

Navy Corporate Business Course

NPS, Monterey, CA

Notes

10 February 2010

1. PURPOSE - To address the students and discuss innovation and transformational leadership. Address Title: *Transformational Leadership and Innovation; can't have one without the other.*
2. ATTENDEES – A total of 34 students made up of Navy officers (CDR – CAPT) and civilian professionals (GS-15 – YA-3). Length of careers spans ~16 years to more than 25 years.
3. OUTLINE

INTRODUCTION.

- Before we start...I understand you may be gagging at the idea of having to sit here and listen to someone ramble on about logistics for 90 minutes, so let try to ease your minds a bit.
 - The more I look, the less I see logistics and the more I see philosophies...
 - There is a universality or portability of ideas that transcends a specific function...I now believe that is one of the most critical attributes of effective executive leadership
 - I look at my logistics experience now more as a model of how to approach challenges...and as a bellwether...like Haiti.
- My background...
 - No Masters...No early promotions...Not a good student...
 - Small Ag town...IE degree
 - Today: remarkable opportunity...For years I've felt that "Something just wasn't quite right"
- Today is very special for me...thank VADM Quast for this opportunity
- I encourage you to actively participate today. . . Share your thoughts & ideas, and challenge things you have issues with . . . interrupt...question...disagree...
- I'd like to talk with you today about . . .
 - Moving toward a 21st Century logistics capability, and why it's so hard
 - Here we are talking about this on the eve of the second decade of the 21st Century – but it's not too late!
 - As part of this discussion, we'll talk about leadership and why you're so important to our future . . .
 - **BLUF**: We need you – our defense logistics enterprise needs you. We need your Courage – Patience – Competence, to:
 - Build an *interdependent* defense logistics environment that will be a central component of our national security in the years ahead.

- If done right, it won't look like anything we have ever seen before—and there is no one else but you out there to do it . . .

TRANSFORMATION. Before talking specifically about logistics, I'd like to spend a couple of minutes to talk about transformation and transformational leadership in general.

- Transformation: in recent years . . . much more publicity, priority & effort behind transformation . . . I am not sure the resources have accompanied all this support.
 - We (our militaries and our nations) have continually been changing
 - There isn't much at the operational level that's the same as when I started
 - So, why over the past several years do we have this kind of emphasis?
- I would offer that this exceptional emphasis is directly related to
 - how to profoundly the operating environment has changed
 - the duration of our current effort
 - the scope of the team involved in today's operations
 - the pervasive information available to families, businesses & governments
 - and how our senior leaders see the future evolving in the years ahead
- What is a leader's role in this process?
 - You've heard about much of this during your time here – don't intend to revisit all you've heard
 - Emphasize that what is important is that enabling transformation/change is really a state of mind.
 - The driving desire to find a better way – unbridled curiosity
 - A way/approach to understanding problems – What are we trying to *fix*? And I use the term 'fix' with some trepidation here. I'm not sure that we can really fix many of the challenges we'll face. In many cases it may be more of global trade offs and/or risk management that you'll be asked to deliver.

21ST CENTURY LOGISTICS. I've structured my remarks around 5 elements – I offer this only as a framework or a way of thinking about change – a way to gauge progress (or lack of progress). As I mentioned, even though I'll talk about this through the logistics lens, this kind of model can be applied to almost any functional area.

- **Elements of logistics.** Even though I call these 'elements of logistics' they should be viewed as a framework around which we can approach a challenge. The 5 elements I think about are:
 - Vision
 - Processes
 - Organizations
 - Systems
 - People

- The fact of the matter is that today’s young men and women – people at the *tip of the spear* already get it – YOU guys get it! When they hear leadership talk about change and joint, they just don’t understand why this is such a big deal – they’ve worked successfully under extreme pressure with members of other services, nations and non-governmental agencies to deliver quality support. But it is not with today’s younger men and women that our challenge lies . . .
 - Our challenge lies with an ***industrial age culture*** that has given us sets of rules and procedures that simply are not useful to us in contemporary and future environments.
 - ***MIKE LYDEN AND THE FISCs CHANGING TO FLEET SUPPORT ORGANIZATIONS?***
 - ***ICAF NAME CHANGE?***
 - Strategic ***decision cycles*** that take too much time and are too cumbersome
 - ***JOINT STAFF AND CHANGING DOCTRINAL PUBLICATIONS?***
 - Procurement policies and processes that cannot effectively respond to the changing requirements of the operating environment;
 - ***Processes*** that are relatively inflexible and
 - ***Organizations*** that have been insulated by design from other key elements in the logistics enterprise.

1. VISION: With that short comment about transformation, let’s begin with an obvious but challenging component—as George Bush Sr put it, “that vision thing”

- For any innovation, change or transformation to take root, it must be driven by a clear, ***compelling vision*** to tie together the many disparate elements of any change.
 - It’s important to remember that ***change is not an end state***, it’s a continuous journey. Therefore, a vision must be under constant review and update.
 - Fundamental to any vision is a clear description of a ***future state***. From a military perspective, and there seems to be a strong consensus about this, the future will be characterized by:
 - Persistent conflict
 - State & non-State actors
 - Who will be our adversaries?
 - Some debate over what constitutes “conflict”
 - Russian cyber attacks in Estonia
 - Activities in Zimbabwe, etc.
 - Are we ready for all of these? And for the ones we can’t imagine? ***ASK THE SOUTHCOM CDR...***
 - Globally dispersed operations (Afghanistan is the perfect storm for logistics)
 - Globally connected
 - Tenuous LOCs
 - Tactical threats - global implications
 - Decisions you will make could have strategic impacts
 - Complexity
 - Pace of change
 - Multi-national, inter-agency, NGO, commercial at tactical level

- ***DOCTRINE, JFCOM, CJCS, MATTIS, CCJO, EXPERIMENTATION...***
 - Simultaneous operations across the spectrum of activities – move back and forth with ease . . .
 - Engagement
 - Security
 - Combat
 - Reconstruction
 - A flat (or more likely reduced) resource stream
 - Fewer new equipment buys
 - Aging equipment – higher sustainment costs
 - Insertion of emerging technologies on these aging platforms – integration/sustainment
 - Last, but clearly not least, is uncertainty
- But, even though there is some consensus about the character of the future, there is ***no consensus on the way forward***, and that’s where you come in to the game.
 - In my opinion, you need to *speak up and be part of the discussion*. Nobody knows what the right answer is because there is NOT a right answer.
 - Even though there may not be a RIGHT answer, there are better and worse answers and you have to be able to assess.
 - It is the discussion itself that makes us smarter and stronger, just as the process of planning is more important than the plans we actually write that in most cases either are never used or as the saying goes “*do not survive the first shot in combat.*”
 - PARADOX: We say that nobody can predict the future, but many things we are apparently certain of...

2. **PROCESSES**: I’m talking about those processes out there that are absolutely essential to delivering logistics support to the warfighter. Now, as part of my ‘Truth in Lending’ promise, I am about to talk about the supply chain. I know most of you don’t really care about that, but it is a \$200B enterprise...and, the philosophy behind these remarks do apply to every other function that supports the joint force. In discussing this I’m going to refer to the ***defense support chain***.

- Our Greatest Challenge – this support chain looks different depending upon where you stand/sit – ***fundamentally, we don’t understand it!*** I can’t over-emphasize how profound this is, because if we don’t all see the same thing, we won’t be able to solve our problems.
 - Capital Area Food Bank example
 - Unusual supply chain, with well intentioned people all trying to do the right thing, but
 - Still aren’t getting food to everyone who needs it . . .
 - Our leaders don’t agree on
 - where ‘it’ starts and ends
 - the deliverables ‘it’ should produce

- the performance metrics/measure of effectiveness ‘it’ should meet
 - Key terms (lexicon) are not understood or universally accepted
- **Way forward –**
 - We must find a *common framework* through which we can view the defense support chain. There are reference models out there we should use, but I’m not here this morning to talk to you about them. I am here to tell you that absent a model, we’ll never make it better – we’ll just work harder to deliver that support. What a reference model will do is:
 - Describes processes with shared outcomes
 - Offer a common language/syntax
 - Enable flexible design options
 - Always view the defense support chain from an *enterprise perspective*
 - Purpose of the support chain is to link national capabilities/resources to changing operational requirements
 - The process knows no organizational or command boundaries – the process serves the enterprise
 - Turf battles, ‘My Lane’, etc.

3. ORGANIZATIONS. What I’m talking about here is to better understand logistics organizational designs and relationships, and using that knowledge to help change from a what is primarily hierarchal/industrial/fixed designs using overly bureaucratic processes, to flatter, collaborative, agile organizational designs that respond with effectiveness to changing requirements.

- Can a military organization be flat, collaborative agile and learning?
- Can we afford not to be?
- Out in the AOR you have been all of those things—I am not sure I would agree it’s so in the Pentagon
- Design: for a changing environment (adaptive vs. industrial)
 - Rapidly reconfigure to meet changes
 - Sensor grid (you can’t watch everything) is a key element in adaptive organizations
 - Don’t lose the organizational ‘core’
 - why the organization exists!
 - All are part of a larger enterprise
 - how they ‘fit’ must be clear
- Relationships. Whether we can accurately describe them or not, our organizations are global partners. However, they are not driven by common interests, and they are not enabled with open communications within and across organizational boundaries. Improving this condition requires conscious effort in both design and management.
 - Three partnerships that need attention
 - Partnerships B/T government organizations
 - Responsibilities & accountabilities
 - Roles in our support chain & life cycle systems approach

- Partnerships B/T government & industry
 - Integral member of the team
 - Common outcomes (life cycle availability at value)
 - New PBLs – not adversarial – hiding data—frequently reassessed
 - ✓ This talk is not about PBLs, but I would happily field a question on them
 - Partnerships B/T industry competitors
 - Common goals
 - ‘All or nothing’ approaches to BD. How can the USG incentivize “shared earnings?”
- **Way Forward**
 - *Network organizations* across the environment to provide visibility (situational awareness) using sensor data to build information (situational awareness) that leads to better decisions.
 - Make logistics **an integral part of operational planning/execution** to shorten decision cycles and make logistics decisions better.
 - This is not just a “seat at the table in the Ops Center
 - Focus on **unity of effort** as the desired outcome in all we do!
 - Unity of effort is the foremost logistics imperative, but it certainly applies to all that we do...
- 4. **SYSTEMS.** Systems must be part of an architectural hierarchy serving logisticians—I know this sounds like it is about computers but it is not—it is about logic.
 - Process architecture - How do the processes work?
 - Who plays what role in executing the processes?
 - What are their relationships?
 - What do the processes deliver, and to whom?
 - Data architecture
 - Who needs what data to make decisions?
 - Where is that data generated?
 - How will we move the data?
 - Systems architecture – this is about computers and applications . . .
 - What applications will we use to meet the data requirements above?
- **Way Forward**
 - *Enterprise solutions* (not an enterprise system)
 - *Generate data once*, share with all who need
 - Value systems/applications on how they *impact the enterprise*
 - Watch for sub-optimization; depot inventory optimization, e.g.
 - Part of the larger whole.
 - Remember – the purpose of applications is to *enable better decisions*; to help people do their jobs better. Applications should not exist separate from a decision-making process.

5. **PEOPLE**: Our greatest impediment to affecting meaningful, long-term logistics transformation may well be our cultures –

- Our cultures are reflected in our people
 - Behavior
 - How/what they think
 - What they say

Therefore: any meaningful change should start with people...

 - *How do they learn?*
 - *What do they need to know?*
 - *What attribute do we want them to manifest?*
 - *What kind of leaders do we need?*

- The answer (or a big part of it) to our cultural challenges is education – and a deep *commitment to life-long learning*
 - How do people learn?
 - Training....
 - Education...
 - Experience...
 - Coaching...
 - Mentoring...
 - Reflection...

- Fundamental to learning is the challenge of knowing *what kind of logisticians we want?* What skills, knowledge & attributes do we need/want? When, and to what degree are these KSAs needed?
 - My perspective:
 - Comfortable with uncertainty, Ability to influence, negotiator/mediator...
 - Have a broad, global perspective; Courage, patience, curiosity...
 - Able to make decisions with minimal information, Quick learner...

- Last, let me talk a little about the leadership element of people. Many of our leaders today are too narrowly focused and their horizon is too short—they're too close to the map board. The same may be true for some of you. Why would I say that?
 - Graded on execution – the tasks at hand
 - Made worse by 8+ years of operations
 - Leading organizations into the close target zone
 - Impact??
 - Not alert to change
 - Like a horse running a race with blinders
 - Can miss the small signals that lead to significant change
 - ✓ Butterfly's wings in China – Hurricane in the Atlantic (Chaos-Complexity Theory)

- ✓ Not sure I buy into the theory, but I do know that a blogger in Iraq or a thumb drive in an Afghan market can both have global impact!
- ✓ We live in a globally interconnected world
- Many times these signals of change come from the edge . . . leaders aren't there
- Inhibits curiosity
- ✓ May be one of the most important attributes of a successful leader in tomorrow's environment

- **Way Forward**

- Develop a *learning continuum* that gives us the best chance of developing the kinds of logisticians we need
 - We want to help shape those kinds of logisticians...that's why the CJSL was established
 - This is an effort that lasts over a professional lifetime—I am still a work in progress although I am told there does not appear to be much hope for me ☺
- Ensure we provide incentives to *drive the right behaviors* across the logistics enterprise
 - Overall enterprise performance vice individual/segment/activity excellence
- *Mentorship and coaching* are key components of this lifetime of learning culture
 - If you are junior, seek out the counsel of senior leaders you admire—it is not sucking up (of course, it could be sucking up if all a person does is curry favor from a superior). This is a key tenet of the book, “Leading Up” by Michael Usee.
 - You in turn must do the same for those behind and below you... and the more senior you are the more important this is. The flag officer who does not devote at least 10 percent of his time to this endeavor is, in my view, doing a disservice to our Nation

CLOSING. In summary I've tried to frame our logistics enterprise in the context of five elements—and as I mentioned, this approach can be applied to lots of other areas as well logistics.

- Vision – the description of a compelling end state that will drive change
- Processes – a common, shared understanding of those processes that deliver support to the customers
- Organizations – knowing those elements that provide the control over the delivery of support
- Systems – establishing the applications we need to help us make good decisions
- People – the Holy Grail of change – developing people like you who will lead us into the future.

To be effective, transformation must embrace changes to all five of these elements.

- Change should be harmonious—but it never is.

- As leaders, our job is to make it better and to keep those we charge with “making it happen” focus on the vision we jointly created and hopefully share.
- The vision is what unites the other four

The sheer size and complexity of our world makes this an incredibly challenging undertaking. BUT—can we afford not to take it on? People at the tip of the spear like you are changing everyday—it is imperative that as you progress to higher levels of responsibility to enable the changes we need to enhance success.

- Opportunities exist
- Progress is being made

At the end of the day, we need an enterprise that works in harmony toward common outcomes, shares a common language and system of metrics, and provides visibility over all information needed to make good decisions across that enterprise. That can only happen with people like you, and organizations that share values that make this a wonderful profession and a great way of life.

I have temporarily given up my RV and sacrificed leaving DC for Monterey because of you (not much of a sacrifice); VADM Quast has given up his dream of the pro tennis circuit for you; you all are responsible not just to lead, but to do the same for the generations that follow you.

It has been an honor to be with you, thank you for your commitment to our Nation, and my very best wishes as you continue in service to our Country.