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**(U) The Development and Tracking Process of the DoD Transformation Priorities**

**INTRODUCTION:**

(U) During the last two years of the George W. Bush Administration, the Deputy Secretary of Defense began to seek an institutional mechanism to advance important reforms initiated in the 2006 Quadrennial Defense Review. In support of this objective, the DoD Transformation Priorities initiative developed into that mechanism to provide for an orderly, disciplined execution of this body of critical work, which spanned more than 20 months and represented important best practices for enterprise-level reporting. It has also served as: a communication tool aligning strategy across DoD Components; a management tool for assessing outcomes; and, a reporting tool for senior-leader organizational performance. Additionally, this work embodies many important management precepts. Priority reporting is transparent, consistent, accountable, and output focused. As the Department readies for Administration change, it may be helpful to document and explain how this initiative evolved, how it was structured, and what progress was achieved in each.

(U) With the senior leaders' desire to actively manage the execution of this strategic initiative, the DA&M developed and refined a methodology which was employed throughout the Department. The methodology was also employed for the FY08 Organizational Assessment and the Deputy Secretary's Succession Planning initiative. This appendix outlines lessons learned from this increasingly transparent work, the related accountability, and the communication strategy execution.

**DEVELOPING THE 25 PRIORITIES**

(U) The Priorities were developed iteratively from various initiatives in the Department, including component strategic plans, senior-leader priority lists, and previous Department-wide initiatives such as the QDR, Execution Roadmaps, and KMPM. On February 15, 2007, to support the development of KMPM, DoD Components were directed to submit a milestone plan of their organizations' five highest Priorities – in rank order – “reflecting the current work in progress,” that the DoD Components expect “to be largely concluded by the end of 2008.”<sup>14</sup> The DA&M established a tracking process for KMPM in order to report progress of the Department's work – codified in the various submissions – through the end of 2008. While each component contributed to the KMPM initiative, it lacked a top-down enterprise-wide strategic focus.

(U) Toward this end, the DoD Transformation Priorities built on the work of KMPM. The Priorities incorporated senior leaders' direction as they were developed. This work grew out of preparation for the June 28, 2007 meeting of the SLRG. The Deputy Secretary asked for the Component's top three to five issues relating to the issue of transformation that the Secretary of Defense had established as one of his priorities.<sup>15</sup> The Secretary and Deputy Secretary used the topics submitted for the SLRG, in addition to the other various initiatives, to develop a list of the top priorities for the 500 days remaining in the Administration's term. The DoD Transformation Priorities focused the

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<sup>14</sup> Deputy Secretary of Defense Gordon England, *Key Management and Process Milestones Memorandum*, February 15, 2007.

<sup>15</sup> Deputy Secretary of Defense Gordon England, *Memorandum: Transformation Agenda*, June 12, 2007.

Administration's top 25 reform initiatives for the DoD. The list was briefed first to the June 2007 SLRG meeting and then to the DSLC in July 2007.<sup>16</sup>

(U) To facilitate implementation of the DoD Transformation Priorities and embed accountability, Offices of Primary Responsibility (OPR) were assigned to develop milestone plans through the end of 2008 (and, in some cases, beyond). In total, there are 43 milestone plans and 308 specific milestones supporting these 25 Priorities. The final list of the top 25 Priorities was briefed to the President in an August 2007 Camp David meeting. In much the same fashion as KMPM and the 2006 QDR, the Deputy Secretary requested that DA&M track these Priorities through the end of the Administration.

**DEVELOPMENT OF PRIORITY LISTS**

(U) The Department's use of priority lists has been employed to provide focus within its strategy from year-to-year (see Figure 1). This approach has yielded a constantly evolving priority list due to the prerogatives of the incumbent Administration, leadership, and security changes. The evolution of Department priority lists into the DoD Transformation Priorities marks a maturation of the concept. That is, the Department improved this specific process by making the Priorities transparent, consistent, measurable, and asking officials to account for progress. This process has taken the form of establishing owners, defining interim and final deliverables, outlining areas for leadership involvement, and requiring progress updates to the Secretary and Deputy Secretary of Defense through their respective senior leadership councils.

(U) The series of priority lists that led to the DoD Transformation Priorities compressed eight individual priorities into four focus areas: Prevail in GWOT, Strengthen Joint Warfighting Capabilities, Focus on People, and Transform Enterprise Management. These focus areas have served as large overarching goals to describe how the Department is changing to meet its national security challenges. These four focus areas find their roots to the 2006 QDR and have been adopted for use in the Department's annual Organization Assessment and Performance Budgeting activities. In a sense, this maturation of priority lists has created an enterprise-wide coherence for managing strategic change. A more in-depth description of each focus area follows.

- | <u>2006 Priority List</u>   | <u>2007 Priority List</u>   |
|---|---|
| <ul style="list-style-type: none"> <li>• Win the Global War on Terror: "The Long War"</li> <li>• Maintain a Combat-Ready Force</li> <li>• Defeat Improvised Explosive Devices</li> <li>• Take Care of Our People</li> <li>• Continue the Transformation Agenda</li> <li>• Build International Coalitions</li> <li>• Improve Enterprise Management</li> <li>• Conduct Homeland Defense and Military Support to Civil Authorities Activities</li> <li>• Improve the Civil Service System</li> </ul> | <ul style="list-style-type: none"> <li>• Pursue the Global War on Terrorism</li> <li>• Strengthen U.S. Combined and Joint Warfighting Capabilities</li> <li>• Meet the Challenge of Improvised Explosive Devices</li> <li>• Continue Transforming the Joint Force</li> <li>• Significantly Improve Military Intelligence Capabilities</li> <li>• Continue Transforming Enterprise Management</li> <li>• Focus on People – Military and Civilian</li> <li>• Improve Effectiveness and Efficiency Across the Board</li> </ul> |
| <b>Future Priorities</b>  |   |
| <ul style="list-style-type: none"> <li>• Communicate More Effectively</li> <li>• Transform Interagency Coordination</li> <li>• Improve DoD's Efficiency and Effectiveness; Reduce Energy Dependency</li> </ul>  |   |

Figure 1. Deputy Secretary of Defense Priority Lists for 2006 and 2007

<sup>16</sup> See Appendix X- POAM chart with milestone dates

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### THE FOUR FOCUS AREAS:

- **(U) PREVAIL IN GWOT:** The U.S. will continue to fight terrorism on the strategic and tactical levels both in the Wars in Iraq and Afghanistan, as well as across the globe. In addition to the current conflicts, the Department is posturing itself to fight terrorism in potential future trouble spots in areas such as the Horn of Africa and Sudan. DoD is adapting to irregular warfare environments, learning to properly utilize and communicate in the 24/7 media age, and ensuring that Military Service members are properly equipped to fight against the challenges presented by the enemy's weapon of choice, improvised explosive devices. The Department is determined to win the Global War on Terror and is building its own capabilities as well as increasing our allies' capacity to win in this fight.
- **(U) STRENGTHEN JOINT WARFIGHTING CAPABILITIES:** Strengthening Joint Warfighting capabilities covers a wide-range of DoD activities including defense strategy, global force posture, and force reorganization and expansion. The Department is taking steps to re-posture itself to meet domestic, international, and cyber challenges, with an understanding that traditional forces must be supplemented based on emerging threats. DoD aims to meet all BRAC requirements as well as reset and transform the Reserve into an operational component, and expand Special Operations Forces. In addition, the Department is building capacity and capabilities in strategic foreign language capacity, cultural understanding, and force posture. Further, the Department is positioning itself to meet future needs through activities such as establishing USAFRICOM and USSOUTHCOM.
- **(U) FOCUS ON PEOPLE:** The Department is focused on maintaining an all-volunteer force and providing the highest level of service to military members and their families. Recent problems have brought to light deficiencies in the current personnel support systems and the Department is committed to remedying these problems and properly caring for soldiers and their families. Programs are evolving to improve the quality of life, housing, healthcare, and training for military personnel. Of particular importance are the actions the Department is taking to improve medical treatment, rehabilitation, and facilities for wounded warriors and the care and support for the families of fallen service members. This focus area is developed to bolster support for its civilian personnel by modernizing and implementing a new personnel system as well as developing a system to prevent a vacuum with the changing Administration.
- **(U) TRANSFORM ENTERPRISE MANAGEMENT:** The Department is committed to implementing strategic management changes to ensure that best business practices are in place across all levels of DoD. Procurement reforms are among the Department's top priorities as DoD continues to try to eliminate waste and duplication. A modernization of the financial management system is intended to increase efficiency and accountability of the organization.

(U) These four focus areas are an outgrowth of the 2006 QDR Priorities. They are mutually reinforcing and designed to maximize force transformation efforts to prevail

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against the threats facing our Nation. They are intended to more rapidly design, implement, and execute new strategies, force structures, doctrine, training, materiel, and business processes. Initiatives emphasize increased Departmental jointness, enterprise-level decision making, and coordination with other interagency actors.

(U) As written in the 2006 QDR, defense leaders designed the QDR “to serve as a catalyst to spur the Department’s continuing adaptation and reorientation to produce a truly integrated joint force that is more agile, rapidly deployable, and more capable against the wider range of threats. Through a process of continuous improvement, constant reassessment, and application of lessons learned, changes based on this review will continue over time.”<sup>17</sup> In much the same fashion as the QDR Execution Roadmaps, the four focus areas act as the management plan to achieve these goals and continue and extend the catalytic transformation that the QDR began. Each of the DoD Transformation Priorities supports this plan and highlights the key milestones by which the Department will fulfill this vision. In a Department as large and complex as Defense, it is important to understand the connected individual actions, timelines, resources, and leadership required to execute such a vast institutional transformation.

(U) Establishing focus areas helped DoD Components to more specifically align their major initiatives to the Department’s strategy. This encouraged widened participation as they aligned their individual Priorities with the Department’s overall strategy. In addition to encouraging participation, this approach helped socialize a transformation agenda throughout the Department. Discussed in further detail, other major advances to this priority list process are the assignment of owners and establishment of milestone plans.

### **DEVELOPING MILESTONE PLANS WITH INDIVIDUAL OPRs**

(U) After the list of 25 initiatives was finalized and approved, DA&M developed and coordinated the inputs from over 17 individual OPRs, and many more specific contacts and offices. DA&M worked with leadership to assign OPRs, and then assisted crafting effective milestone plans with specific deliverables to enable tracking efforts. DA&M worked to ensure that milestone plans were specific, measurable, actionable, relevant and timely (SMART). Based on previous lessons learned, a standard submission template was given to all OPRs (see figure 2), which helped to streamline the submission process and formatting issues. Throughout the initiative, this effort reaffirmed that SMART milestones are an effective way to measure progress. The process of creating the milestone plans and the focus on deliverables challenged the Department to focus on the outcomes of the strategy. For example, the priority to “Rapidly Field Mine Resistant Ambush Protected vehicles (MRAP)” was focused on the specific number of MRAPs to send to theater, as well as overcoming resourcing and maintenance issues. Conversely, other milestone plans were focused on less concrete, more policy-oriented goals such as building relationships with other countries. The development of those milestone plans required more thought on how to articulate the outcomes.

(U) Component relationships were the key to tracking milestones. In addition to developing a transparent process, building and maintaining collaborative POC relationships was essential in tracking progress and soliciting feedback. In addition, the

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<sup>17</sup> 2006 QDR Report, page 7.

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process utilized a web-based database tracking system called the Corporate Governance Support System (CGSS) to monitor progress. CGSS provided individual POCs the ability to edit their priority information directly into the database. It also provided real-time updates on the status of their milestone plans. Through CGSS, progress reports could be developed rapidly on the implementation and status of milestones for any or all of the milestone plans in a matter of minutes. This tool greatly increased the accountability, transparency, and automation of previous tracking efforts.

(U) Progress monitoring authorities were derived from the Department's senior leadership, and the feedback received from the Secretary and Deputy Secretary kept a constant feedback loop with all stakeholders.

### **DEVELOPING A REPORTING PROCESS**

(U) After working with OPRs to develop the milestone plans and deliverables, DA&M developed a systematic tracking program to consolidate online reporting of the specific milestone plans into easily digestible reports on the initiative as a whole. After the first report, the Secretary and Deputy Secretary directed focus to the development of strategy versus an accounting of milestones accomplished or missed. This focus has allowed for successively more strategic reports showing the development of strategy in the Department in response to new requirements.

(U) The quarterly reporting requirement that accompanied the DoD Transformation Priority tracking initiative was very helpful. However, coordinating the inputs of 43 milestone plans was labor intensive. Midway through, DA&M developed a streamlined process to construct the report in parallel to collecting the OPR inputs, DAWG briefs, and other various information sources. After developing a first draft report, the office immediately sent the report out for staff coordination, without delaying for overdue inputs. The staff coordination version gave action officers the chance to further develop their sections in concordance with the rest of the report. After the staff comments were collected, a final version was then developed within DA&M, with editors standardizing language and style. A formal coordination draft was then sent throughout the Department, requiring senior leader approval. This process allowed for OPRs with cumbersome coordination processes to get timely inputs. As the OPRs became more familiar with the process, OPRs began to anticipate requests for information, and as a result, the cycle time for producing and coordinating the report became shorter with each successive quarterly report.

(U) Version control and language standardization among multiple OPRs across the federated enterprise is difficult. There is a need to create "rules" for standardization of language, uniform formatting, and office descriptions. While this point may seem administrative, it has a significant impact on the quality and timeliness of the final deliverable. Experience tracking the Priorities also highlights the need for a common language throughout the Department with respect to strategy tracking efforts.

### **SENIOR GOVERNANCE SUPPORT**

(U) Throughout the Transformation Priorities work, the two most senior governance bodies, the DSLC and the SLRG, have both requested updates on the Priorities. However, the third senior governance body, the DAWG, has been the most active

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governance body supporting the Transformation Priorities. In addition to the written reports, and in order to maintain focus and momentum, the Deputy Secretary directed the institutional leads for each priority to provide updates on implementation to the DAWG on a recurring basis. This exercise provided senior leadership more visibility into these important issues and opportunities for them to influence progress and ensure completion. Starting in late January 2008, each DAWG began with a brief update on the status of the milestone plans. The first iteration of these updates was completed by early April 2008. A second round of DAWG updates continued from June 2008 through September 2008. The updates to the DAWG have been useful for increasing interaction with the OPRs and solidifying good working relationships. All of the DoD Transformation Priorities benefited from the insight from and awareness of the senior leaders. For example, a discussion on the Department's energy initiatives led to a question on what DoD is doing in regards to water initiatives. In addition, discussions about the fully burdened cost of fuel may have led to more energy saving initiatives, such as spraying tents in theater with foam insulation. While only anecdotal, not only did senior leadership attention help the Priorities achieve their deliverables and broader goals, but also the ability of the OPRs to present their concerns and roadblocks helped with visibility across the Department.

### ORGANIZATIONAL ASSESSMENT

(U) The Deputy Secretary directed that the FY08 Organizational Assessment (OA), a senior leader performance assessment tool, be based on the DoD Transformation Priorities in an October 2, 2007 memo. From June through September 2008, DA&M worked with the Organizational Assessment lead, OUSD(P&R), and their team to compile, edit, and analyze the submissions for the FY08 OA. First, the team developed a standardized template for each OPR to fill out, including such discussion areas as "Barriers to Completion of Milestones," "Accomplishments beyond FY08 Milestones," and "Rationale for meeting Output on Time." This discussion, along with the planned target dates and current target dates for each DoD Transformation Priority, provided the OPM and internal Pay Review Boards the opportunity to accurately review DoD progress on key strategic priorities. Although only the third time DoD has delivered an Organizational Assessment to OPM, this effort was much improved from the first two, which was a list of accomplishments. This OA provided a 2-3 page memo, a stop-light "scorecard" that denoted rates of completion for each priority, as well as an appendix with each of the 43 one-page submissions listing accomplishments and barriers.

(U) While the DoD Transformation Priorities reflected many, but not all of the goals for each OSD Component, Military Service, Defense Agency, and DoD Field Activity, this new process for performance assessment was successful. In the future, the Department could employ this methodology in developing senior leader priorities to ensure that they align to Department-wide goals that cascade through all Components of the Department.

### SUCCESSION PLANNING AND 2008-2009 ADMINISTRATION TRANSITION

(U) The Administration Transition provided several opportunities to expand the Department's tracking and reporting methods. In support of the Transformation Priority "Develop a strategy to prevent a civilian leadership vacuum," the DA&M used the same Transformation Priority process and lessons learned from the DoD Transformation Priorities to support the Deputy Secretary of Defense's Succession Planning initiative. A

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uniform template was created and vetted through senior leaders. A training program was then instituted and POCs from all the DoD Components were trained on how to use the CGSS tracking system to provide the appropriate information for the Deputy Secretary. While the DA&M team managed the CGSS, each POC was ensured that they owned the information in CGSS, especially since it contained such sensitive information as policy priorities and schedules for departure of senior level appointed officials. In addition, CGSS tracked those who could stand-in for appointed officials to fill gaps and provide continuity. This process proved successful as it enabled rapid production of uniform and informative read ahead packages and provided for an orderly process for one-on-one meetings between the heads of each component and the Deputy Secretary.

(U) As the new DoD Transition Task Force (TTF) was established, DA&M was able to provide guidance on the availability of an institutional tracking and reporting methodology. There were several tracking and reporting requirements brought forth during transition, including tracking information disclosure and archiving transition books. DA&M was asked to assist in the development of a template to track information disclosures to the President-Elect's Transition Team (PETT). Utilizing past tracking and reporting experience, DA&M provided the TTF with a template and process to report disclosure information to the White House. CGSS was also used to compile and archive the entire TTF component binders, which allowed easy access and dissemination of the electrons to the President-Elect's Transition Team. While transition efforts will continue into the next Administration, the Succession Planning process has ensured that the most important policy and budgetary priorities have been provided to the incoming team.

### CONCLUSION

(U) The DoD Transformation Priorities have served as a communication tool for aligning strategy across the various DoD Components, a management tool for measuring outcomes, and a reporting tool for progress assessment within the Department. In addition, the Priorities served as a tool for the Secretary and Deputy Secretary to communicate strategy to external stakeholders, whether to the President, the National Security Council, or the Congress. The process of creating priority lists, actionable milestone plans with concrete deliverables, tracking and reporting on progress, and providing opportunities for senior-leader involvement has been a substantial and visible change to the Department's culture and way of doing business. Going forward, this institutionally-embraced methodology that provides strategic-level transparency, consistency, and accountability throughout the Department has great potential for employment with the incoming Administration as they implement and execute the strategic activity underpinning their agenda.

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