<u>**Senate Armed Services Committee**</u>
<u>**Advance Policy Questions for Ms. Lisa W. Hershman**</u>
<u>**Nominee for Appointment to be Chief Management Officer of the Department of Defense**</u>

<u>**Duties and Qualifications**</u>

**The DOD Chief Management Officer (CMO) was established as a standalone position, effective February 2018, through Section 901 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017. Section 910 of the NDAA for FY 2018 elevated the CMO to a Senate-confirmed position, further vesting in the CMO the responsibility for managing the enterprise business operations and shared services of the Department of Defense, and designating the CMO as the Department's primary authority with respect to the development of common enterprise data.**

1. **What is your understanding of the role and responsibilities of the CMO?**

   The Deputy Secretary of Defense (DSD), as the Chief Operating Officer (COO) of the Department of Defense (DoD), is the Secretary's accountable official for the strategic alignment and synchronization of priorities and resources, and pursuant to section 1123 of title 31, U.S.C., is responsible for the overall performance management of the Department. The CMO, as the Performance Improvement Officer (PIO) of the DoD, pursuant to section 1124 of title 31, U.S.C., reports directly to the COO and advises and assists the Secretary and DSD to ensure that the mission and goals of the Department are achieved through strategic and performance planning, measurement, analysis, regular assessment of progress, and use of performance information to improve the results achieved (among other responsibilities as the PIO).

   Further, the CMO's role, pursuant to section 132a of title 10, U.S.C., is to serve as the principal advisor to the Secretary and DSD on establishing policies for enterprise business operations of the Department. In this regard, the CMO responsibilities required by sections 1123, 1124, and 132a complement each other. Lastly, a core statutory responsibility that I will be focusing on, if confirmed, is the overall management, assessment, and oversight of the Defense Agencies and DoD Field Activities (DAFAs) to ensure their critical missions, in support of the warfighter are executed with efficiency, effectiveness, and economy.

2. **If confirmed, what if any additional duties and functions do you expect that the Secretary of Defense would prescribe for you?**

   If confirmed, in addition to the statutorily-prescribed responsibilities, I will work closely with the Secretary and DSD to incorporate any additional responsibilities that promote overall integrated institutional management in support of National Defense Strategy (NDS) priorities and the alignment of organizational structures and core processes that enhance enterprise business operations. Current examples include the

Defense-Wide Reviews and the co-sponsorship of the audit of the Department of the Defense.

3. **Given the responsibilities of the CMO, as enumerated in law, what background, experience, and expertise do you possess that qualify you to serve as the CMO of the Department of Defense?**

I have a B.S. degree in engineering and management from a top-ranked engineering school and am an internationally published author on business operations and reform. My 30+ year career has given me a diversity of experience in business transformation, operational excellence, and executive management in a variety of industries, including senior leadership roles in the private sector, non-profits, defense, manufacturing, and consulting services. The consulting practice I led had a client list that included 75 of the Fortune 100 companies. I have managed large-scale reform for a multi-billion dollar global company operating in 72 countries, and I was awarded the Corporate Chairman's Award based upon the results of that work.

As a result of my diverse background, I do not have a "one-size-fits-all" solution to business improvement, but rather I understand the need to leverage various solutions for different types of organizations and provide the hands-on experience to create lasting, meaningful results.

4. **Please provide an example of a situation in which you improved the management and performance of the business operations of a large organization. Include in your example a description of how you leveraged strategic and performance planning, measurement, analysis, regular assessment of progress, and the use of performance information to achieve the improvements you cite.**

As a senior executive leader, I led a business transformation effort which improved product quality by 80 percent and on-time delivery by 84 percent in 8 months. This avoided adding double-digit headcount for a Fortune 100 Tech company division that was on the brink of being fired by its largest customer because it could not manage a 22 percent year-over-year growth rate for the customer's products.

The transformation was achieved in large part by transitioning from output metrics to outcomes based on cross-functional team metrics which were better aligned with customer needs, while also redesigning the end-to-end fulfillment process. The process redesign reduced the internal product configuration and delivery steps from 92 down to 27, making it more agile and less prone to error. I also created metrics to evaluate the business team using both customer and business metrics, and redefined position descriptions to reflect both responsibilities and authorities.

5. **Based on your experience in the private sector, as Deputy, and subsequently as Acting CMO, do you believe that the position of the CMO, as currently structured, has the authorities, resources, and leadership support necessary to effectuate the**

**business transformation of the Department of Defense? If not, please describe what additional authorities you believe are required?**

Yes. I believe the CMO has the appropriate authorities and leadership support. Secretary Esper and Deputy Secretary Norquist have been strong supporters of the role of the CMO structurally and me personally in my role as Deputy CMO. The effectiveness of the position will be enhanced when the internal OCMO Charter is implemented, which is expected in the near future.

However, while I do believe CMO has the appropriate authorities and leadership support, I do not believe the CMO has sufficient resources. Reform has not been specifically funded. In my experience, such effort often requires upfront investment to fund development of strategy, business model development, benchmarking, training, personnel and restructuring, and related activities. This should also include the cost of training and upskilling personnel with new skills, tools, and techniques. These efforts, if done correctly, generate dramatically more savings than their upfront costs, but do require an initial investment.

6. **In your view, has elevating the CMO role empowered the CMO to accomplish its expanded duties and functions? Please explain your answer.**

   Managing and overseeing the enterprise business operations of the Department is a highly complex CMO responsibility, which intersects and interfaces with the inherent responsibilities of the Principal Staff Assistants (PSAs) as DoD functional domain policy proponents, who exercise authority, direction, and control over the "common support and service." In recognition of the persistent close collaboration and consultation required, the Reform Management Group was established as the Department's governance forum for identifying opportunities for Reform, prioritizing Return on Investment, and adjudicating disagreement between principals. If confirmed, I will continue to use it as the mechanism to provide transparent and informed policy direction to the Military Departments and other DoD Components on enterprise business management priorities and business systems integration and investment in support of the Nation Defense Strategy.

   **The Deputy Secretary of Defense is considered the Chief Operating Officer of the Department of Defense.**

7. **How do you distinguish between the roles and responsibilities of the Deputy Secretary of Defense and the CMO?**

   The CMO is the senior official, reporting directly to the Secretary of Defense (SD) and DSD, tasked with organizing, managing, and evaluating DoD-wide enterprise business operations (EBO) and shared services (SS). The CMO assists the SD and DSD in reforming and managing the Department for greater performance and affordability. Those responsibilities require the CMO to deliver improved coordination and

integration of DoD's business operations, as well as drive business transformational change and institutional reform across the defense enterprise.

In alignment with the EBO/SS role, the CMO has been assigned the statutory responsibilities of the PIO in support of the DSD's role as the Chief Operating Officer (COO). The PIO ensures, on behalf of the COO, that the missions and goals of the Department are achieved through strategic and performance planning, measurement, and analysis.

As envisioned by the NDAA for FY2017, which transformed the Deputy CMO (DCMO) into the CMO, the Office of the CMO is heading an effort to provide greater oversight and improved management of the DAFAs (part of the "Fourth Estate"), and provide for common, usable Defense-wide data sets/analytics.

The CMO is additionally tasked by the SD/DSD to be the central administrative hub for OSD, oversee the Intelligence Oversight functions of the Department, and provide for the oversight of a variety of matters in DoD, including the Freedom of Information Act, the Federal Advisory Committee Act, regulatory affairs, and Privacy and Civil Liberties.

**Section 132a of title 10, U.S. Code provides the Chief Management Officer with the authority "to direct the Secretaries of the military departments and the heads of all other elements of the Department with regard to matters for which the Chief Management Officer has responsibility under this section." A March 2019 Government Accountability Office report advised that although DOD had taken steps to implement the CMO position, it had not yet fully institutionalized the CMO's authorities and responsibilities.**

8. **In your view, has the Department optimally structured and empowered the CMO to accomplish the CMO's mission? Please explain your answer.**

   Yes, the CMO is optimally structured and empowered thanks to the congressionally-mandated statutory authorities of the CMO – which elevated the position's stature, precedence, and responsibilities – as well as the Department's implementation of those statutory authorities.

9. **What is your understanding of the CMO's authority to direct the military departments to take actions to reform their business operations, achieve efficiencies, for the Department, and cut costs?**

   Subsection (b)(6) of section 132a of title 10, U.S.C., provides that the CMO has the authority "to direct the Secretaries of the military departments and the heads of all other elements of the Department with regard to matters for which the Chief Management Officer has responsibility under this section." I believe the intent of this provision was to extend to the CMO Departmental authority to achieve greater oversight, coordination, and integration over defense-wide enterprise business operations.

10. **In your current role, there were instances in which the military departments disagreed with decisions you made. How did you bring these disagreements to resolution? If confirmed, would you address any such disagreements differently going forward?**

Continual engagement with stakeholders within the Department is essential in achieving buy-in to execute and sustain business transformation and reform. I enjoy talking to stakeholders that are impacted because every time I do, I learn something new that helps us make better, collective decisions, while adjudicating and reconciling disagreements.

One such opportunity for stakeholder engagement comes through the Reform Management Group, which is the Department's governance forum for identifying opportunities for reform, prioritizing return on investment, and adjudicating disagreements between principals. If confirmed, I will continue to use it as the mechanism to provide transparent and informed enterprise-wide direction on business reform, in partnership with the SD, the DSD, the Secretaries of the Military Departments, and heads of all other DoD components.

As an example of handling such disagreements, the OCMO proposed to consolidate 17 contract writing systems down to a single system, which would generate substantial savings, drive consistency across the enterprise and better serve the needs of the warfighter. A Military Department expressed concern with the proposal due to unique needs and contracting transactions that were already in motion when the proposal was made. Working directly with the Secretary of that Military Department, the OCMO modified the proposal to establish a two-step process which achieved a first step reduction from 17 systems down to 2 systems, which will be subsequently consolidated to one system over a longer time period. This modification avoids potential contractual and readiness issues, while achieving the long-term goal of consolidation.

11. **If confirmed as the CMO, what actions would you take to clarify existing authorities and responsibilities and support relationships with the military departments?**

If confirmed, I will work with the SD and the DSD on a chartering directive for the CMO that will codify and implement the CMO's statutory responsibilities as well as delegated responsibilities from the SD and DSD. This will mitigate elevating matters up to the SD and DSD for adjudication, while maximizing efficiency.

12. **What is your understanding of the relationships between the CMO and the business transformation capabilities in each of the military departments (e.g., Under Secretaries of the military departments in their roles as CMOs and the military department DCMOs)? How can these relationships operate most effectively?**

Reform is a Department-wide effort. The purpose of any reform effort has always been to ensure greater efficiencies would translate to additional resources made available to the warfighter when needed. The Office of the OCMO, in conjunction with the Fourth Estate and Military Departments, remains committed to championing lasting reform across all DoD business operations in support of all NDS objectives. OCMO is responsible for driving institutional reform by improving the efficiency, effectiveness, performance, and affordability of business operations across the Department.

The Reform Management Group (RMG) is the governance forum for the Department's business reform efforts. It is a deliberative body with the seniority and authority to make decisions affecting the business of the Department. The Military Departments initiate and execute reforms within the Services that align with the priorities of the National Defense Strategy. While Service-specific reforms are managed directly by the Military Departments, collaboration among the CMO, Military Departments, and DAFAs occurs via the RMG to identify, prioritize and execute reforms that are enterprise-wide. RMG-sponsored Reform Teams have members from across the Services and Fourth Estate to collaboratively leverage the transformation capabilities from across the enterprise.

## Major Challenges

13. **What do you consider to be the most significant challenges you will face if confirmed to be the Chief Management Officer?**

   If confirmed, I expect to encounter many of the same challenges I have faced in my current position. Such challenges include overcoming cultural resistance to change and the inherent system complexity, and the ability to sustain meaningful and lasting change.

   Among the challenges we have already faced and will continue to face in the near-term include:

   - Establishing a robust system for validating reform savings
   - Developing fully burdened cost baselines from the current fragmented financial process and data repository construct
   - Integrating new business models into the existing system
   - Incorporating outcome-based metrics that are shared across leadership
   - Upskilling or recruiting the right talent for a best practices approach to executing work (data scientists, agile practitioners, etc.)
   - Creating a resilient accountability structure to empower metric-based performance plans

14. **What plans do you have for addressing each of these challenges, if confirmed?**

   I will continue to work closely with the Secretary and Deputy Secretary to finalize and implement the CMO charter. Also, we will fill key roles within the OCMO, including

the DCMO role. We will expand our efforts to leverage data to prioritize areas of focus for the greatest impact and support of the NDS, such as integrating the SD/ DSD's Defense-Wide Reviews with the Fourth Estate reviews conducted by the CMO. Finally, we will continue our efforts to identify outcome-based metrics that will be shared by the Department's senior leadership to align, develop and support our priorities and measure outcomes.

## Civilian Control of the Military

15. **If confirmed, specifically what would you do to ensure that your tenure as Chief Management Officer epitomizes the fundamental requirement for civilian control of the Armed Forces embedded in the U.S. Constitution and other laws?**

Civilian control of the military is a keystone tenet that has guided our Republic's use, since its inception, of military power in pursuit of national political objectives. If confirmed as the Department's most senior management official supporting the SD/DSD, I will maintain and advance administrative and management processes that ensure civilian officials' authorities, responsibilities and functions, both statutorily-prescribed and SD-delegated, are clearly defined and adequately reflected in all written directives, instructions, and other policies guiding the operations of the Department. I will work closely with the Director of the Joint Staff to ensure open lines of two-way communication and coordination between the OSD civilian and Joint Staff uniformed leaders are always available and routinely leveraged for conducting the Department's day-to-day business operations and enterprise-wide management.

## 2018 National Defense Strategy

**The 2018 National Defense Strategy (NDS) outlined three lines of effort to generate decisive and sustained U.S. military advantage: rebuilding military readiness to form a more lethal force, strengthening alliances and creating new partnerships, and reforming the Department's business practices and culture. At the core of each of these efforts, the NDS describes a need for innovation, flexibility, and adaptability, and the streamlining of personnel, technology, and infrastructure.**

16. **In the time since the 2018 NDS was promulgated, please describe what you have done to execute this strategy.**

The FY2018 - FY2022 National Defense Business Operations Plan and the supporting FY2020 Annual Performance Plan/FY2019 Annual Performance Report lay out the plan for the Department to implement the goals of the NDS from an enterprise business operations perspective throughout the Department, as well as set targets and report progress. If confirmed, I will continue to fully integrate the NDS with enterprise business operations. This will facilitate greater cooperation and alignment with the Services and DAFAs through shared goals and consistent enterprise performance measures to assess NDS implementation of business operations or "core metrics" at the

Department level, or Component level including the military departments, and in other governance forums, as appropriate.

In addition, I will continue to work with the Military Department Deputy Chief Management Officers, DoD Comptroller, and the DoD Chief Information Officer (CIO) to identify data products that inform decision making based on live data gleaned from the Department's business systems, and presented through analytic visualizations that reflect a Department-wide perspective along with comparisons against government and industry benchmarks for productivity and efficiency. The Department also uses performance data to hold leaders accountable and ensure both the warfighter and taxpayers get the best value for resources.

17. **Where have you experienced success?**

Major achievements have been recognized in the Healthcare, Information Technology (IT) and Service Contract initiatives. For example, in Healthcare, the reform team was able to reduce the number of contracts supporting the greater Defense health program from multiple contracts and vendors into one integrated award. Further, the team has been guiding the Defense Health Agency through the reduction of Military Treatment Facilities, supporting the enormous task of reviewing each facility's capacity and business model to ensure the greatest support to our warfighters.

Additionally, the IT reform team has directed efforts such as network consolidation and circuit optimization to leverage the best-of-breed approach to reduce multiple, divergent efforts into a more streamlined process or resource.

All reform efforts are geared toward identifying efficiencies to generate savings to reinvest toward warfighter needs. The Office of the CMO, in conjunction with the Fourth Estate and Military Departments, remains committed to championing lasting reform across all DoD business operations in support of NDS objectives.

18. **Where do you see a need for continued improvement, or additional focus or resources? Please explain your answer.**

There is a need to continue to fully integrate the NDS with business operations throughout the Department. This will facilitate greater cooperation and alignment with the Services and DAFAs through shared goals and complementary objectives. OCMO will establish outcomes-based performance-based metrics across the Department.

As of the beginning of FY2020, the Department launched Defense-Wide Reviews focused on Fourth Estate program rationalization. The OCMO Fourth Estate Management Office (FEMO) Directorate initiated a formal process to reduce redundancies and optimize DAFAs business processes and systems. Both of these efforts are expected to identify a significant number of Business Process Redesign and Optimization opportunities that may require an increase in facilitation and execution focus and resource capacity to realize.

<u>**Role of the Principal Advisor for Enterprise Business Operations**</u>

Section 132a of title 10, U.S. Code also establishes the CMO as the principal advisor for establishing policies and directing all Department enterprise business operations, to include planning and processes, business transformation, performance measurement and management, and business information technology management and improvement activities and programs.

19. **What is your understanding of the CMO's responsibilities as the principal advisor and role in optimizing each of the functions of the Department's business operations?**

    The Office of the Chief Management Officer (OCMO) provides review, governance, and strategic leadership for Defense Business Operations. Such associated functions include oversight, enterprise investment management, business transformation, and operations; ensure strategic-level coordination and integration of business operations planning, programming, budgeting, execution, and assessment activities of the Department; and ensure compliance with public law and DoD directives guiding Defense Business System investment management and operations.

    Recently, OCMO created the Defense Enterprise Business Operations Senior Steering Group (DEBO SSG) as the principal governance body supporting the Defense Business Council (DBC) regarding management of Department-wide business operations and Business Mission Area (BMA) objectives, requirements, priorities, and IT for all DoD) organizations, to include the Military Departments, Joint Staff and Combatant Commands.

    The CMO also is principally responsible for minimizing duplication of efforts, maximizing efficiency and effectiveness, and establishing performance metrics for all organizations and elements of the Department. OCMO created the Fourth Estate Management Office (FEMO) to execute these responsibilities with a focus on shared business activities of the DAFAs. This includes annual review and certification of DAFA budgets and periodic reviews of DAFAs' efficiency and effectiveness.

20. **In your current role, what specific actions have you taken to establish policies and direct activities for enterprise business operations across the Department?**

    I have established the FEMO to implement the authorities granted by Congress as they relate to oversight of DAFAs and the CIO for Defense Business Systems (CIO/DBS). In accordance with new statutory DAFA budget oversight authorities, I issued guidance to DAFAs to define the scope of DAFA budget reviews; outline an approach to delineate spending on enterprise business operations; and establish a repeatable process to manage performance and assess the adequacy of each DAFA's EBO budget.

    The FEMO conducted initial reviews of 21 DAFAs (excluding four DAFAs under the Intelligence Community and deferring the review of three newly established or

reorganized DAFAs). These initial reviews included examination of the missions, authorizations, charters, budget, financial, and manpower/personnel of each DAFA. Results of periodic performance reviews will be incorporated in the CMO's annual review and certification of DAFA budgets. A DAFA's failure to make acceptable progress in meeting performance standards will be considered as grounds for non-certification.

I have informed the DAFAs and the respective principal staff assistants (PSAs) to whom they report that future reviews would follow a repeatable annual process whereby each DAFA would adopt a set of Key Performance Indicators (KPIs) using a Balanced Scorecard methodology and conduct periodic performance reviews with participation by both the CMO and the PSA overseeing each DAFA. The concept for periodic DAFA performance reviews is modeled on the Federal Performance Framework contained in Office of Management and Budget (OMB) Circular A-11.

In addition, the periodic performance reviews will track compliance with applicable Fiscal Guidance from the Office of the Under Secretary of Defense (Comptroller) and Management Guidance from the CMO, as well as progress in addressing recommendations arising out of the Department's Financial Audit and reports of the Government Accountability Office and the DoD Inspector General.

The initial DAFA reviews performed earlier this year also examined whether potential duplication of effort exists among DAFAs. We identified instances of potential duplication in the areas of civilian Human Resources (HR) services and IT business system services. IT business systems are being addressed through the CIO/DBS. The HR Service Delivery Working Group was established to develop a standard model for shared HR services and make recommendations for improvements following guidance and recommendations from the GAO. The HR Service Delivery Working Group will provide lessons learned for additional working groups to address potential duplication in other functions.

21. **If confirmed as the CMO, what immediate and long-term actions would you take to strengthen the CMO's performance in this role going forward?**

If confirmed, my immediate actions will include the prompt selection of a new DCMO. Other immediate actions include providing training and support to assist DAFAs in defining KPIs, using a Balanced Scorecard, and conducting periodic performance reviews. After receiving training, all DAFAs will be required to hold at least two performance reviews per year, in addition to submitting their proposed budgets for review and certification by the CMO.

In addition to reviews of each DAFA, my office will conduct Portfolio Reviews of enterprise business operations that will include both the Fourth Estate and the Military Departments. We plan to hold Portfolio Reviews on at least an annual basis for the "covered activities" defined in Section 921 of the John S. McCain NDAA for FY 2019:

civilian HR, logistics, service contracting, and real property, as well as IT business systems and financial management.

## Reform Management Group

**In your current role, you are responsible for facilitating the Reform Management Group (RMG), the cross-functional governance body that aims to implement business reforms across the Department, consistent with the 2018 National Defense Strategy. The RMG effort was initially comprised of nine categories of initiatives to deliver near-term efficiencies to the Department.**

**22. What is the current status of the RMG's nine original initiatives?**

- **IT and Business Systems Reform.** This initiative is divided into two reform teams: 1) Information Technology (IT) Reform led by the Office of the DoD Chief Information Officer (OCIO) and 2) Business Systems Reform led by OCMO.
  - Active IT Reform Initiatives include:
    - The DoD is centralizing Fourth Estate common use IT through network, cybersecurity, and service desk consolidation. The initial consolidation efforts include 22 Fourth Estate organizations, with the objective to reduce the number of networks, cybersecurity operations centers, and service desks for greater efficiency and effectiveness. The success of executing the network and services optimization with the 4th Estate will: a) reduce barriers for joint information sharing; b) provide consistent end user capabilities for the workforce; c) help to resolve 4E cyber issues and improve security posture; and d) standardize enterprise services, network architecture, infrastructure, and software.
    - Enterprise Collaboration (DEOS) – Through DEOS, the Department is teaming with the General Services Administration (GSA) to exploit a fast and fair mechanism for purchasing at scale—and in so doing, align with the President's Management Agenda to streamline government contracting, standardize productivity tools, capitalize on economy of scale and better buying power, and enable cost transparency across the Federal government. DEOS will transition the Department's collaboration capabilities into a united commercial, cloud-enabled enterprise service to reduce costs, foster innovation, and improve the DoD cybersecurity posture. The process will entail migrating 3.1M NIPRNet and 600K SIPRNet users to DEOS.
    - Other Initiatives include "Network and Service Optimization - Circuit Optimization", 4th Estate Cloud Migration and Data Center Consolidation.
  - Active Business Systems Initiatives include:
    - Business Systems Reform Team (IT/BS Reform) is the Project Management Office (PMO) for the migration of the Defense

Civilian Personnel Database System (DCPDS) to a new Software as a Service (SaaS) / Cloud based human capital management (HCM) system, which will be referred to as the Defense Civilian Human Resource Management (DCHRM) system.

- Category Management for Training and Education (LMS) - DoD currently has multiple disparate platforms to deliver learning capabilities to the DoD workforce. Over time this has resulted in increased sustainment costs, redundant and non-integrated systems, no common course catalog and no unified record of learning from which to report or search and discover across to assess readiness of the total force. Leveraging USALearning to implement a Whole of Government (WOG) approach to the delivery of learning will allow the Department to better engage category management to modernize learning systems while optimizing costs to improve the workforce's learning experience with unified capabilities and improve overall total force readiness and assessment.

- Defense Travel Modernization - PB17 Efficiencies Travel Modernization (Restricted Fares). The DoD CIO conducted a PB18 Efficiency Study to determine cost savings and process efficiency opportunities for Defense Travel using Restricted Fares.

- **Financial Management Reform.** This reform initiative is active and led by the Office of the Under Secretary of Defense (Comptroller). Active Initiatives include:
  o "DFAS retirement of Legacy Systems", "Improve Management of Expiring Funds" and "Robotic Process Automation for FM Processes"

- **Contract Management.** This reform initiative is active with two primary areas of focus: 1) Services Requirements Review Board (SRRB) and 2) Category Management.
  o SRRB Initiative implemented a structured review process chaired by senior leaders to inform, assess, and support trade-off decisions regarding requirements, cost, schedule, and performance for the acquisition of services and has produced $491.6M in Resource Management Decision (RMD) Reductions for FY '17-'18 with an additional $441.4M for FY19.
  o The Category Management Initiative has actively focused on the business practice of buying common goods and services as an enterprise to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs. It identifies core areas of spend; collectively develops heightened levels of expertise; leverages shared best practices; and provides acquisition, supply and demand management solutions. This initiative targets the review, analysis and adjudication of approximately $20B in spend per CM Sprint and has initiated 3 Sprints to date with an estimate 5 percent savings as the solutions are implemented over the following FYDP.

- **Healthcare Reform.** This reform initiative is active and led by the Defense Health Agency (DHA). This team's initiatives are focused on 4 areas:
  o Transition of Medical Treatment Facilities to DHA - 31 MTFs were transferred in FY19, meeting the Departmental transition timeline; 4

Markets begun training; transition to oversight of MTFs will be completed by FY20 Q1.

- o Enterprise Management: Tricare, MHS Genesis - Savings to date have totaled $599M; on-track to achieve $953M of $1,027M for FY19 PMO Set-up; a contract will be awarded in September 2021 resulting in projected annual expected savings of $260-$750M, starting in FY23.
- o Medical Force Structure - Operating and Generating Force analysis support contract awarded; 17k personnel reduction in PB 20. Projected savings of $27M for FY19 are on track; future savings are tied to the timeline for medical department HQ consolidation.
- o Clinical Facility Rightsizing - 77 MTFs evaluated with feedback from line and medical leadership used to develop use cases completed for senior leader decision by FY19 Q4.

- **Community Services.** This reform initiative is active and led by the OCMO. The primary initiative for this team has been to provide the RMG briefings regarding the reform of Department of Defense community services, which include the defense resale enterprise; morale, welfare, and recreation programs, lodging; family support services; and the primary and secondary school system. The reform team completed a BPA and proposed consolidation of the Defense Commissary Agency, Army and Air Force Exchange Service, Navy Exchange, and Marine Corps Exchange (collectively the defense resale enterprise) as the first phase of the community services reform effort. The Department's intent is to improve community services for our Service members and their families, improve support to commanders, and fulfill its fiduciary responsibility concerning appropriated and non-appropriated funds.

- **Logistics Reform.** The original reform team and initiatives have been restructured and modified to meet the current needs of A&S and support the Services. New initiatives include entering into enterprise-wide buying of common goods, modifying the business model of the Defense Logistics Agency, and ceasing services that no longer provide value to the Department. This initiative is co-owned/led by A&S and OCMO.

- **Human Resources.** The hiring improvement and legislative/regulatory reform initiatives were transferred to the Office of the Under Secretary of Defense for Personnel and Readiness. The HR Service Delivery reform project was transferred to the OCMO Fourth Estate Management Office. The first phase of this reform initiative has been completed. The second phase has been incorporated into the Fourth Estate/DAFA Review, currently underway.

- **Real Property.** The transition of the Real Property reform team was completed on February 1, 2019. The Real Property team identified meaningful measures and outcomes that are now tracked and managed by the Contract Management and reform team.

- **Testing and Evaluation Reform.** This reform initiative stood down as of April 2019, but ongoing initiatives continue, which were transferred to the Category Management Reform Team.

23. **What process have you established and applied to determine that individual initiatives needed to be added, deleted, or revised?**

The OCMO implemented the RMG Reform Management Framework and corresponding Reform Efforts Portal to constitute a comprehensive, standardized, simple, and repeatable process to execute RMG Reform Initiatives. The RMG identifies priority reform areas for the active RMG teams. Reform Team initiative proposals require charters with stakeholders' approval that have clarity of objective, balanced scorecards/KPIs and financial investment/return estimates. The process to add, delete or revise per the Framework is summarized below.

Reform teams initially present initiative charters to the RMG for approval, disapproval or receive instruction for further development. Subsequently, reform teams present initiative implementation plans to the RMG for approval by the RMG to proceed. Such RMG approval requires stakeholder endorsement, detailed implementation plans, an updated charter with baseline/target KPIs, and Comptroller validated financial investment/benefits. The RMG can approve, disapprove or provide instruction for further development/refinements required to approve.

**24. How has this process been applied to the original initiatives?**

The original initiatives that were launched prior to the implementation of the framework were reviewed for commensurate qualification to obtain RMG approval. Once dispositioned initiatives were placed at the stage they qualified for, they were cancelled, revised or accurately represented in the portal at the appropriate stage with the corresponding charters, implementation plans, KPIs, status updates and financial estimates/validations.

**25. As the RMG efforts continue, how should their success be measured?  How do you evaluate their success to date?**

RMG Initiatives' success is measured by progress to the initiative's approved charter, implementation plan, KPI targets, and validated financial benefits.  Initiative plans, status and success-to-date are visible to the teams, stakeholders, RMG members and executive leadership via the portal.  The institutionalization of reform initiatives occurs financially through the PBR process, through policy when standardizing processes/organizational structures and commonly through the rationalization/ standardization of Business systems and IT technologies to achieve and sustain benefits. OCMO is looking beyond simply cost at items such as patient experience, cycle time improvement, and other factors to fundamentally change and modernize how the Department does business.

**26. What role have the military Services and Defense agencies played in the development and implementation of the business reforms developed as part of each of the initiatives?  What role should they play going forward?**

The Department uses its Annual Performance Plan and Annual Performance Report to set goals and objectives for its most significant reform initiatives and then tracks progress against these at the enterprise level in coordination with Military Services and DAFAs via the RMG.  The Military Services and RMG member DAFAs already

participate in the development, approval and implementation of RMG reform initiative business reforms.

Additionally, as of the beginning of FY2020, the Department launched Defense-Wide Reviews focused on Fourth Estate program rationalization and the OCMO FEMO Directorate initiated a formal process to reduce redundancies and optimize DAFAs' business processes and systems. The Services and DAFA play a critical role in developing and reviewing proposals as key stakeholders in both of these processes which will lead to the development and implementation of new RMG business reform initiatives.

**27. What role have the Director of Cost Assessment and Program Evaluation and the Chief Financial Officer/Comptroller played in the development and implementation of these business reforms?  What role should they play going forward?**

The Office of the Under Secretary of Defense (Comptroller) (USD(C)) has assisted in DAFA reviews required by the FY2019 NDAA, specifically the Section 925 review of the Defense Contract Audit Agency (DCAA) and the Section 926 review of the Defense Financial and Accounting Service (DFAS). Both CAPE and Comptroller participate in the RMG and other financial management reform initiatives.

**28. If confirmed as the CMO, what steps will you take to ensure the success of the RMG initiatives in the future?**

I will leverage RMG initiatives that reduce duplication in the areas of IT, data, health care, and contract management, as well as the current DAFA reviews in progress by the CMO in response to the John S. McCain NDAA for FY 2019. In cases where duplication may exist, we are using cross-component teams to analyze relationships, evaluate effects of duplication, assess and compare the programs' performance, and identify options for reducing or better managing duplication.  The RMG's formalization of the Reform Management Framework process and Reform Efforts Portal (see below) ensures Initiatives are formally chartered, stakeholder approved, milestone managed, have solutions with implementation plans formally approved by Stakeholders/RMG members, and are financially validated by the Comptroller. Regular progress briefings are provided to the RMG, the CMO and the DSD. OCMO is also developing a pipeline of new initiatives.

## Certification of Reform Cost Savings

**Recent NDAAs have expanded the CMO's authorities and responsibilities to certify the cost savings associated with enterprise business operation reforms.  Further, Section 921 of the FY 2019 NDAA requires the CMO to reform business operations for specified activities—civilian resources management, logistics management, services contracting, or real estate management—and certify the resulting savings no later than January 1, 2020.**

29. **What actions have you taken or do you plan to take to ensure that the costs incurred or savings achieved through business operation reforms are captured and validated in a consistent manner?**

The OCMO developed and implemented the Reform Management Framework for tracking and implementing all DoD-wide reform initiatives. The Reform Efforts Portal is the authoritative point of entry of reform data and related artifacts, and is used to identify, prioritize, and track funding for implementation of all DoD-wide reform initiatives. The USD(C) validates DoD-wide reform initiative financials within the Portal to include programmed, and re-programmed dollars.

30. **In your current role, to what extent have you coordinated with the Under Secretary of Defense (Comptroller) and established respective roles and responsibilities for validating cost savings reported from business reform efforts to date?**

The Reform Management Framework and Reform Efforts Portal were developed in collaboration with the Office of the USD(C). Since 2017, the Comptroller has controlled (via workflow and role-based security within the Portal), the entry and update of "validated" reform team cost savings. With the advent of Advanced Analytics (Advana) (detailed costs) and the use of the Programming process (budget) to capture large-scale reforms, the Department can now begin to target and map the "cost-saving" budgeted portions of individual reforms to specific cost baselines to determine percentage impacts for reform initiatives. The total FY2020 benefits tracked by Comptroller from reform efforts programmed during the 2017-2019 cycles exceeds $12.9B.

31. **In your view, how do the CMO's responsibilities for determining cost savings differ from those of the Deputy Secretary of Defense?**

It is appropriate and necessary for the CMO to work in unison with the DSD to identify, capture and verify cost savings. CMO should continue to lead the Fourth Estate to determine projected cost savings for the Secretary and DSD, with support and input from the DSD and DoD's other senior leadership. The Comptroller is responsible for validating and tracking cost savings using the Department's existing systems and governance.

32. **Do you support the public release of the mandated cost savings reports submitted to Congress?  Please explain your answer.**

Yes, I support transparency with Congress and the public in understanding our investments, savings, performance improvements, and challenges involved in reforming the Department of Defense.

**In March 2019, you responded to the Committee's questions on cost savings resulting from Reform Management Group (RMG) activities.**

33. **Please detail the processes used to capture, validate, and document the cost savings reported for the various RMG initiatives, including the $4.702 billion in savings from FYs 2017 and 2018.**

The Office of the USD(C), validates the Department of Defense reported, programmed, and budgeted reform savings of $1,359.6 million (FY2017) and $3,343.2 million (FY2018) within the six major business reform operations.

| Reform Type | FY 2017 | FY 2018 |
|---|---|---|
| Better Alignment of Resources | $ - | $ - |
| Business Process Improvements | $ 141.5 | $ 877.6 |
| Business System Improvements | $ 27.6 | $ 276.3 |
| Divestments | $ - | $ - |
| Policy Reform | $ 1,185.8 | $ 1,640.7 |
| Weapon System Acquisition Reform | $ 4.7 | $ 548.6 |
| Grand Total | $ 1,359.6 | $ 3,343.2 |

- **Better Alignment of Resources** – Reprioritizing or moving finances and personnel to realign from legacy capability in support of the National Defense Strategy.

- **Business Process Improvement** – Refining actions, personnel, and timelines to increase effectiveness, efficiency, and reliability of the Department's delivery of goods and services.

- **Business System Improvement** – Modernizing and eliminating legacy business systems and processes to increase the effectiveness and reduce duplication of the Department's IT business systems and deliver information at the speed of relevance.

- **Divestments** – Selling equipment or weapon systems, or strategically discontinuing legacy acquisition programs, to fund purchases in support of the Department's highest priorities.

- **Policy Reform** – Changing the Department's procedures to best empower the warfighter with the knowledge, equipment, and support systems to fight and win.

- **Weapon System Acquisition** – Procuring and sustaining weapon systems differently to prioritize speed of delivery, continuous adaptation, and frequent modular upgrades.

**The March 2019 response also reported two categories of savings— Programmed/Budgeted Savings and Estimated Savings in Future Years Defense Programs (FYDP)—associated with the RMG initiatives listed below.**

34. **Please describe in detail the processes you used to capture, validate, and document these savings:**

- **IT Reform – Network and Service Optimization**
- **IT Reform – Cloud and Data Center Optimization**
- **Business Systems Reform – Defense Travel System**
- **Logistics Reform – Logistics**
- **Logistics Reform – Acquisition & Sustainment Focus Area**
- **Category Management – IT Services and Pharmaceuticals**
- **Healthcare Reform – Enterprise Management**
- **Healthcare Reform – TRICARE Reform**
- **Community Services**

The same process is used for the capture, validation and documentation of savings for all RMG initiatives as described in questions 23, 24, 25, 29, 30 and 33, above.

### 35. How do the efforts cited above align with the overall RMG initiatives?

With the exception of Logistics Reform, all of the efforts above are RMG Initiatives that are managed with the specific contribution and oversight in accordance with the below roles.

- OCMO. Oversees the initiation, tracking, implementation, and development of net benefits (e.g., investments and savings) for all DoD-wide reform initiatives.

- RMG. Assesses reform team efforts to track, implement, and develops DoD-wide reform initiatives. Ensures adherence to policies and procedures regarding the Framework and Portal among reform teams.

- OCMO Transformation and Reform (T&R) Directorate. Ensures adherence to the Framework, manages the Portal, and provides resources, training, and guidance to reform teams as necessary. Ensures feedback from reform teams is collected to inform future development of the same.

- USD(C). Validates DoD-wide reform initiative financials to include programmed, and re-programmed dollars.

- Cost Assessment and Program Evaluation (CAPE). Reviews Line of Business (LOB), historical review of projects and estimate/business case methodology. CAPE will review programming requests to provide relevant subject matter expertise.

- Reform Team Lead. Manages the work of reform teams, and interfaces with OCMO T&R to seek assistance developing DoD-wide reform initiatives (e.g., industry best practices and standard operating procedures for DoD-wide reform

initiatives) and to comply with policies and procedures regarding the Framework and Portal.

**36. To what extent do RMG savings remain unaccounted for?**

The OCMO is actively collaborating with the Office of the USD(C), to develop a global definition of Working Capital Funded reform benefits to enable the validation of reform achievements in organizations that include the Defense Logistics Agency, Defense Finance and Accounting Services, and Defense Information Systems Agency. For example, savings being achieved through the RMG Category Management reform team initiative cannot be captured through the existing programmed and budgeted reform savings process due to these organizations' working capital funded structure. A draft definition has been developed and is in the process of being finalized for enterprise-wide application. Until this is complete, the formal validation of these RMG savings remains unaccounted for.

## Authority for Defense Agencies and Field Activities

**Section 910 of the FY 2018 NDAA directs the CMO to exercise authority, direction, and control over designated Defense Agencies and Department of Defense Field Activities (DAFA) providing shared business services to the Department. Section 921 of the FY 2019 NDAA further directs the CMO to review the proposed budgets from designated DAFAs and to certify that the submission achieves efficiency and effectiveness for business operations, consistent with guidance to be established by the CMO.**

**37. To date, which of the DAFAs have been designated as providing shared business services falling under the direction of the CMO?**

The CMO designated Washington Headquarters Services and the Pentagon Force Protection Agency for that purpose.

**38. What proportion of the total DAFAs have been designated?**

The proportion of the total DAFAs designated to CMO is 2 out of 28. That being said, CMO has oversight over the effectiveness and efficiency of the Fourth Estate.

**39. In your current role, what input have you provided or actions have you taken to identify additional shared business services that properly should fall under the authority, direction, and control of the CMO?**

FEMO surveyed all DAFAs to learn whether each provides shared business services to others, or received shared business services from another DAFA or other agency, or manages its own business services in six functions: civilian HR, logistics, service contracting, real property, IT business systems, and financial management. Initial survey results indicated that further research and analysis is necessary to address the

lack of standard service offerings and the variety of costing and performance models, which inhibit comparison of options available to providers and customers.

**40. In your view, what actions may be needed going forward to comprehensively identify the DAFA activities that should be subject to the authority, direction, and control of the CMO?**

In the area of Civilian HR services, the Department has numerous providers that operate independently without central oversight. Generally, the Military Departments (MILDEPS) service their own civilian populations. The Washington Headquarters Services (WHS), Defense Logistics Agency (DLA), Defense Finance and Accounting Service (DFAS), Navy, and Army provide HR Services to certain organizations within the Fourth Estate. At present, there is no DoD enterprise-wide system to define, collect, monitor, or analyze performance or cost data on HR Services provided, nor to monitor and control the types of Civilian HR Services provided. If confirmed, I will work to address these issues.

**41. Based on your experience, what steps are necessary to certify that the budgets for designated DAFA activities meet a required level of efficiency and effectiveness for business operations?**

- Indicators for efficiency: Whether the DAFA's budget and expenditures increased, decreased, or remained the same (with inflation) over the past five years, and explanations for any increases.
- Indicators for effectiveness: Whether the DAFA has adopted its own strategic plan(s) and whether the plans are aligned with the National Defense Strategy and the National Defense Business Operating Plan. Whether the DAFA has designated goals, measures, and key performance indicators. Whether the DAFA conducts periodic reviews of progress and performance, including follow-up on action items arising from each review.
- Indicators for non-duplication: Whether the DAFA is a provider of services to other agencies or a customer of other agency providers. Whether and to what extent the DAFA performs its own internal management functions (e.g., FM, IT, HR, procurement).
- Indicators of meeting DoD needs: Evidence that all DAFA activities are based on a legislative or regulatory authority and the authorities have been reviewed in the past 5 years. Whether the DAFA has been the subject of specific congressional requirements or recommendations from the GAO, the DODIG, or similar reviewing organizations, and, if so, the status of those requirements and recommendations. Also, a review of each DAFA's Management Internal Control Program assessment for substantial findings will be completed.

**42. Based on your experience, what elements will be most critical for designated DAFA's to delineate in their budgets?**

In establishing a cost baseline for enterprise business operations, we found that components and organizations in DoD do not use a standard method to track budgets or costs of management functions. We have worked with all components to agree on a single standard framework to delineate spending on enterprise business operations. The standard to be adopted is the Enterprise Cost Management Framework. To reduce costs and accelerate delivery of outcomes, leadership combined the technical architectures into a common platform renamed "Advanced Analytics" (Advana). Advana is a shared-service data platform for all Common Enterprise Data and is aligned to the Enterprise Cost Management Framework mentioned above.

The critical elements for Lines of Business under this Framework are Acquisition, Financial Management, HR, IT, Maintenance, Medical, Real Property, and Supply Chain.

43. **What will be the key elements of the CMO guidance in this regard and when can we expect it to be published?**

CMO Guidance was distributed to all Principal Staff Assistants and DAFAs on August 28, 2019, in advance of the September 1, 2019 due date. That Guidance defined the scope of the initial DAFA Budget reviews; outlined an approach to delineate spending on enterprise business operations (EBO); and established a repeatable process of annual and periodic reviews to manage performance and assess the adequacy of each DAFA's EBO budget. The initial 2019 DAFA Reviews focused on reviewing the primary missions, functions, and performance of each DAFA; implementing standard approaches to capture baseline cost information for each DAFA; and establishing a standard accounting model, cost metrics, and key performance indicators across six EBOs for the purpose of assessing the efficiency and effectiveness of each DAFA. The six EBOs included "covered activities" of civilian HR, logistics, service contracting, and real property, plus IT business systems and financial management. Approaches for delineation of spending and continuing performance reviews are described in questions 42 and 20, respectively.

44. **How will you assess whether DAFAs need more resources, staffing, or additional expertise to more effectively provide shared business services?**

If confirmed, I will work with stakeholders to establish enterprise-wide shared service delivery models for enterprise business operations that will enable analysis and comparison of shared-service opportunities. Based on the definition of services that are appropriate for centralization or sharing, the next step is to create standardized shared service delivery costing models and performance measures, including overhead costs, individual line of business costs, and IT costs. Another requisite step is to establish processes to monitor and evaluate key performance indicators and efficiency measures among service providers. To accomplish all these steps, an interim governance structure will be required to oversee the collection and analysis of data and the execution of pilot projects to test and evaluate available options before making final

determinations about the optimal organization of shared services for various EBOs in the Department.

**Equal Employment Opportunity and Harassment**

**In responding to an inaugural DOD Civilian Employee Workplace and Gender Relations survey administered in 2016, 14.2 percent of women DOD employees and 5.1 percent of men indicated that they had experienced sexual harassment and/or gender discrimination by "someone at work" in the 12 months prior to completing the survey.**

45. **What is your view of the role of the chain of command/chain of supervision in maintaining a command/workplace climate in which harassment and discrimination are not tolerated?**

    Leadership sets the tone for establishing that harassment and discrimination in the workplace are absolutely unacceptable and will not be tolerated. As a result, the Department must ensure that military and civilian leaders have the necessary training and tools to address these issues, in order to maintain a culture of trust to promote mission readiness, good order and discipline, and morale. There is no room for harassment and discrimination within the military culture or in our civilian workforce. If confirmed, I will fully support efforts to eradicate sexual harassment and discrimination. Rooting these evils out of the Department of Defense is simply the right thing to do. I am fully committed to doing anything in my power to accomplish that goal.

46. **In your view, does the Department's method for tracking the submission and monitoring the resolution of informal complaints of harassment or discrimination provide DOD leaders, supervisors, and managers, with an accurate picture of the systemic prevalence of these adverse behaviors in the civilian workforce?**

    The Department of Defense rigorously enforces federal laws and regulations, as well as DoD policies to ensure timely and accurate tracking and monitoring of the resolution of complaints of harassment or discrimination. The policies, processes, and systems DoD uses provide an accurate picture and record for allegations or evidence of adverse behaviors in the civilian workforce, including any evidence of failure to comply with DoD values.

    If confirmed, I will ensure OCMO follows relevant laws, regulations and DoD policies to provide an accurate picture of any evidence of systemic prevalence of adverse behaviors in the DoD civilian workforce.

47. **Does the Department's method for responding to complaints of harassment or discrimination in the civilian workforce provide appropriate care and services for victims? For holding offenders appropriately accountable?**

The Department ensures appropriate care and services for victims and holds offenders appropriately accountable. If confirmed, I will ensure OCMO adheres to all federal laws, regulations and DoD policies for responding to complaints of harassment or discrimination in the civilian workforce.

48. **In your view, do military and civilian leaders in the DOD have the training, authorities, and resources needed to hold subordinate commanders and supervisors accountable for the prevention of and response to harassment and discrimination? If not, what additional training, authorities, or resources to you believe are needed, and why?**

The Department of Defense adheres to federal statutes, regulations and policies to hold commanders and supervisors appropriately accountable for the prevention of and response to harassment and discrimination. DoD has mandatory training with the appropriate authorities and resources needed to hold military and civilian leaders appropriately accountable for the prevention of and response to harassment and discrimination. These steps are necessary to prevent harassment and discrimination in the Department.

49. **If confirmed, what specific role and tasks would you establish for yourself in the Office of the DOD CMO and Washington Headquarters Services programs of preventing and responding to harassment and discrimination in the workforce?**

If confirmed, I will lead and work with the Director of Washington Headquarters Services and other appropriate leaders to ensure complete compliance with federal statutes, regulations, and polices related to responses of harassment and discrimination in the workforce.

50. **In the context of your service to date as the DOD CMO, have you administered a command climate survey to the workforce under your leadership and management?**

The OCMO workforce participates in the Federal Employee Viewpoint Survey. In the context of my service as DCMO, I have sought employee input through direct feedback and Town Hall meetings. If confirmed, I will baseline workforce morale, conduct additional quantitative analysis, and develop an action plan to increase employee morale and participation in surveys in the near future.

51. **If so, what were the results of that survey and what actions did you take or direct to address the survey results?**

I believe that we have experienced dips in employee morale, which are characteristic of all businesses/organizations undergoing significant change. The OCMO is in the process of executing an internal reorganization to optimally deliver enterprise-wide lines of business with a renewed mission focus that is both more efficient and

efficacious.  In turn, I am focused on optimally leveraging and matching the OCMO staff's skillsets.  This includes identifying, developing, and managing talent, as well as appropriately empowering the staff. If confirmed, I will survey the staff for feedback to identify specific actions we can take for improvement.

52. **If you have not administered such a survey, do you have plans to do so, if confirmed?**

If confirmed, I will survey the OCMO team for their feedback to identify what specific actions we can take for improvement.  Employee morale is important to me, and I will make it a priority to ensure that all members of the OCMO team are engaged, empowered and valued.

53. **Given that competent and caring leadership is one of the most significant and relevant levers available to shape a high-performing DOD civilian workforce, if confirmed, what factors and characteristics would be most important to you in selecting a candidate for appointment to the Senior Executive Service (SES) in the DOD CMO enterprise, including the Defense agencies and activities for which you would be responsible?**

If confirmed, I will focus on the following factors and characteristics, consistent with law and regulations:

- Experience in building high-performing teams
- Demonstrated ability to develop key outcomes and expectations for their teams (knowing that measurement drives behaviors)
- Skill to identify and translate private sector approaches to the unique DoD requirements
- History of effectively using data for decision-making
- Creativity to identify multiple solutions/ approaches to resolve problems
- Work history that demonstrates interest and action in developing diverse talent, building collaborative teams, rewarding performance, and providing equal and positive reinforcement for employees who face challenges

54. **If confirmed, how would you go about ensuring that SES under your authority are held accountable for both organizational performance and the rigorous performance management of their subordinate employees?**

SES and GS performance to support the National Defense Strategy, the National Defense Business Operations Plan, DoD's Agency Priority Goals, and the OCMO Strategic Plan is key to the organization's success.  As DCMO, I have ensured that all performance plans, annual assessments and awards align to support these strategic priorities.  If confirmed, I will continue to anchor all employee performance to this standard.

**55. How would you assess the morale of the civilian workforce across the DOD CMO enterprise?**

The environment of continuous change that has marked our organization since the passage of the NDAA for FY2017 has created a degree of uncertainty within the OCMO workforce, and I expect that it has impacted the morale of the civilian workforce. If confirmed, one of my priorities will be to assess the state of morale and take appropriate action in response.

## Cross-Functional Teams

**Section 911 of the National Defense Authorization Act for Fiscal Year 2017 includes requirements for DOD, through the CMO, to issue an organizational strategy that identifies critical objectives and outputs that would benefit from the use of cross-functional teams and to provide guidance and training on the use of such teams.**

**56. What accounts for the delay in developing the organizational strategy, which was due no later than September 1, 2017, but has not yet been issued?**

The issuance of an Organizational Strategy was initially delayed to ensure it complemented the NDS for 2018 and the FY2018- FY2022 National Defense Business Operations Plan, both of which were under development following the enactment of the FY2017 NDAA. Once those documents were finalized and approved, they were incorporated within the foundation of the draft. Turnover of the Department's senior leadership, emerging strategic priorities, and statutory Department-wide organizational changes have required further refinement of the strategy.

If confirmed, please be assured of my personal commitment to and involvement with the full and effective implementation of all outstanding requirements for SD-empowered cross-functional teams (CFTs).

**57. What accounts for the delay in issuing guidance on cross-functional teams, which was due September 30, 2017, but has not yet been provided?**

Guidance on cross-functional teams (CFTs) must closely complement the Organizational Strategy, which will be the source of guidance for the DoD's effective use of CFTs. Secretary Esper has prioritized issuance of the Organizational Strategy, and I expect it to be signed in the immediate future. More specific CFT guidance is currently in coordination and will be issued after completion of the Organizational Strategy.

**58. In what ways have the delays in issuing strategy and guidance impacted the Department's ability to support cross-functional teams in effectively managing critical objectives across multiple functional boundaries and promoting a collaborative, results-oriented culture?**

The Department is providing all necessary and requested support for two current CFTs working to advance a range of critical objectives in two high-priority and complex mission areas: protecting vital technologies and classified and sensitive intellectual property and data; and developing electronic warfare capabilities for defeating near peer adversaries. The SD established both the Protecting Critical Infrastructure Task Force and the CFT for Electromagnetic Spectrum Operations. The DSD and the Vice Chairman of the Joint Chiefs of Staff personally oversee each team's efforts and support requirements. Guidance on strategy, guidance, and expectations has been provided through Secretary Esper's weekly priority meetings.

59. **The Department's enterprise business reforms efforts, such as the RMG, are primarily driven by the use of cross-functional teams. How has the Department's lack of strategy and guidance impacted the ability of these teams to effectuate reforms?**

The CFTs supporting the Department's enterprise business reform efforts have not been impacted by the delay in issuing the required CFT strategy and guidance. I am engaged with these teams on a weekly basis and closely track their progress, needs and challenges. If confirmed, I will give this very high priority.

In January 2019, the Government Accountability Office reported that uncertain funding for CFT initiatives may be a factor limiting their progress. The OCMO's April 2019 budget briefing identified funding needs for the reforms for FY2019 and FY2020.

60. **In your experience facilitating cross-functional teams, what have you learned about the potential uses of these teams and where they can best be deployed to increase integration across the department?**

My experience is that cross-functional teams are ideally suited to address an organization's most important objectives where timely, effective, and innovative solutions are needed to tackle complex problems or challenging, emergent opportunities. Engaged and visible support by the organization's most senior leaders is a necessity for these teams to succeed, particularly during the implementation phase where multiple components must align to drive integrated, effective action.

**In January 2019, the Government Accountability Office reported that uncertain funding for cross-functional team initiatives may be a factor limiting their progress. The Office of the Chief Management Officer April 2019 budget briefing identified funding needs for the reforms for FYs 2019 and 2020.**

61. **In your view, what is the role of the CMO in ensuring that existing cross-functional teams have sufficient and reliable sources of funding to implement their approved initiatives?**

The CMO's role is to use the Department's existing governance and processes to ensure that appropriate bill-payers are established for all new CFTs.

**62. What steps have you taken to date to establish a standardized process that identifies funding needs and prioritizes approved cross-functional initiatives?**

I have initiated meetings with Secretary Esper and Deputy Secretary Norquist to ensure cross functional teams align to priorities of the Department and are appropriately funded.

**63. If confirmed as the CMO, what actions will you prioritize to ensure that approved cross-functional initiatives are funded in future fiscal years and aligned with Departmental budget requests?**

Secretary Esper, Deputy Secretary Norquist, and I have prioritized issuance of all required guidance to empower the Department's CFTs. If confirmed, I will immediately take steps to issue that policy, programmatic and budget guidance.

**The FY 2020 budget presentation included a request for $52.9 million in unfunded requirements to support various reforms in FY 2019, but only requested $12 million for reforms in FY 2020.**

**64. In your current role, how will you ensure that sufficient funding is available in future budgets to support the needs of the reform efforts?**

The FY2020 President's Budget contains $12 million to enable category management (CM). This amount was based on the assumption that the capability would be transferred to the Government. Currently, the OCMO is working to increase the Government skillsets needed for transferring the CM capability in-house. We are coordinating across the Department to identify Category Managers and Leads. All remaining reform initiatives will continue to rely on mid-year or end-of-year funds for investment.

## Capabilities and Resources

**65. How should the Department of Defense grow, train, and maintain management expertise within its workforce?**

Performance reviews should include a training/development plan for each review cycle, mentoring should be encouraged, and practical application opportunities should be coupled with leadership development curriculum. For example, I would like to explore inviting those who participate in the Secretary's NDU Leadership course – which places participants in the private sector for one-year experiential opportunities – to return to DoD and be assigned to work in the CMO organization for 6 to 18 months so they have a chance to apply what they've learned in the private sector. Knowledge transfer of private sector techniques and practices is essential for the long-term success of DoD reform efforts.

**66. How should the Department of Defense engage experts in industry and academia to support workforce development and research activities that will address management challenges?**

The OCMO has leveraged the Defense Business Board (DBB) to help inject non-government thinking and approaches to problems shared by both the DoD and the private sector. We have recently hosted DBB panels with industry and academic experts and opened the meetings to other DoD principals. This activity has been well-received and has initiated new partnerships within the Department. There are also unexplored opportunities with public-private partnerships to include further development of internships/externships at all levels of experience.

**67. How should the Department develop requirements for and then build the management tools, including data collection and analysis tools, it needs to improve management outcomes?**

In setting Department requirements, the OCMO is guided by the NDS, which calls for reforming the Department's business practices for greater performance and affordability in support of rebuilding military readiness as we build a more lethal Joint Force. Accomplishing these changes requires accurate, up-to-date assessments of our actual performance, costs of performance, efficiency, productivity, and ultimately, effectiveness in generating measurable improvements in readiness and lethality. Amplifying these expectations, the President's Management Agenda also calls for consistently applying data-driven decision-making practices, and making use of data and evaluation to drive decisions and accountability around service and results with an expectation of commercial-sector levels of efficiency, productivity, quality, and customer service.

As a result of the need for informed and accurate business intelligence, the Chief Data Officer (CDO, presently residing within OCMO), is tasked with meeting these responsibilities by expanding the Department's data analytics capabilities to drive the success of today's initiatives, and ensure that the Department is positioned for the future. The primary objective is to provide data management and analytics, as a shared Service for the Department, to enable data-driven decision-making. The CDO is the Chair of the Data Management and Analytics Steering Committee (DMASC), which is the Department-wide governance body for data management and analytics. In keeping with commercial sector best practices, the voting members of the DMASC are business leaders—DoD Financial Management Executives and DCMOs. The DMASC serves as the principal governance body to drive initiatives related to DoD Common Enterprise Data management and analytics, cost and performance management, and other activities under the DMASC's functional authority.

**68. Should the CMO have independent resources and budget authority for the development of these types of capabilities and tools?**

Independent resources and budget authority will enable the CMO to deliver data driven insights that lead to continuous improvement and Efficiency for Lethality. Given the current sprawl of the Department's application (Information Technology) portfolio – 2900+ applications – a migration is not only the fastest approach to remediate data quality, it's also the fastest path toward creating the shared services model called for in the President's Management Agenda.

**69. How would these capabilities and tools be determined or identified?**

The historic absence of enterprise-wide technology solutions to harness the Department's data at an enterprise level results in organic "build your own" data environments managed in silos. Without the ability to look at all of the Department's data as a whole, we operate and make decisions without the complete picture. The critical value and benefit of standardization of tools and data across the DoD will change that and include:

- Enhanced decision making;
- Improved enterprise data quality and speed of insight, enabling DoD-wide comparisons and analysis of business operations;
- Increased staff flexibility and broadened career paths. Once DoD employees are trained on a set of tools, any employee can pick up and go anywhere within the Department. This will result in richer career paths, and give leaders flexibility to align staff with requirements; and
- Reduced the need to analyze or compare tools, resulting in a more efficient and non-duplicative approach to data initiatives.

The Department must have automated, timely, reliable, and accessible performance information to power analytics to enhance decision-making and answer critical business questions. Actionable performance information is key to meeting DoD priorities and complying with legislative, regulatory and policy requirements that will be data-driven. However, challenges persist in driving adoption of and enforcing compliance with data standards across DoD. The OCMO's Data Management & Analytics Steering Committee provides the representation and governance needed to effectively implement a DoD data strategy which will facilitate the modernization of DoD processes for accessing data and producing information, leverage industry best practices, improve its data infrastructure, and instill a data-driven performance management culture.

## Congressional Oversight

**In order to exercise legislative and oversight responsibilities, it is important that this committee, its subcommittees, and other appropriate committees of Congress receive timely testimony, briefings, reports, records—including documents and electronic communications, and other information from the executive branch.**

70. **Do you agree, if confirmed, and on request, to appear and testify before this committee, its subcommittees, and other appropriate committees of Congress?**

    Yes.

71. **Do you agree, if confirmed, to provide this committee, its subcommittees, other appropriate committees of Congress, and their respective staffs such witnesses and briefers, briefings, reports, records—including documents and electronic communications, and other information, as may be requested of you, and to do so in a timely manner?**

    If confirmed, I agree to accommodate in a timely manner all congressional requests for information by supplying the requested information to the fullest extent, consistent with applicable statutes and the U.S. Constitution.

72. **Do you agree, if confirmed, to consult with this committee, its subcommittees, other appropriate committees of Congress, and their respective staffs, regarding your basis for any delay or denial in providing testimony, briefings, reports, records—including documents and electronic communications, and other information requested of you?**

    If confirmed, I agree to accommodate in a timely manner all congressional requests for information by supplying the requested information to the fullest extent, consistent with applicable statutes and the U.S. Constitution.

73. **Do you agree, if confirmed, to keep this committee, its subcommittees, other appropriate committees of Congress, and their respective staffs apprised of new information that materially impacts the accuracy of testimony, briefings, reports, records—including documents and electronic communications, and other information you or your organization previously provided?**

    If confirmed, I agree to accommodate in a timely manner all congressional requests for information by supplying the requested information to the fullest extent, consistent with applicable statutes and the U.S. Constitution.

74. **Do you agree, if confirmed, and on request, to provide this committee and its subcommittees with records and other information within their oversight jurisdiction, even absent a formal Committee request?**

    If confirmed, I agree to accommodate in a timely manner all congressional requests for information by supplying the requested information to the fullest extent, consistent with applicable statutes and the U.S. Constitution.

75. **Do you agree, if confirmed, to respond timely to letters to, and/or inquiries and other requests of you or your organization from individual Senators who are members of this committee?**

If confirmed, I agree to accommodate all congressional requests for information by supplying the requested information to the fullest extent, consistent with applicable statutes and the U.S. Constitution.

76. **Do you agree, if confirmed, to ensure that you and other members of your organization protect from retaliation any military member, federal employee, or contractor employee who testifies before, or communicates with this committee, its subcommittees, and any other appropriate committee of Congress?**

Yes.