



# CENTER FOR DEFENSE MANAGEMENT REFORM

GRADUATE SCHOOL OF BUSINESS & PUBLIC POLICY

## **Transitions and Management Reform**

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In just over a year, the quadrennial presidential election will have been held and the transition to a new government will be under way. No one knows today who will be the major parties' nominees, let alone who will win the presidency. But as far as defense management is concerned, two things are certain: the incoming administration will face the same management challenges as the outgoing administration, and the term "transformation" will be superseded by some other term of the new administration's choosing.

Notwithstanding what they call their defense management initiative, they are sure to have one. But reform agendas usually do not transition well through leadership changes. Instead, each new administration embarks de novo, without benefit of knowing what has happened in the past, what has worked, what hasn't, and what the current state of reform is. A key question for us to consider is whether it can be different this time around. Will the momentum of current reforms survive the transition?

Deputy Secretary of Defense Gordon England anticipated this challenge last month when he issued his memorandum on "DoD Transformation Priorities" highlighting four categories. One category, "Transform Enterprise Management" listed five priorities:

1. Establish a new strategic planning process
2. Streamline security clearance processes
3. Implement Defense Business System Management Committee and DBTA agendas
4. Modernize and integrate critical financial management and internal control systems
5. Pursue targeted acquisition reforms

These are significant undertakings, difficult to complete fully by the end of this administration. Yet Secretary England recognizes their importance to the transition, noting that: "Completing these initiatives by the end of the year will be greatly beneficial to the next management team."

One hopes so. From Forrestal to Rumsfeld, every new administration at DoD has had its own management agenda. Sixty years of DoD management reform have repeatedly focused on five major areas: acquisition and logistics; budgets, plans and programs;

facilities and energy; financial management; and organizational structure.<sup>1</sup> Most have been efficiency-seeking reforms, aimed at making the department operate in a more cost-effective manner, or generating savings to apply to warfighting requirements. Often the rhetoric of reform has called for DoD to become more efficient and more effective, sometimes failing to recognize that these two goals could be in conflict. If history is a guide, defense budgets will decline over the term of the incoming administration and rising internal costs will be the source of continuing fiscal stress. New defense managers will be tempted to turn to management reform to close the fiscal gap, notwithstanding that management reform has not and is unlikely to generate sufficient savings to meet that goal.<sup>2</sup>

These are tough issues to deal with in a complex reform environment. The Center for Defense Management Reform can be a resource for helping new leaders understand the history and nature of defense management reform, as well as for providing assistance in designing and operationalizing their reform agenda in an environment of constrained resources.

Now, any bets on what the new agenda will be called?

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<sup>1</sup> For a more complete discussion of the history of Department of Defense management reforms see: Daniel Francis and Robin Walther, *A Comparative History of Department of Defense Management Reform from 1947 to 2005*, posted in the publications section of this website.

<sup>2</sup> See Douglas A. Brook and Philip J. Candreva, "Business Management Reform in the Department of Defense in Anticipation of Declining Budgets," *Public Budgeting & Finance*, Fall 2007: 50-70.