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**Center for Strategic and International Studies (CSIS)
Forum on Innovation for Government Effectiveness
Washington, D.C., Thursday, January 24, 2013**

My thanks to CSIS for giving us the opportunity to tackle an easy problem today: to lay out a plan to make the U.S. government more effective. While we might not solve the entire problem of making the government more efficient in a single morning, in the spirit of continual improvement we should at least try to contribute something meaningful to the dialogue before lunch.

Some would say there is so much room for innovation when it comes to government effectiveness, just about anything would make things better. But that misses the point, if not the spirit of a more constructive debate.

The U.S. government is certainly not an efficient organization when measured by business standards. But the government has a long track record of proven success and extraordinary accomplishments that underscore its innovativeness. Consider for a moment the contributions to technology development and the sciences from the U.S. military and space program, from federal science and health organizations, and other U.S. government agencies. While researchers at the National Science Foundation study how various life forms can adapt and survive in harsh environments, the National Aeronautics and Space Administration (NASA) receives data from a rover on Mars and the National Oceanic and Atmospheric Administration (NOAA) contributes to a greater understanding of the environment through earth-orbiting spacecraft. The Defense Advanced Research Projects Agency (DARPA) is perfecting laser communications, the Department of Defense (DoD) developed and drives UAV technology, and the Naval and Air Force research labs spearhead progress in nanotechnology and the materials sciences. While the National Institutes of Health lead cancer research, the U.S. is contributing more money than any nation in the world to fighting AIDS in Africa. And while the Department of Energy is studying renewable energy from wind, solar and geothermal sources, the Department of Agriculture is looking at ways to create a more healthy diet.

In short, the U.S. government is a highly innovative institution and it continues to find innovative solutions to complex problems. Yet, all of us agree that it is not operating today at peak efficiency, especially when measured by business standards. But it is not appropriate to measure government by business standards because government has different constraints. We can only improve government efficiency if we find solutions that overcome those constraints.

There are at least four sets of constraints, not typical of other domains, which impede the ability of the government to operate more efficiently. One constraint relates to the sheer size, scale and scope of the mission. If it was a company, by the number of employees alone the U.S. government would be roughly equal to 15 General Electrics, with nearly 4.5 million people in its

ranks. Its market would extend from the Space Station to the National Science Foundation's outpost on the Antarctic. The company would have ground assets, physical infrastructure and business interests on all seven continents, supported by the largest fleet of ocean-going vessels, aircraft and ground vehicles in the world. The CEO would receive market intelligence from the Central Intelligence Agency (CIA), the National Security Agency (NSA) and a host of three-letter agencies, and would no doubt be the envy of the competitive research community.

And while the mission of any great company is to produce world-class products, if the U.S. government was a business it would be distinguished most by its world-class responsibilities. These include the requirement to protect and defend 320 million U.S. citizens and extend an umbrella of security to more than one billion additional people around the world through defense agreements and treaties with more than 70 nations.

These over-arching responsibilities and the resultant set of needs and requirements cannot be negotiated, redirected or wished away. They are reality, or as they say in the Army "ground truth."

At events such as this, it is often suggested that government should simply emulate industry, or at least adopt industry best practices. While that is a fair discussion to have, here again you must consider the constraints. If a CEO was confronted with the challenge of having far too many research and development programs, they would simply demand synergies to tighten the focus around a smaller set of desired areas with the greatest probability of yielding product success. They would narrow the scope of R&D and reduce the volume of disparate or one-off investments. Yet, with a vast array of domestic and international responsibilities, none that can be selectively turned off, the U.S. government has no such luxury to minimize the scope of its requirements as a business could.

Another set of constraints is the result of the unique relationship of the Executive Branch with Congress. The challenge is that Congress supports reform in its general application, but often opposes specific applications because of the effect on a member's constituents.

At DoD, it struck me that Congressional or Pentagon civilian leadership new to the process often start out by looking for pure efficiencies to free up resources to redeploy to their own priorities. Invariably, they discover that finding natural efficiencies, even in something as large as the U.S. defense budget, where you might expect low-hanging fruit, is not so simple. More likely, trade-offs are required, sometimes in the areas of procurement or in the end-strength of the force. Yet, many of those same tradeoffs may be unpalatable to legislators, who are unable or unwilling to accept even nominal reductions in procurement or the force structure, especially if it involves cutbacks in their own districts.

A third set of constraints involves the reward and compensation system of the federal government. The employment model has balanced less pay in government than private industry in return for job stability, longevity and good benefits. The government's model underwrites a promotional environment that rewards longevity over results. The result can be a slow path upward in a monolithic promotional structure. Consequently, the perception of low pay and a broken promotional ladder hinders the government's ability to attract the best and the brightest.

Finally, productivity tools and processes are hard to implement across the vast U.S. government entity, while quantifiable core metrics are often more difficult to identify. This constrains the

ability of government to accelerate productivity and measure success as a business would. When it comes to core metrics, for businesses profits and loss are the gold standard. But for the U.S. government, how do you precisely measure national security, the quality of health care, developing a world-class educational system or the best infrastructure?

Any discussion of ways for the U.S. government to improve its effectiveness should start with a common recognition of the enormity of the challenges, the inherent constraints and the fantastic contributions. These differences from business don't mean the government can't be more efficient, but the approaches are going to be more complex.

Having established this backdrop, I will outline two broad areas where I believe government can most quickly and efficiently improve its effectiveness. By that I mean government's effectiveness in two ways: as both an employer of choice and from the standpoint of better delivering an array of high-quality products and services to a large and geographically disbursed set of "customers." Sticking to what I know best, I will focus on two areas where the Pentagon can make the most progress in the shortest period of time to increase their effectiveness as an employer and provider of services.

The first is in the area of the Pentagon's ability to attract, train, organize, motivate, promote and retain its workforce. The military culture has indeed nurtured certain advantages: it was among the first to fully embrace diversity. Gen. Colin Powell says that no other institution could have lifted a kid from the South Bronx to the most senior position in the organization.

IBM for many years measured employee satisfaction against a number of core attributes that research determined were the most important to people within an organization. Among them were pay and benefits, of course. But also included were less physically tangible and more subjective attributes such as engendering a culture of respect; focusing on the quality of an employee's relationship with their immediate manager; pride in the institution itself; and the ability to grow, build skills and move upward within the organization.

I believe it is in these psychic areas where the U.S. government can compete favorably with private industry as an employer of choice, having an unparalleled ability to capitalize on many job-related attributes that new millennium employees cherish most.

While esprit de corps is already high among the men and women in government, there is much more room to broaden the attractiveness of government service for intellectual and career growth. Government can better capitalize on the most dynamic science, technology, and engineering work environments in history. In defense alone, where else could an engineer engage the aerodynamic sciences of space flight in one job and the metallurgical sciences of building undersea vessels in another? Where else could an IT professional work on high-performance computing for code-breaking one year, and on programs to make the Internet more secure the next?

The ability to gain the most diverse set of professional experiences within a dynamic and stimulating professional environment can be an unparalleled advantage for the government brand. But first, we have to rethink the model.

The workforce of the new millennium is less interested in job stability and believes career longevity with one company or institution is a quaint relic of the past. Not only must the

government brand around varied experiences to attract talent, they must foster rapid advancement, job rotations and accelerated high-potential career paths to retain talent. They must encourage skill-building and professional training for careers outside the government to contribute to a qualified U.S. workforce and to promote a healthy degree of turnover as a positive development contributing to organizational vitality. Time in government service should increasingly be viewed as a stop on the path of a long and great career, whether in the sciences, trades or services.

The U.S. government must also be seen as leaders not just in the development of technology, but also in the use of technology by its workforce. Whether in the development labs or the business centers, federal employees should be learning, training, and developing skills on the most contemporary productivity and technology tools. They should go to work each day knowing that the experiences gained using systems and processes learned while in government service are immediately transferable to the outside world.

These and other best practices will help make the government a top employer of choice, even if financial constraints of an organization of 4.5 million people prohibit the highest wages.

My final focus area will be the easiest: fixing the relationship between the Executive Branch and Congress to more efficiently convert general goals and objectives into measurable outcomes and plans.

As I suggested, general efficiencies based on vague and broad assumptions have an endless supply of supportive constituents. On the other hand, specific tasks and objectives that reduce resources in one area to pay for those in another almost certainly generate negative counterbalances that quickly create political enemies.

It would be in the interests of both the Executive Branch and Congress to find bi-partisan mechanisms to side-step gridlock and force solutions to nettlesome and sometimes political issues. For example, the Base Realignment And Closure commission, or BRAC, was expressly established to avert political gridlock when it comes to making tough decisions on base closures in the United States. Base closures recommended by the BRAC are subject to a fixed up-or-down vote with little wiggle room. The goal is to expedite the process and to provide political cover for individual legislators to do the right thing. Would a similar non-partisan approach facilitate a constructive and fair solution to address the rising costs of health care in the military, one of the greatest single drivers of upward cost?

Despite all of these challenges and constraints, the U.S. government continues to make significant contributions to world peace, security, prosperity and technology development more than any other nation on the planet. Yet, it is with the spirit of continual improvement that we go about our business today.

Thank you for the opportunity to speak. I hope I shed some light on the topic.