U.S. DEPARTMENT OF DEFENSE

2008 Strategic Management Plan
SMP

July 25 2008

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I. Introduction

Purpose

This inaugural Strategic Management Plan provides an executive overview of the governance and management framework and processes used by the Deputy Secretary, serving as Chief Management Officer, to deliver effective and efficient support to the warfighter.

Although this plan overlays a complex, many-layered execution system that has a 40+ year history informed by statute and tradition, its purpose is simple and direct:

- Focus the Secretary's senior leadership team on key priorities.

- Ensure the Department's governance processes allow senior leaders to make informed decisions regarding the steps that must be taken to achieve those priorities.

- Provide the transparency needed to measure whether priorities are met – and if not – to provide the information needed to quickly improve performance.

This Strategic Management Plan will be used by the Department's senior civilian and military managers as a guide to align their business operations with the performance priorities of the Secretary, and by the Military Departments, Defense Agencies, and the Combatant Commanders as the standard for assessing whether the results achieved support the Secretary's performance goals. This plan will serve as the template for future strategic management plans for the Department of Defense (DoD).

Scope

This inaugural plan is a first step toward providing Congress the comprehensive document mandated in Section 904 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008.   It describes how recent institutional and governance reforms have improved the effectiveness and efficiency of defense business operations, and suggests that this progress can serve as a template to guide future improvements.

Inaugural Plan Elements

This FY 2008 DoD Strategic Management Plan describes how each element of the Department's current strategic management approach is used to define, execute, and measure the performance of business operations. These elements are:

- THE STRATEGIC MANAGEMENT FRAMEWORK: The planning and analysis steps used to translate Administration priorities for national defense into defense strategic goals that can be cascaded through to the Military Departments and Defense Agencies for their use in developing supporting execution and resource strategies.

- THE STRATEGIC MANAGEMENT DECISION PROCESS: The information-gathering protocols, databases, analysis procedures, and issue-resolution forums used by the Secretary and his senior staff to raise questions, adjudicate disagreements, and finally to come to consensus on the specific steps needed to be taken to achieve performance goals. This process also provides information needed to monitor and assess results.

- STRATEGIC GOVERNANCE AND ADVICE. The groups and boards that draw their membership primarily from the Secretary's senior staff and key advisors, and which are matrixed within the management framework and across decision processes to provide an informed baseline for the Secretary's decisions.

Each of these elements reflects important institutional and governance reforms taken over the past 8 years, and serves as a template for continued improvement activities.

Congressional Requirements

Section 904 of the FY 2008 NDAA directed the Department to submit a strategic management plan for business operations by July 2008, update the plan by July 2009, and then provide additional updates every 2 years thereafter. Table 1 lists the five components of a strategic management plan mandated by Section 904, which components are included in this inaugural version and which are expected to be addressed by the incoming Administration in the July 2009 update.

National Defense Authorization Act of 2008, §904	Status
• Procedures to approve plans and budget for changes in business operations • Procedures to monitor the progress toward meeting performance goals and measures • Procedures to oversee all budget requests for defense business systems	July 2008
• Performance goals and measures for approving and evaluating the overall efficiency and effectiveness of business operations • Key initiatives to be undertaken in meeting performance goals and measures	July 2009

Table 1. §904 Elements Addressed in the 2009 DoD Strategic Management Plan

Background

Business Management Reforms

When this Administration took office in 2001, one of its first major management challenges was to bring financial discipline to the Department of Defense. The weaknesses in DoD's financial management systems, operations, and controls were many and pervasive. Accordingly, the mandate to transform the way DoD did business was a key theme of the *2001 Quadrennial Defense Review.*[1,2]

In response to the QDR's mandate, the Department launched the DoD Financial Management Modernization Program (FMMP), which began an exhaustive review of the Department's business activities and infrastructure. It was clear that the Department's problems could not be solved simply by 'fixing' financial systems, since financial systems don't create data, but merely collect it from other sources. To get at the root causes of these data problems, the Department expanded its review to encompass the many other systems and control processes that feed information into DoD financial systems. This expanded effort, re-named the Business Management Modernization Program (BMMP), focused on standardizing both data quality and flows for DoD-wide business operations through the development of a Business Enterprise Architecture (BEA). Besides defining common business requirements and structures, the BEA was to provide a blueprint for the end state of successful business transformation—the "to-be" environment for business systems.[3]

Emerging results indicated the Department needed both a broader solution set and full-time management of business transformation activities to sustain reform momentum. Accordingly, Section 2222 of the FY 2005 NDAA directed that the Department institutionalize the BEA and provide Congress an enterprise transition plan that details a schedule for divesting legacy business systems and fielding new enterprise solutions. Section 2222 also established a new governance process for business systems in the Defense Business Systems Management Committee (DBSMC). This senior board, chaired by the Deputy Secretary, certifies that each new business system investment of more than $1 million is both compliant with the BEA, and is needed to support a priority national security capability. DBSMC certifications, in combination with the resource decision processes described in Section III, ensure the Department periodically reviews all budget requests for defense business systems.

To further institutionalize the Department's focus on defense business transformation, in October 2005 the Deputy Secretary of Defense established the Business Transformation Agency (BTA). The BTA was given the responsibility for integrating the work of the Department's Principal Staff Assistants in the areas of business process reengineering and for ensuring consistency and continuity across the Department's core business mission activities. Additionally, the BTA was given acquisition oversight of 18 of the Department's enterprise business programs, including the Defense Travel System, the Standard Procurement System, and the Defense Integrated Military Human Resources System.

Strategic Management Reforms

In addition to the creation of a BTA, the past 8 years has brought a series of far-reaching, aggressive internal reforms that are reshaping the Department's way of doing business. Among the most significant:

- *Shift focus from programs to capabilities.* In 2003, the Vice Chairman of the Joint Chiefs of Staff and the Under Secretary of Defense for Acquisition, Technology, and Logistics collaborated on restructuring the way requirements for new major weapon systems were assessed and validated. The goal of the new Joint Capabilities Integration and Development System (JCIDS) was to better identify the most urgent joint warfighting needs of the Combatant Commands by focusing on capabilities instead of individual weapon systems. [4] In addition, JCIDS was a significant step toward better integration of civilian and military advice to the Secretary, as senior civilian members of the Secretary's staff were invited to consult with senior military members of the Joint Requirements Oversight Council, the joint requirements validation board chaired by the Vice Chairman of the Joint Chiefs of Staff.

Established	Experimental	In Development
Battlespace Awareness Command & Control Logistics Net-Centric	Building Partnerships Corporate Management & Support Force Support Protection	Force Application

Table 2. Joint Capability Area (JCA) Portfolio Status[5]

- *Institutionalize joint warfighting perspectives.* Concurrent with the 2006 QDR analysis, the Department developed nine experimental Joint Capability Area (JCA) portfolios. The portfolio concept grew out of the JCIDS reform, and was intended to help senior leaders better align day-to-day management activities with the outcomes of highest value to the joint warfighter. These portfolios group similar activities according to the capability they deliver, instead of within functional stovepipes, as was the tradition within the Department. Four of the nine experimental JCA portfolios, led by capability portfolio managers drawn from the Department's senior military and civilian leaders, have been formally chartered by the Deputy Secretary.[6] As the remainder of the portfolios mature, they will be integrated into the formal decision making process.

- *Align and integrate strategic guidance.* The Department also has introduced a streamlined planning model to better align and integrate its many supporting management activities, consistent with direction provided in the 2006 QDR to strengthen the Department's strategic planning processes.[7] The new model defines the mid- and near-term steps needed to achieve strategic goals, and acknowledges the baseline corporate and business operations that must be sustained even as the Department adjusts its strategic direction. The model focuses decision makers on key issues in a common context. It strengthens the plan-execute-assess concept that underpins the Department's enterprise decision-making process needed to achieve
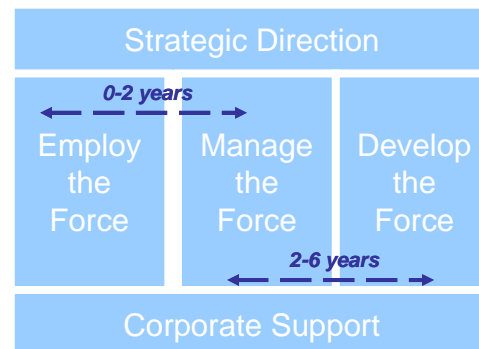
Figure 1. Strategic Planning Model

strategic goals, and acknowledges the baseline corporate and business operations that must be sustained even as the Department adjusts its strategic direction.

- *Better integrate senior governance bodies.* The 2006 QDR acknowledged the importance of adopting a transparent and collaborative management approach to conduct the oversight of Departmental activities, thus promoting unity of effort, effective support to Combatant Commands, and a true integration of civilian and military perspectives. Accordingly, the Department has formalized the role of three bodies to serve as the primary governance venue of the Department: the Defense Senior Leadership Conference (DSLC), the Senior Leader Review Group (SLRG), and the Deputy's Advisory Working Group (DAWG). This improved structure will help facilitate the efficient and effective development, coordination, and implementation of DoD policies and programs, and for the timely sharing of information on matters of mutual interest and of importance to the management of the Department's business operations.[8]

- *Assess implementation of strategic guidance.* Following the QDR, the Department developed eight execution roadmaps and assigned responsibility to a senior civilian and military leader for ensuring QDR recommendations were implemented.[9] The roadmaps influenced the Department's strategic guidance documents by aligning them with implementation priorities and adding emphasis on assessment. The goal was to create a closed-loop system within the Department for monitoring strategy decisions through execution to assessment of actual results.

- *Track priority transformation initiatives.* In 2007, the Department identified 25 Transformation Priorities to focus senior leaders on key tasks that must be accomplished *now* to achieve the strategic changes defined in the QDR. A senior civilian or military leader is accountable for implementing each of the priority initiatives and for updating the Deputy Secretary and other senior leaders periodically on progress. The transparency provided by real-time tracking and reporting improves the quality and timeliness of the transformation decision agenda.

Governance Reforms

In addition to the major business and strategic management reform efforts described above, critical direction and assistance regarding corporate governance structures has been provided by the Department's external partners. Both the FY 2005 and FY 2008 NDAAs acknowledged the Department's progress toward improving business operations by directing changes that reinforced—and extended—the transformation initiatives already underway within the Department.

As stated previously, Section 2222 of the FY 2005 NDAA established the Defense Business Systems Management Committee (DBSMC) to oversee the business transformation activities of the Department. This governance body is chaired by the Deputy Secretary and includes senior leaders with responsibility for setting policy and/or executing business operations.[10] The Department chartered the DBSMC in February 2005 and has consistently expanded the scope of its responsibilities, consistent with Congress' intent to improve the effectiveness and efficiency of enterprise-wide business operations.

In November 2006, the Government Accountability Office (GAO) proposed establishing a permanent DoD official with the authority, experience, and tenure to drive change and be accountable for overseeing the Department's business operations. While crediting Departmental progress to date, the GAO said that a Chief Management Officer (CMO) was needed to reconcile the competing priorities that could impede DoD's progress in its transformation efforts.[11]

In May 2007, the Secretary of Defense used his discretionary authority to designate the Deputy Secretary of Defense as the CMO of the Department of Defense. The charter for the Deputy Secretary of Defense was revised accordingly in September 2007.[12] Subsequently, the Congress codified the Department's action in Section 904 of the FY 2008 NDAA, formally acknowledging the Deputy Secretary of Defense as DoD CMO, with the goal of providing an integrated management structure for defense business operations, and improving effectiveness and efficiencies. Section 904 established a new Principal Staff Assistant position – a Deputy Chief Management Officer (DCMO) to assist the Deputy Secretary in carrying out the responsibilities of the DoD CMO. Section 904 also directed the Military Departments to create CMO positions. A plan for

implementing the CMO and DCMO responsibilities within the Department, and for establishing CMO positions within the Military Departments, was submitted to Congress in July 2008.

Additionally, in November 2007, President Bush signed Executive Order 13450, "Improving Government Program Performance," which directed each cabinet office to appoint a Performance Improvement Officer (PIO) with the goal of spending taxpayer dollars in a more effective manner each year. The Defense PIO Implementation Plan was provided to the Office of Management and Budget in March 2008.

FY 2010 Update

After the next Quadrennial Defense Review is completed in early 2010, the Department may elect to submit an update to this Strategic Management Plan. This would ensure the next statutorily required iteration of the DoD Strategic Management Plan reflects the most current statement of the Department's strategic direction.

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II. Strategic Management Framework

The Department's priorities for business operations must align with the goals of the national security missions assigned by the President to the Department of Defense. Therefore, these priorities must be integrated into the Department's strategic management framework, which describes how strategic direction is translated into actionable strategic guidance. This framework ensures the Department establishes clear planning goals for the civilian and military managers responsible for overseeing business activities.
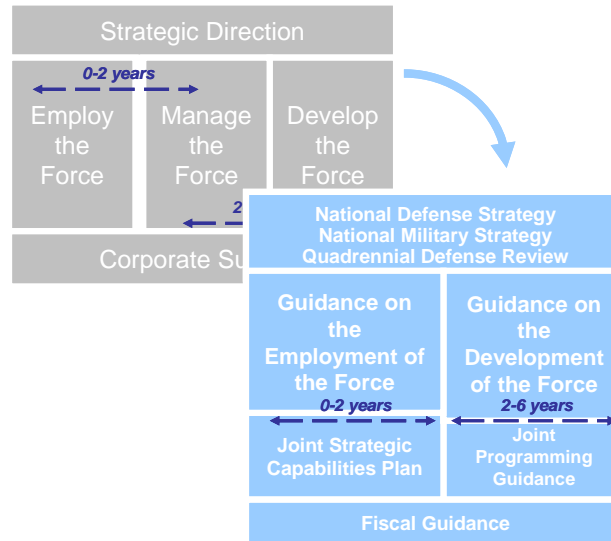

Figure 2. Strategic Management Framework

Strategic Direction

Strategic direction is developed by the Secretary of Defense through the Quadrennial Defense Review (QDR) process and disseminated through the *National Defense Strategy*. The Chairman of the Joint Chiefs of Staff provides strategic direction to the military through the *National Military Strategy,* consistent with the QDR and the *National Defense Strategy*.

- The *National Security Strategy*, issued by the President at the beginning of each new Administration, defines the specific strategic outcomes that must be achieved to meet the missions assigned to the Department of Defense.[13]

- The *National Defense Strategy* and the QDR provide strategic guidance from the Secretary of Defense on priority defense missions and associated strategic goals.[14] These goals are used by the strategic planning community to assess newly emerging goals and to develop specific performance measures. The QDR report also serves as the Department's strategic plan, consistent with the Government Performance and Results Act of 1993.

- The *National Military Strategy* provides strategic direction from the Chairman of the Joint Chiefs of Staff on how the Joint Force should align the military ends, ways, means, and risks consistent with the goals established in the QDR and the *National Defense Strategy*.[15] The *National Military Strategy* is reviewed biennially, with updates issued as needed.
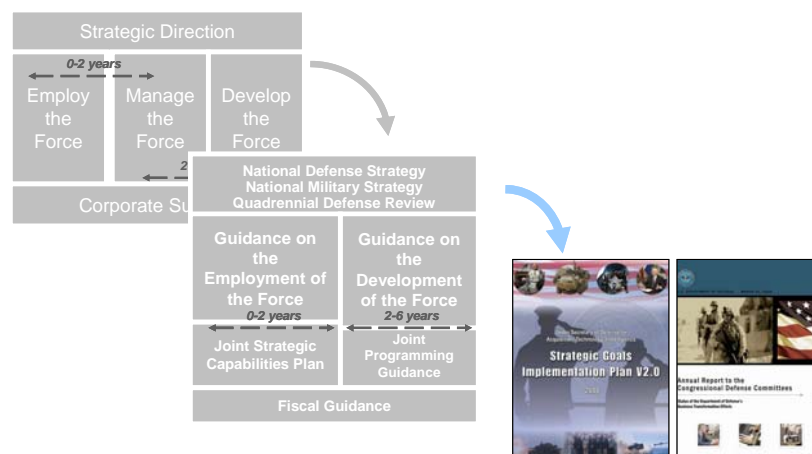
Strategic Guidance

Strategic guidance translates strategic direction into specific enterprise-level tasks with explicit performance outcomes and timelines. This guidance sets goals that require synchronization and cooperation among the Military Departments and Defense Agencies to achieve the outcomes specified:

- *Guidance on Employment of the Force (GEF)* and the *Joint Strategic Capabilities Plan (JSCP)* set priorities for activities undertaken in the near term – usually the period covered by budget execution (present through 2 years). The GEF is used mainly by the Combatant Commanders and those who support them to guide the development of campaign and contingency plans. The *JSCP* specifically tasks Combatant Commanders to develop campaign, contingency, and posture plans consistent with the GEF.[16] These plans define how a Combatant Commander will conduct all DoD activities within their area of responsibility.

- *Guidance on Development of the Force (GDF)* is used mainly by the Military Departments and Defense Agencies to align their internal priorities with DoD-wide performance goals for force development, management, and corporate support in the longer term (present through 2 to 6 years and beyond). The GDF establishes priorities within and across Joint Capability Areas and articulates the Department's force planning construct, as established in the QDR.

- *Fiscal Guidance (FG)* and *Joint Programming Guidance (JPG)* set specific fiscal controls and direct explicit program actions, respectively, for each Military Department and Defense Agency, consistent with the outcome and output goals established in the GDF. They are updated biannually.

These DoD-level guidance documents are issued by the Secretary, Deputy Secretary, or Chairman of the Joint Chiefs of Staff. They are intended to be the point of departure for implementation activities planned and resourced by DoD components. These documents are supported by strategic functional guidance issued by each of the Under Secretaries and the Department's enterprise managers.

Functional guidance documents cascade planning goals down to a third tier of corporate management. Each of these third-tier guidance documents lists specific goals and initiatives to be accomplished to improve and transform business operations in specific functional areas that are common across the Department, such as human capital management, intelligence integration, or acquisition oversight.

This third tier of guidance also includes the Business Enterprise Architecture, which strives to improve efficiency and effectiveness by developing a blueprint for the people, processes and technology of the future state, and the *Enterprise Transition Plan*, which is the Department's roadmap to achieve the business priorities.[17]

Figure 3. Examples of Cascading Strategic Guidance

It is the responsibility of the Department's Principal Staff Assistants and enterprise managers, such as the DoD Chief Information Officer, to ensure that planning performance goals and measures are directly aligned with the most recent update to the Secretary's planning guidance, and do not overlap or conflict with other functional guidance.
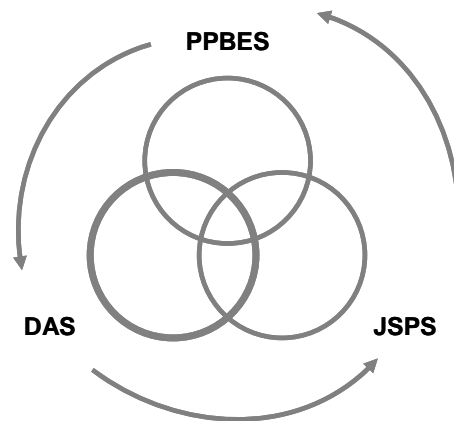
III. Strategic Management Decision Process

Planning for strong business operations is one thing—ensuring optimal execution is another, more complex task. The Department's Strategic Management Decision Process ensures that execution and resource plans achieve QDR goals, including support to business operations. Given that the Department spends more than $500 billion annually and supports a military force of more than 2 million, it is not surprising that the process for validating alignment of business enterprise priorities with planning goals is complex and interdependent.

There are three key processes in the Department of Defense that define how business operations must be structured to deliver the capabilities required to defend the Nation:

- *The Planning, Programming, Budgeting, and Execution System (PPBES)* is the Department's core decision making process. It translates strategic guidance into detailed resource, manpower, and force structure plans for the near-term (current to 2 years) and the longer term (current to 2 to 6 years and beyond).

- The *Defense Acquisition System (DAS)* oversees the acquisition of major weapon systems to support joint warfighting requirements. Given the span of time required to complete major defense procurements, DAS decisions can influence programs and budgets across multiple decision cycles.

- The *Joint Strategic Planning System (JSPS)* is the primary means by which the Chairman of the Joint Chiefs of Staff fulfills his statutory responsibilities to conduct independent assessments; provide independent military advice to the President, Secretary of Defense and other civilian leaders; and assist the President and Secretary of Defense provide unified strategic direction to the Armed Forces. The JSPS develops and validates priority joint warfighting requirements, operational strategies, and joint doctrine.

Figure 4. DoD's Strategic Management Decision Process

The purpose of each of these decision forums is to maintain the alignment of the activities of the Department with the strategic goals established in the QDR. Maintaining this alignment is a continuing process as strategic goals are translated into resource and execution plans, and as existing doctrine, organization, training, materiel, leadership and education, personnel and facilities are updated to better achieve those goals.

Planning, Programming, Budgeting and Execution System[18]

The PPBES is the process used by the Department to allocate resources to capabilities deemed necessary to accomplish the Department's missions. It is how strategic direction is translated into actionable elements. As such, it includes the Secretaries of the Military Departments, the Combatant Commanders, the Chairman of the Joint Chiefs of Staff, the Directors of Defense Agencies, and each of the Secretary's Principal Staff Assistants. In combination with the DBSMC certification process described in Section I, it is the means used by the Department to review and approve proposed investments in defense business systems.

The PPBES evolved from the system introduced in the early 1960's by Robert McNamara during his tenure as Secretary of Defense. His system adapted the capital planning process of the private sector to defense planning. The goal was to view decisions as a series of events unfolding over time—and to provide the Secretary of Defense a way to build toward new capabilities to confront a possible new security threat, while at the same time remaining prepared to deal with near-term challenges that might require a different set of capabilities. It provided the mechanism that allowed the Secretary to inform future decisions by re-examining prior decisions in light of real-world changes, such as a new security threat or altered economic assumptions.

The main output of the PPBES is the DoD portion of the President's Budget, which provides specific details on the resources the Department is requesting be appropriated and authorized by Congress to fund annual or multi-year Defense activities. It presents account-by-account funding details and associated spending justifications for all DoD activities, including the pay of military personnel, the operation and maintenance of facilities and equipment, the procurement of equipment, research and development as well as construction activities. These justification materials provide financial and performance data on the items and activities requested in the budget.

Two important documents are developed in association with the DoD portion of the President's Budget:

- *Secretary's Summary Justification.* The Secretary's Summary Justification is the main DoD budget justification document, and is the definitive source of information for the Department's senior managers to use when communicating with external customers—including Congress—on how the Department's budget, civilian personnel, facilities, and military forces and equipment have been structured to achieve the Department's strategic goals. It describes the standards against which the senior leaders of DoD Components will monitor and measure performance throughout the year of execution. Each DoD Component also publishes specific details on its activities including funding and performance data. (This information, along with the Department's justification summaries, is available to the public via the Internet.)

- *Future Years Defense Program.* In addition to the Secretary's Summary Justification, the Department provides Congress with a Future Years Defense Program (FYDP). The FYDP provides a detailed, multi-year breakdown of resources, manpower, and quantities of major weapon systems proposed for funding in the DoD budget and expected to be included in future budgets. Because the FYDP looks 5 years or more into the future, it provides Congressional defense committees and defense planners a way to view DoD resource proposals within the context of the Department's longer-term goals. The FYDP enables the Secretary and his senior staff to examine resource allocation options from three different perspectives:

  - By *Major Force Program*, which allows the Secretary to see how resources are balanced among the traditional categories of major military missions and force providers.

  - By *Appropriation*, which provides a view on how funds will be executed and allows the Secretary to examine how rebalancing priorities may change the budget presented to the Congress.

  - By *DoD Component*, which allows the Secretary to monitor trends related to how resources are allocated across the Military Departments and Defense Agencies.
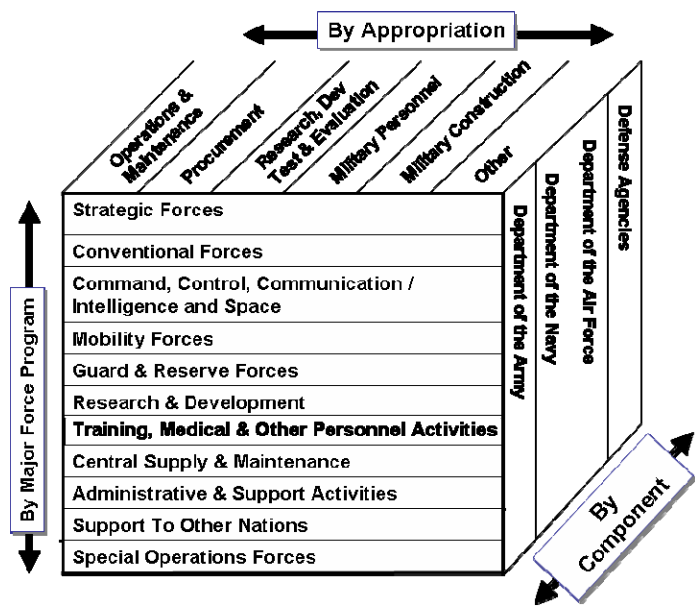

Figure 5. FYDP Perspectives

Within the past year, the Department has experimented with offering another perspective based on Joint Capability Area (see Section I). This new perspective will provide a similar view to that of major force programs, but will focus more on how resources are balanced among joint capabilities critical to the warfighter.

In order to best advise the Secretary on resource planning, senior staff members and heads of DoD Components are personally and substantively involved in guiding the development of their organizational strategic goals and development and implementation of resource plans that are combined and documented in the DoD portion of the President's Budget, and as described in the Secretary's Summary Justification and the FYDP.

Defense Acquisition System

The DAS is the process through which the Department develops, acquires, and fields the major new weapon systems (including large information systems) that provide the joint warfighter the materiel capabilities needed to achieve the strategic goals established in the QDR. The DAS is an event-based process in which acquisition programs proceed through a series of milestones associated with significant program phases. For a system to be eligible to enter the DAS, it has to first demonstrate that it fulfills a validated requirement and has a PPBES-approved resource plan.

A key principle of the DAS is the use of acquisition program categories, where programs are subject to more stringent oversight as their dollar value increases beyond certain thresholds, or when management interest is high. The DAS translates mission needs and technology opportunities, based on approved mission needs and requirements, into stable, affordable, and well-managed acquisition programs that include weapon systems and automated information systems.

Because of the timelines associated with developing, testing, fielding and maintaining major weapon systems, senior leaders who participate in the major DAS decision forum—the Defense Acquisition Board—must consider changes to the warfighting environment when assessing progress through the phases of acquisition to ensure these decisions can be integrated with emerging changes in the threat environment.

Joint Strategic Planning System

The JSPS is the primary means by which the Chairman of the Joint Chiefs of Staff carries out his statutory responsibilities to assist the President and Secretary of Defense in providing strategic direction to the Armed Forces; preparing and reviewing strategic plans and joint operations plans; and for advising on joint requirements, programs, and budgets. Most JSPS activity relates to ensuring the Chairman has the information he needs to provide independent advice and assessments (see Section IV). However, two JSPS processes establish requirements for joint warfighting support:

- *Joint Capabilities Integration Development System (JCIDS)* supports the statutory requirements of the Chairman to validate and prioritize joint warfighting requirements. JCIDS is an open analysis process in which sponsors of a new or revised capability are subject to peer reviews by experts from the Military Services, Defense Agencies, Combatant Commands and the Secretary's functional staffs. The result is an exhaustive analysis of potential capability alternatives, which produces a set of validated capabilities and associated performance criteria to be used as a basis for acquiring the needed capability.

- *Joint doctrine development* supports the joint employment of the Armed Forces and provides policies for the joint training and military education of the Armed Forces. Joint doctrine describes how forces will operate during a contingency operation and thus helps define the scope of supporting business operations.

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IV. Strategic Governance and Advice

Seeking outside advice is imperative for a strong strategic management approach to planning for business operations. Innovations from industry and lessons-learned from defense line managers and by the warfighter on the battlefield all can influence how the Department decides to structure its business infrastructure.

For strategic management decisions, the Secretary relies on a handful of governance and management advisory groups to review options and recommend strategic and resource alternatives. The effect is to create teams composed of the Department's senior leaders, who focus on different issues related to managing defense operations, but with a consistent objective of aligning management decisions to the strategic outcomes in support of the warfighter.

Governance

On May 11, 2008, the Secretary of Defense designated three primary governance bodies to advise and assist him in making key strategic management decisions related to aligning the Department's business operations with strategic goals:

- The *Defense Senior Leadership Conference (DSLC)* meets twice a year (usually for 1 to 2 days) to address issues and priorities of the highest level and to provide advice and assistance to the Secretary on the strategic direction of the Department. The Executive Secretary for the DSLC is the Director of the Joint Staff, who sets the agenda in collaboration with the Under Secretary of Defense for Policy.

- The *Senior Leader Review Group (SLRG)* meets at the discretion of the Secretary to address broad, cross-cutting strategic issues affecting the Office of the Secretary of Defense, the Military Departments, the Combatant Commands, and the Interagency. The Executive Secretary for the SLRG is the Director of Program Analysis and Evaluation (PA&E).

- The *Deputy's Advisory Working Group (DAWG)* meets weekly to provide advice and assistance on matters pertaining to DoD enterprise management, business transformation, and operations; and to provide strategic level coordination and integration of PPBES and assessment activities. The Executive Secretary for the DAWG is the Director of PA&E.

In addition to these three organizations, the Department is expanding the responsibilities of the Defense Business Systems Management Committee (DBSMC), established by the FY 2005 NDAA to advance the development of world-class business systems to support the warfighter[19]. The DBSMC oversees the implementation of systematic performance in DoD business operations, including providing strategic direction, planning, and establishing performance goals and measures.[20] The Executive Secretary for the DBSMC is the Principal Deputy Under Secretary of Defense for Business Transformation. The DBSMC meets monthly and has recently expanded its membership and agenda to address a broader business agenda.

By preparing for and participating in these senior -most decision bodies, the Secretary's executive staff is responsible for generating synergy and in-depth understanding of important decision issues. The personal expertise and judgment of each of the Secretary's key advisors is needed to maintain an integrated management perspective capable of making informed, balanced decisions for DoD business operations.

Advice

The primary independent military advisor to the Secretary is the Chairman of the Joint Chiefs of Staff. In addition to the Chairman, the Secretary relies on expert advice and analysis provided by three independent boards whose membership is drawn from respected former government executives and current and former leaders from private industry and academia.

The Chairman of the Joint Chiefs of Staff

The Joint Strategic Planning System (JSPS), briefly described in Section II, is the process used to formulate the advice the Chairman is required to provide by statute to the President and Secretary of Defense. The

DoD Senior Leaders	Membership and Meeting Frequency			
	Biannually	**As Needed**	**Weekly**	**Monthly**
	DSLC	**SLRG**	**DAWG**	**DBSMC**
Secretary of Defense	Chair	Chair		
Deputy Secretary of Defense	✓	✓	Chair	Chair
Secretary of the Military Departments	✓	✓	✓	✓
Under Secretary for Acquisition, Technology & Logistics	✓	✓	✓	Vice Chair:
Under Secretary for Policy	✓	✓	✓	✓
Under Secretary (Comptroller)/Chief Financial Officer	✓	✓	✓	✓
Under Secretary for Personnel & Readiness	✓	✓	✓	✓
Under Secretary for Intelligence	✓	✓	✓	✓
Deputy Chief Management Officer	✓	✓	✓	✓
Assistant Secretary for Network Integration & Information/Chief Information Officer	✓	✓	✓	✓
Assistant Secretary for Public Affairs	✓	✓	✓	
Assistant Secretary for Legislative Affairs	✓	✓	✓	
General Counsel	✓	✓	✓	✓
Director, Administration & Management		✓	✓	✓
Director, Program Analysis & Evaluation	✓	✓	✓	✓
Chairman, Joint Chiefs of Staff	Vice Chair	Vice Chair		
Vice Chairman , Joint Chiefs of Staff	✓	✓	Vice Chair	
Chief of Staff, Army	✓	✓	✓	
Chief of Staff of the Air Force	✓	✓	✓	
Chief of Naval Operations	✓	✓	✓	
Commandant of the Marine Corps	✓	✓	✓	
Commandant, U.S. Coast Guard	✓			
Commander, Africa Command	✓			
Commander, Central Command	✓			
Commander, U.S. European Command	✓			
Commander, U.S. Joint Forces Command	✓			✓
Commander, U.S. Northern Command	✓			
Commander, U.S. Pacific Command	✓			
Commander, U.S. Special Operations Command	✓		✓	
Commander, U.S. Southern Command	✓			
Commander, U.S. Strategic Command	✓			
Commander, U.S. Transportation Command	✓			✓
Commander, U.S. Forces Korea	✓			
Director, Joint Staff	✓	✓	✓	✓
Chief, National Guard Bureau	✓	✓	✓	
Director, J5			✓	
Director, J8			✓	
Directors, Defense Agencies (as needed)				✓
Chief Management Officer, Army				✓
Chief Management Officer, Navy				✓
Chief Management Officer, Air Force				✓

Table 3. Senior Governance Bodies per DoD Directive 5105.79 and §2222, NDAA 2005

strategic, planning, programming, requirements, and risk advice developed through the JSPS provides the basis for future Joint Staff activities undertaken on behalf of the Chairman, and also provides national and defense senior leaders the baseline military assumptions for developing the strategy direction and associated strategic guidance and policy. Table 4 lists the Chairman's advisory roles and the areas which, by statute, he is responsible for providing independent recommendations to the Secretary.

The Chairman uses many formal and informal means to convey his independent military advice to senior civilian and military leaders. Two examples are:

- *The Chairman's Risk Assessment (CRA).* In accordance with Title 10, the statute defining the responsibilities of the Armed Forces, the Chairman must conduct an annual, comprehensive review of the *National Military Strategy,* and report the results to Congress. This assessment includes evaluating the strategic and military risk associated with the strategy, and recommending changes to mitigate that risk. The CRA also informs the strategic guidance documents listed in Section II.

- *The Chairman's Program Recommendation* conveys the Chairman's personal advice to the Secretary on alternatives relating to military capabilities and budgeting.

Roles	Authorities	
	Assess	Advise
Principal Military Advisor Combatant Commander Spokesman	Readiness Risk Sufficiency	Strategic Direction Strategic Planning Contingency Planning Program & Budget

Table 4. Chairman's Statutory Advisory Roles and Authorities[21]

The Chairman's military advice is independent and is focused on matters of the highest importance to the joint warfighter. Accordingly, the Chairman's opinion and assessments, like all of the Department's senior leaders, is informed by substantive preparation for and participation in the integrated civilian and military management structure that helps guide the day-to-day governance of the Department.

Defense Boards

Three independent civilian boards also offer assessments and alternative recommendations on a range of defense policy and business issues:

- The *Defense Policy Board* provides the Secretary, Deputy Secretary and Under Secretary for Policy with independent, informed advice and opinion concerning matters of defense policy.

- The *Defense Science Board* does not advise on individual Defense procurements. Instead, the board evaluates pressing and complex technology problems facing the Department in such areas as research, engineering, and manufacturing, and identifies new technologies and new applications of technology in those areas to strengthen national security.

- The *Defense Business Board* was established in 2001 as a complement to broader efforts at transformation in the Department of Defense. The Board consists of approximately 20 private-sector executives who have amassed a vast range of experiences in business management. The board provides independent advice and recommendations on effective strategies for best business practices that enhance the efficiency and effectiveness of organizational support to the joint warfighter.

These advisory boards are often consulted as internal management initiatives are formulated, or as the Department positions itself to implement government-wide reforms, such as those directed by the President's Management Agenda.

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V. Strategic Performance Goals

The ability of the Department's business operations to support strategic goals is measured by the actual performance observed by the joint warfighter and external partners. Accordingly, the Department uses performance goals and measures to monitor progress toward achieving those goals.

DoD Transformation Priorities

In the spring of 2007, the Deputy Secretary of Defense established the DoD Transformation Priorities project to focus the Department on achieving progress on important reform initiatives. They were drawn from ongoing enterprise-wide activities that the Department's senior leaders thought were vital to further the Department's transformation agenda.

To ensure alignment with existing QDR guidance, the initiatives selected for intensive monitoring and tracking were grouped into four focus areas:

- Prevail in the Global War on Terror
- Strengthen Joint Warfighting Capabilities
- Focus on People
- Transform Enterprise Management

Each senior civilian or military leader responsible for an initiative identified as a DoD Transformation Priority has developed a milestone plan to achieve results, and regularly updates the Deputy's Advisory Working Group. The President is also provided a report on the Department's progress.

As noted in Section I, the Deputy Secretary's Transformation Priorities initiative focuses the Department's senior civilian and military leaders on what tasks must be accomplished *now* to achieve the strategic change defined in the QDR. The transparency provided by real-time tracking and reporting improves the quality and timeliness of the transformation decision agenda.

The Appendix lists each of the DoD Transformation Priorities.

National Security Personnel System

The National Security Personnel System (NSPS) is the Department's flexible and responsive civilian personnel management system that links pay-to-performance, encourages communication, supports broader skill development, and promotes excellence in the workplace. NSPS modernizes an old civil service system to clearly align employees' daily activities with the goals and objectives of the Department. It allows the Department to offer fair compensation and a collaborative workplace, thus allowing the Department to attract and retain a world-class workforce. The system focuses on people, performance, and employment decisions that are cost-effective and offer best business practices.[22] In addition, the Department conducts an annual organizational assessment to certify that its senior executives are contributing to achieving one or more of the Department's Top Transformational Priorities.

Government Performance and Results Act

External partners are informed of the Department's results by means of the Department's annual performance budget, which reports Department progress toward strategic QDR goals as defined in the Government Performance and Results Act (GPRA) of 1993. The FY 2000 NDAA amended GPRA to recognize the Department's QDR Report as the Department's strategic plan. Accordingly, the annual performance budget the Department submits to Congress includes a performance plan that aligns performance goals and measures with the QDR, and a performance report on progress toward achieving those goals. In addition, the Department has made substantial progress in achieving results associated with the various performance management initiatives undertaken through the President's Management Agenda.

All of the Department's performance goals and measures align to strategic goals established by the QDR. Compensation of the Department's senior executives is directly linked to their success in supporting DoD's Transformation Priorities. The first subordinate level of goals and measures is found in the functional strategic plans issued by Department's Principal Staff Assistants and enterprise managers.

VI. Conclusion

Effectiveness and efficiency are the fundamental objectives for management in the Department of Defense. Over the past 8 years, transforming how we do business—and how we think about doing business—has been a strategic imperative for the Department.

This inaugural Strategic Management Plan for the Department of Defense has outlined how the Secretary and his senior management team built upon the inherent management flexibilities in the Department to create and maintain an agile and effective management culture. We have consolidated and focused our model for developing strategic direction and guidance, formally integrated our senior-most governance processes, and created enterprise-wide data structures and analysis tools to better address the capabilities of highest value to the joint warfighter.

These changes are improving the way we define and resolve problems, and will reduce the cost of business operations, thus saving the American taxpayer money. Most important, these changes are continually improving the support the Department provides the Nation's warfighters.

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Appendix: DoD Transformation Priorities

Prevail in Global War on Terror	Accountable Senior Leader
Develop Near East-South Asia security cooperation strategy and plan	Under Secretary of Defense for Policy
Conduct September 2007 Iraq surge assessment and revise and execute strategies and plans accordingly	Chairman, Joint Chiefs of Staff
Implement long-term strategy for detainees	Under Secretary of Defense for Policy
Rapidly field Mine-resistant Ambush Protected Vehicles	Under Secretary of Defense for Acquisition Technology and Logistics
Aggressively support the Joint Improvised Explosive Devices Defeat Organization (JIEDDO) and its institutionalization	JIEDDO, assisted by the Joint Staff
Implement Building Partnership Capacity Initiatives	Under Secretary of Defense for Policy
Swiftly improve high-value target tracking and locating capabilities	Under Secretary of Defense for Intelligence
Communicate in a 24/7 New Media Age	Assistant Secretary of Defense for Public Affairs
Strengthen Joint Warfighting Capabilities	
Finalize and implement the Cyberspace strategy	Commander, U.S. Strategic Command
Sustain Special Operations Force expansion plan	Commander, U.S. Special Operations Command
Continue ground force expansion, reorganization, and reset to include transforming the Reserve Component into an operational reserve	Chief of Staff of the Army, in collaboration with the Commandant of the Marine Corps
Move New Triad to implementation	Commander, U.S. Strategic Command
Strengthen cultural awareness and language capabilities	Under Secretary of Defense for Personnel and Readiness
Achieve full operational capability for Africa Command and initiate transformation of Southern Command toward an interagency operation	Under Secretary of Defense for Policy and Commander, U.S. Southern Command
Execute BRAC and global re-posture	Under Secretary of Defense for Acquisition Technology and Logistics and the Under Secretary of Defense for Policy
Complete a Homeland Defense-Civil Support Capabilities-Based Assessment and revise and execute strategies and plans accordingly	Commander, U.S. Northern Command
Focus on People	
Sustain the all-volunteer force to include dwell times, Active-Reserve-civilian-contractor mix, Commission on National Guard and Reserve implementation, and support to families	Under Secretary of Defense for Personnel and Readiness
Swiftly implement Wounded Warrior recommendations and accelerate Bethesda National military Medical Center	Under Secretary of Defense for Personnel and Readiness
Complete National Security Personnel System implementation and new Senor Executive Service system	Under Secretary of Defense for Personnel and Readiness
Develop strategy to prevent civilian leadership vacuum	Director, Administration and Management and White House Liaison Office
Transform Enterprise Management	
Establish a new strategic planning process including an improved process for prioritizing and aligning resources to joint capability demands, implement a common transparent decision framework and supporting management information system, and expand Capability Portfolio Management	Under Secretary of Defense for Policy and the Chairman, Joint Chiefs of Staff
Streamline security clearance processes	Under Secretary of Defense for Intelligence
Implement Defense Business Systems Management Committee and Business Transformation Agency agendas, to include fielding the Defense Integrated Military Human Resources System	Director, Business Transformation Agency
Modernize and integrate critical financial management and internal control systems	Under Secretary of Defense (Comptroller)
Pursue targeted acquisition reforms, to include Concept Decision, Life-cycle Management, Configuration Steering Boards, and Energy initiatives	Under Secretary of Defense for Acquisition, Technology, and Logistics

Endnotes

1 Gregory D. Kutz, "Integrated Approach, Accountability, Transparency, and Incentives Are Keys to Effective Reform," Testimony before the House Subcommittee on Government Reform (March 20, 2002).

2 *Quadrennial Defense Review Report* (Department of Defense, September 30, 2001).

3 The BMMP effort was modeled after an approach used successfully by private industry to restructure financial systems by targeting improvements at feeder systems and other root causes, such as control processes or data configuration.

4 Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01B, "Joint Capabilities Integration and Development System" (May 1, 2007).

5 Memorandum from the Deputy Secretary of Defense, "Capability Portfolio Management Way Ahead" (February 7, 2008).

6 Memorandum from the Deputy Secretary of Defense, "Joint Capability Areas" (February 14, 2008).

7 *Quadrennial Defense Review Report* (Department of Defense, July 17, 2006).

8 "DoD Senior Governance Councils," Department of Defense Directive (DoDD) 5205.70 (May 19, 2008).

9 These eight roadmaps were: (1) Institutional Reform and Governance, (2) Strategic Communications, (3) Building Partnership Capacity, (4) Sensor-Based Management of the Intelligence, Reconnaissance and Surveillance Enterprise, (5) Authorities, (6) Irregular Warfare, (7) Joint Command And Control, and (8) Locate, Tag, and Track.

10 Ronald W. Reagan National Defense Authorization Act of Fiscal Year 2005 (Title 10 U.S.C. § 2222).

11 David Walker, Testimony before the Senate Readiness and Management Support Subcommittee (November 16, 2006).

12 "Deputy Secretary of Defense," DoDD 5105.02 (September 18, 2007).

13 *The National Security Strategy* (The White House, March 2006).

14 *The National Defense Strategy of the United States of America* (Department of Defense, March 2005).

15 *The National Military Strategy of the United States of America* (Chairman of the Joint Chiefs of Staff, 2004).

16 The JSCP fulfills the Chairman's statutory responsibility to produce strategic plans.

17 Current version can be accessed at: www.defenselink.mil/dbt/products/2008_BEA_ETP/etp/ETP.html.

18 Adapted from Mark B. Keehan, "Teaching Note: the PPBE Process" (Defense Acquisition University, April 2006).

19 Memorandum from the Deputy Secretary of Defense, "DoD Business Transformation" (February 7, 2005).

20 Transition plans are documented in the DoD *Enterprise Transition Plan*; the current version can be accessed at: http://www.defenselink.mil/dbt/products/2008_BEA_ETP/etp/ETP.html

21 CJCSI 3100.01B, "Joint Strategic Planning System" (Draft June 2008).

22 A description of the National Security Personnel System is at: www.cpms.osd.mil/nsps/whatisnsps.html