

## The Other U.S. Defense Crises

*Third in a series*

**R**esponsible withdrawal of our combat forces from Iraq and resetting NATO's posture in Afghanistan are at the top of your national defense priorities, and justly so. But along with these priorities is another realm that warrants urgent attention from your new team at the Pentagon: myriad dysfunctions in the management of the defense establishment. Aggravated by the imperatives and distractions of war, these problems have reached crisis proportions.

When I served on the Clinton administration's Pentagon acquisition team, one of my colleagues sketched the Pentagon's natural history by the primary "objects" of its minor bureaucracies, which he glibly called "the people," "the money," "the hardware" and "the words." Here's what I see underlying the crisis in each domain and where I'd recommend your new defense team reach for levers to gain purchase on these difficult problems.

● **People**—the object of the personnel and readiness mavens—are beset by stresses and risks that are rooted in a force structure not fully in tune with the modern missions of our military. It is not especially a problem of scale but of composition, both in the forces' macroscopic dimen-

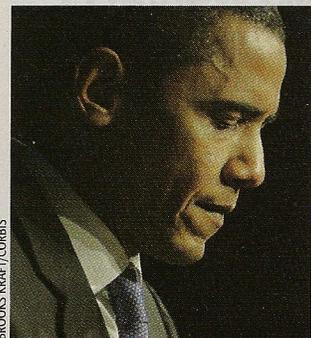
sional now that federal responses to domestic crises are competing for federal funds.

● **Hardware**—the object of the acquisition management system—suffers from our having lost the recipe for developing major weapon systems within tolerable deviations from cost, schedule and performance requirements. Cancellation in October of the Army's Armed Reconnaissance Helicopter is only the latest in a litany of major acquisition programs gone bust. The long legacy of Pentagon initiatives to fix acquisition has focused mostly on the superstructure of the problem—its organization and processes—rather than on base economic incentives. The poor outcomes our programs routinely exhibit are generally a reflection of bad incentives, not of waste, fraud, malice or incompetence. So, I recommend your team's contribution to this legacy focus on inducing better choices from warfighters, program managers and industry by orchestrating their incentives to maximize capabilities, budgets and profits, respectively; not on adorning the acquisition superstructure with more mandates and oversight.

● **Words**—the object of the plans and policy caste—reflect no shortage of strong pronouncements about the Defense Dept.'s strategic intents. But they have fallen well short of effecting coordination of these objectives and methods with the Pentagon's critical stakeholders. Chief among these are the Defense Dept.'s own—often wayward—constituent elements. But other stakeholders, powerful in their own right and too loosely coordinated with Defense, include other agencies of government, Congress, allies, strategic competitors and sometimes even outright enemies, as was the case with the U.S. and Soviet defense establishments during the Cold War. Words alone will hardly do the trick, but focusing the defense policy apparatus of your administration on dialogue with these interest groups that lie adjacent to the Defense Dept. would be a productive, necessary step.

I regret if my concerns about broken managerial systems at the Pentagon come across as esoteric, because these quiet crises do have important resonance with your administration's urgent and enduring goals for national defense. Left unattended, however, they will impair your stewardship by allowing further atrophy of the tendons that would connect your vision for America's role in the world to the muscle of our military forces around the globe.

*Sincerely,*  
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Left unattended, broken managerial systems at the Pentagon will impair your leadership.

sions (strategic vs. conventional vs. irregular formations) and microscopic manifestations (units with more shooters than sufficient linguists, civil engineers and so forth). Entrenched interests surrounding force structure are the toughest to penetrate, so rebalancing requires sustained leadership attention. Defense Secretary Robert Gates could make a start by directing that the focus of the 2009 Quadrennial Defense Review will be on reshaping force structure.

● **Money**—the object of budgeteers and program planners—bears the curse of abundance arising from the unprecedented scale and frequency of emergency supplemental appropriations to finance the wars. The institutionalization of supplemental budgets has opened wide fiscal relief valves that encouraged postponement of hard choices and corroded the discipline necessary to forge sustainable future-years programs. Recovering that discipline in the face of deferred choices, and unsustainable obligations now coming due, will first require an exercise to re-baseline core, recurring programs and distinguish them from costs that arise from the genuine incremental effects of contingent deployments. A return to fiscal discipline at the Defense Dept. is all the more es-