

**OPENING STATEMENT OF U.S. SENATOR JACK REED
RANKING MEMBER, SENATE ARMED SERVICES COMMITTEE**

**SD-G50
DIRKSEN SENATE OFFICE BUILDING
Tuesday, November 17, 2015**

**To receive testimony on Department of Defense reform – overcoming obstacles
to effective management
(As Prepared for Delivery)**

Thank you very much, Mr. Chairman. I'd like to join you in thanking our witnesses for their willingness to appear today to testify on the difficulties in managing the largest organization in the world – the Department of Defense – and how such management might be improved. Each of today's witnesses offers a different perspective, from both inside and outside of government, which will help to inform the Committee's review of possible reforms to the DOD.

I'd like to extend a special welcome to Ms. Lisa Bisaccia, Executive Vice President and Chief Human Resources Officer for CVS Health Corporation – which is headquartered in Woonsocket, Rhode Island. CVS is a recipient of the 2015 Secretary of Defense Employer Support Freedom Award for its support of employees who also serve in the National Guard and Reserves. Thank you for joining us today and the efforts of CVS to be a great partner to our military.

The Pentagon, with its fundamental mission being the defense of our Nation, is not a business and it is unrealistic for us to believe it will or should operate like one in all aspects. However, there may be important process and organizational lessons-learned from the private sector that could help to accomplish this Committee's objective of making DOD not only more efficient, but also more effective in the face of new threats, globalization of technology, and budget uncertainty.

Although DOD and commercial industry measure success in different ways, and are under different constraints in terms of laws, regulations, and Congressional oversight, there are still many challenges that DOD shares with the commercial world. For example, both DOD and the commercial sector are continuously striving to reinvent themselves against external

competitors, both are trying to attract and grow the best talent, and both are trying to find the best partners so that their goals can be achieved as efficiently and effectively as possible.

During last week's hearing, Jim Locher proposed that DOD adopt the concept of "cross-functional teams" – a private sector innovation that is designed to integrate representatives of relevant organizational components to rapidly address a specific problem or set of problems. Mr. Locher made the point that there is currently no place in the DOD where such functional expertise can be brought together quickly by the Secretary or Deputy Secretary of Defense. I hope today's witnesses will build upon that discussion by relaying examples from their corporate experiences that will help us better frame the questions we need to ask, the scope of the changes we need to make, and the likely resistance we will face.

Specifically, I hope that our witnesses will touch on organizational and individual incentives that encourage a culture of continuous improvement and innovation in the DOD workforce. For example, can such an effort be supported through changes in management policies; organizational structures; hiring, training, and compensation practices; or increased engagement with the commercial sector?

I also hope that our witnesses will also shed light on methods for attracting and employing the most effective workforce for all DOD missions – ranging from operational warfighting, to performing cutting edge research, to managing the huge and complex defense enterprise.

I think that the common thread connecting these issues is the importance of management and governance. I am confident that DOD and this Committee can learn a lot from commercial experiences in these areas. I look forward to the testimony of our witnesses.

Thank you, Mr. Chairman.