asides, for example, are chronically abused); and (2) revise or repeal outdated Federal Acquisition and Defense Federal Acquisition Regulations like those that impose non-value-added overhead on industry.<sup>33</sup>
- **Step 4: Build the acquisition process the Pentagon really needs.** A sweeping one-size-fits-all reform effort intended to fix everything at once and make all Pentagon procurement look the same? Avoid it at all costs. War is messy and unpredictable. It is irresponsible to expect the acquisition industry that feeds the arsenal of democracy to function like a smooth-running conveyor belt. The military should work toward building three effective acquisition systems—not one:
    - a. **An acquisition system that fields** capabilities to meet established requirements. This will require discipline in the acquisition of advanced technologies. Defining technology readiness levels (estimating the maturity of a critical technology for a new acquisition program) up front and using estimates to bound requirements will be essential. Demanding a better funding balance of research and development (R&D) and procurement is also key, as is having “on ramps” for new technologies (spiral development). New technologies should be required to be funded through R&D and these R&D funds should be shielded from use for procurement.
    - b. **An acquisition system that mandates** that all components have a dependable and ready-to-use rapid acquisition process to fill unexpected needs when they arise. Green-lighting pilot programs similar to the one employed by the Special Operations Research, Development and Acquisition Center (SORDAC)—Special Operations Command's (SOCOM's) rapid-acquisition arm—may be in order. SOCOM has gained a reputation for getting mission-critical equipment to the warfighter in record time

33. Baker Spring, “Congressional Restraint Is Key to Successful Defense Acquisition Reform,” Heritage Foundation *Backgrounder* No. 1885, October 19, 2005, <http://www.heritage.org/research/reports/2005/10/congressional-restraint-is-key-to-successful-defense-acquisition-reform>.



(within 180 days) by using special acquisition authorities, including elements of Title 10 U.S. Code.<sup>34</sup>

**c. An acquisition system that seeks out and adapts** unanticipated competitive advantages—the technologies and applications that generals do not realize they need until someone builds it. The Defense Advanced Research Projects Agency (DARPA) has undertaken some of these initiatives, though transitioning the path-breaking capabilities to the Armed Services has always been challenging.

A 21st-century acquisition enterprise would effectively run all three of these acquisitions systems in parallel. The Pentagon would be adept at transitioning innovation into battlefield capabilities and skilled at determining the right mix of what the three systems have to offer to fill the military's arsenal of democracy. Further, the Armed Forces would be skilled at pulling commercial, off-the-shelf technology and open-source

software solutions when they make sense, and at drawing upon the global industrial and scientific base for insight and innovation.

## Conclusion

Americans do not want the world's cheapest military. They want a military that can protect them, defend their interests, and deliver a dollar of capability for a dollar invested. That is the standard the government should achieve. The next leadership team at the Pentagon will gain the trust and confidence of Congress and the American people if they can deliver a pro-active, realistic reform agenda at the very start of their tenure at the Pentagon. A short list of achievable priorities that will also have significant impact on improving the capacity and capabilities of the Armed Forces to accomplish their most critical missions ought to be the first order of business for the new Administration.

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34. Yasmin Tadjeh, "Special Operations Command Bypasses Acquisition Red Tape," *National Defense*, January 2015, <http://www.nationaldefensemagazine.org/archive/2015/January/Pages/SpecialOperationsCommandBypassesAcquisitionRedTape.aspx> (accessed on January 16, 2015).