

Advance Policy Questions for Elizabeth A. McGrath
Nominee to be Deputy Chief Management Officer (DCMO) of the Department of Defense (DoD)

Defense Reforms

The Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms have strengthened the warfighting readiness of our Armed Forces. They have enhanced civilian control and clearly delineated the operational chain of command and the responsibilities and authorities of the combatant commanders, and the role of the Chairman of the Joint Chiefs of Staff. They have also clarified the responsibility of the Military Departments to recruit, organize, train, equip, and maintain forces for assignment to the combatant commanders.

Do you see the need for modifications of any Goldwater-Nichols Act provisions?

At this time, I do not believe changes are warranted. If confirmed, I would consult with Congress on any modification I found potentially useful.

If so, what areas do you believe might be appropriate to address in these modifications?

If confirmed, I would consult with Congress on any modification I found potentially useful.

Relationships

What is your understanding of the relationship between the DCMO of the DoD and each of the following?

The Secretary of Defense

The Secretary of Defense is responsible for all matters within DoD. By law, the Secretary of Defense shall assign such duties and authorities to the DCMO he deems necessary for the DCMO to assist the Chief Management Officer (CMO) (the Deputy Secretary of Defense) to effectively and efficiently organize the business operations of DoD. If confirmed, I would faithfully carry out all duties assigned to me by the Secretary of Defense.

The Deputy Secretary of Defense

The Deputy Secretary of Defense assists the Secretary of Defense in carrying out his responsibilities and duties and also performs duties either assigned by the Secretary of Defense or by law. By law, the Deputy Secretary of Defense also functions as CMO, and is responsible for the daily operations of the Department on matters including

financial management, personnel policies, and acquisition management. The Deputy Secretary of Defense delegates duties and authorities to the DCMO to effectively and efficiently organize the business operations of DoD. If confirmed, I would carry out all duties assigned to me by the DoD CMO.

The Defense Business Systems Management Committee (DBSMC)

The DBSMC is a governance body designed to oversee Department decisions on its business operations, including investments in business systems, in order to maximize benefits to the Warfighter. The DBSMC is chaired by the CMO. The DCMO is the vice-chair and functions as executive secretary. If confirmed, I would be the vice-chair of the DBSMC.

The Under Secretary of Defense for Financial Management (Comptroller) (USD(C))

If confirmed, I look forward to continuing work with USD(C) on financial management improvement, development of the Department's annual performance budget and report, and modernization of the Department's financial systems.

The Other Under Secretaries of Defense

The Office of the DCMO works with the Under Secretaries of Acquisition, Technology & Logistics, Personnel & Readiness, Intelligence and Policy in a number Department-wide management and business modernization and improvement initiatives. If confirmed, I look forward to continuing those efforts.

The Assistant Secretaries of Defense (ASDs)

The Office of the DCMO works with a variety of ASDs on matters including acquisition decisions, process improvement, performance management and transparency initiatives. The interaction occurs in one-on-one meetings and governance council settings.

The Director of the Business Transformation Agency (BTA)

BTA facilitates Department-wide transformational business operations to support the Warfighter and systematically improve business processes, enterprise resource planning systems, and investment management. If confirmed, the Director of BTA would directly report to me.

The Secretaries of the Military Departments

If confirmed, I will work closely with the Secretaries of the Military Departments to help carry out the business management and modernization objectives of the Secretary of Defense and Deputy Secretary of Defense.

The CMOs of the Military Departments

The Under Secretaries of the Military Departments are the CMOs of their respective organizations and, as such, have enterprise responsibility for overseeing business operations within their departments. The Office of the DCMO interacts routinely with these officials on business transformation initiatives. The Military Department CMOs also serve on the DBSMC. If confirmed, I look forward to developing strong working relationships with each of the CMOs of the Military Departments.

The Investment Review Boards (IRBs)

The IRBs, along with the DBSMC, constitute a governance and oversight framework for effective investment decision-making, enabling the Department's senior leadership to guide investments to maximize benefits to the Warfighter. The Office of the DCMO provides direction and guidance to the IRB chairs to ensure consistency and rigor in the investment management process. If confirmed, I would continue to drive robust investment management for defense business systems.

The Comptrollers of the Military Departments

If confirmed, I would engage with the Comptrollers of the Military Departments in their capacities as the functional sponsors of many of DoD's financial systems. If confirmed, as a member of the Financial Improvement and Audit Readiness Governance Board, and in collaboration with the USD(C), I would work with the Comptrollers of the Military Departments to further their efforts toward achieving financial audit readiness.

The Business Transformation Offices (BTOs) of the Military Departments

The Military Departments now have CMOs in place, who oversee newly-established BTOs. The Office of the DCMO has an ongoing relationship with the Service BTOs through the formulation of the Strategic Management Plan (SMP) and various business system issues. If confirmed, I would work to further interactions between the Office of the DCMO, BTA and the CMOs of the Military Departments.

The Inspector General of the Department of Defense (IG, DoD)

The Office of the DCMO responds to inquiries by the Government Accountability Office (GAO) and the IG, DoD relating to defense business operations. These inquiries

pertain to the status of recommendations regarding a variety of business issues. If confirmed, I will continue to respond to these GAO and IG, DoD inquiries.

If confirmed, I will refer all appropriate matters to the Inspector General.

The General Counsel of the Department of Defense

If confirmed, I will seek advice from the General Counsel on all relevant subjects.

The Directors of the Defense Agencies

The Office of the DCMO and its subordinate agency, BTA, have effective relationships with many Defense Agencies to further the Department's strategic goals. Additionally, the Office of the DCMO and BTA are also Department resources for broad business transformation guidance. If confirmed, I would look for opportunities to improve the Department's business operations both through and within the Defense Agencies.

Duties of the Deputy Chief Management Officer

Section 132 of title 10, United States Code, provides that the Deputy Secretary of Defense serves as the Chief Management Officer (CMO) of the Department of Defense. The Deputy Secretary is to be assisted in this capacity by a Deputy Chief Management Officer (DCMO).

What is your understanding of the duties and responsibilities of the CMO and DCMO of the DoD?

The duties and responsibilities of the CMO and DCMO are prescribed by the Secretary of Defense so that they may effectively and efficiently organize the business operations of the Department. The CMO's primary duties are to (a) ensure that the Department can carry out its strategic plan, (b) ensure the core business missions of the Department are optimally aligned to support the warfighting mission, (c) establish performance goals and measures for improving and evaluating overall economy, efficiency, and effectiveness and monitor and measure the progress of the Department, and (d) develop and maintain a Department-wide strategic plan for business reform. In general, the duty of the DCMO is to assist the CMO in carrying out those objectives and, if delegated, assume primary responsibility for those functions.

What specific duties and responsibilities do you expect the Deputy Secretary to assign to you in your capacity as DCMO?

While the specific duties and responsibilities of the DCMO remain at the discretion of the Deputy Secretary of Defense, if confirmed, I would expect that the Deputy Secretary would empower me to: (1) develop the SMP as the primary vehicle for

strategic planning of the Department's business operations; (2) drive the development and implementation of the Business Enterprise Architecture (BEA); (3) implement a robust performance management and improvement framework through the development and tracking of outcome-focused measures and metrics; (4) synchronize, integrate and coordinate the Department's cross-functional business stakeholders and operations; and (5) oversee day-to-day operations of the DBSMC. Additionally, I believe that, if confirmed, the Deputy Secretary of Defense may ask me to oversee the defense business systems investment management process and to serve as acquisition Milestone Decision Authority for certain Major Automated Information Systems.

What background and expertise do you possess that you believe qualify you to perform these duties and responsibilities?

If confirmed, I will bring over twenty years of DoD business experience to the position. During my tenure as a civil servant with the Department, I have served across a broad array of organizations and business areas, which would provide a solid foundation for performing the duties of the Deputy Chief Management Officer. During my career I have been part of a Military Department, a Defense Agency, and the Office of the Secretary of Defense – and I have worked extensively in the inter-agency environment. I have operational experience in supply chain management, business financial management (to include Planning, Programming, Budget, and Execution), and acquisition (to include contracting and program management). These experiences have given me significant insight into how the Department's business operations must work together in a cross-functional manner – knowledge that would be invaluable as the DCMO.

Additionally, I recently led the stand-up of the Office of the DCMO within DoD and currently serve as the Assistant Deputy Chief Management Officer and the Department's Performance Improvement Officer. In these roles, I lead, on behalf of the Chief Management Officer, the Department's effort to better synchronize, integrate, and coordinate its business operations and I serve as an advisor to the Secretary and Deputy Secretary of Defense for matters relating to the management and improvement of DoD business operations. I led the Department's development of the 2008 and 2009 Strategic Management Plans, have established performance goals and measurements for the Department's business operations, am responsible for implementing DoD's Continuous Process Improvement/Lean Six Sigma efforts, work extensively with the many business stakeholders in the Department to drive the adoption of end-to-end business processes; and am frequently called upon to work interagency initiatives.

Do you believe that the CMO and DCMO have the resources and authority needed to carry out the business transformation of the Department of Defense?

I believe the CMO and DCMO have the resources and authority needed to carry out the business transformation of the Department. If confirmed, I would consult with the CMO if I discovered that those resources and authorities were insufficient.

What role do you believe the CMO and DCMO of the Department of Defense should play in the planning, development, and implementation of specific business systems by the military departments?

I believe the CMO and DCMO of DoD should set policy, based on sound best practices, regarding planning, development, and implementation of business systems, including those in the Military Departments, and verify those policies are being followed appropriately. Importantly, this includes development of business architectures. The CMO and DCMO, utilizing the DBSMC, IRBs, and BTA, should work to ensure the Department manages its entire suite of business systems, including those in the Military Departments, from an enterprise portfolio perspective – eliminating redundant system development, transferring lessons learned, and integrating the work of all components to build enterprise capabilities. If confirmed, I would work with the Military Department CMOs to help them institute rigorous investment management and business process reengineering (BPR) procedures for their organizations' business systems.

Do you believe that the DCMO should have clearly defined decision making authorities, or should the DCMO serve exclusively as an advisor to the Deputy Secretary in his capacity as CMO?

The 2008 National Defense Authorization Act left it to the Secretary of Defense to assign the DCMO specific duties and authorities necessary to assist the Deputy Secretary of Defense in the execution of his responsibilities as CMO. While a primary function of the DCMO is to provide advice to the CMO, the Department, through the formal charter of the DCMO position, signed October 2008, gave the DCMO specific authority to set Departmental policy on issues within the position's purview.

What changes, if any, would you recommend to the statutory provisions establishing the positions of CMO and DCMO?

At this time, I do not believe that any changes are necessary, but if confirmed, I would consult with Congress if my experience led me to believe that changes were warranted.

Major Challenges

In your view, what are the major challenges confronting the DCMO?

In my view, the biggest challenge confronting the DCMO is overcoming the size and complexity of the Department to affect enduring transformation. Additionally, for business transformation to be successful there needs to be a shift in the culture of DoD to move from improving business operations within organizations to improving them across organizations.

If confirmed, what plans do you have for addressing these challenges?

While these challenges are profound, I believe they can be overcome through the use of strong governance; active performance management; utilization of standards; and improved processes. If confirmed, I would continue to drive the use of these methods throughout the Department.

Priorities

What broad priorities would you establish, if confirmed, with respect to issues which must be addressed by the DCMO?

If confirmed, I would assist the CMO on the five business priorities established in the 2009 SMP – (1) support the all-volunteer force; (2) support contingency business operations; (3) reform the DoD acquisition and support processes; (4) enhance the civilian workforce; and (5) strengthen DoD financial management.

Additionally, I would strengthen the governance of the Department's business operations, work with stakeholders to establish a better approach to the acquisition of information technology systems, ensure that sufficient BPR has been conducted before investing in a system modernization, further develop and implement the BEA, drive the use of Continuous Process Improvement methodology, and seek opportunities to achieve greater efficiencies throughout the Department.

Management Goals

If confirmed, what key management performance goals would you want to accomplish, and what standards or metrics would you use to judge whether you have accomplished them?

If confirmed, my focus would be on ensuring the Department's performance goals drive support to the Warfighter and that this support is an effective and efficient use of the taxpayers' money. The 2009 SMP and the Department's High Priority Performance Goals, which were included as part of the Fiscal Year 2011 President's Budget, and their associated performance measures, reflect the Department's key performance goals and measures. If confirmed, I would continue to drive active performance management throughout the Department.

The Government Performance and Results Act (GPRA) is intended to provide managers with a disciplined approach – developing a strategic plan, establishing

annual goals, measuring performance, and reporting on the results – for improving the performance and internal management of an organization. The Government Accountability Office has reported that DOD’s initial Strategic Management Plan, issued in July 2008, fails to meet statutory requirements to address performance goals and key initiatives to meet such goals.

What is your understanding of the role of the DCMO in the development and implementation of the Department’s Strategic Management Plan?

With regard to the development of the SMP, the role of the DCMO is to provide the vision for the document, enable the supporting strategic planning process, and compose the document itself. This includes analysis of, and alignment with, higher level strategic documents and creation of a framework for development of the SMP that will facilitate collaboration with the Military Department CMOs, combatant commanders, Under Secretaries and other leadership elements. In terms of implementation, I believe, the role of the DCMO is to facilitate the Department’s performance management framework by assisting the components and agencies to embed the SMP’s goals and outcomes into their own strategic plans and rigorously track results.

What is your assessment of adequacy of the current version of the Department’s Strategic Management Plan?

The 2008 SMP served as a primer that described governance structures and processes used to support the Warfighter through the improvement of the Department’s business operations. It lacked strategic business objectives and key supporting initiatives. However, the 2009 SMP provided a key building block for institutionalizing active performance within DoD. The document defined five strategic priorities and supporting goals, outcomes, measures, and key initiatives. It was a significant step forward toward providing strategic business focus and direction. If confirmed, working with the rest of the Department, I would seek to build upon this effort.

What improvements, if any, would you like to see the Department make in its Strategic Management Plan?

If confirmed, the next steps I would take to improve the SMP would be to: (a) institutionalize a more formal strategic planning process for the Department’s business operations; (b) focus on the alignment and synchronization of the SMP with other DoD planning and budgeting processes (Policy, Planning, Budgeting and Execution system) and strategic guidance documents such as the QDR; (c) work to enable execution of cross-functional, end-to-end processes through the SMP and in the Department’s BEA; and (d) further develop performance outcome measures.

What steps would you take, if confirmed, to ensure that the Department meets statutory requirements for its Strategic Management Plan?

While I believe the 2009 SMP is compliant with statutory requirements, if confirmed, I would seek to further strengthen the link between the priorities and goals contained in the SMP and the Department's established budgeting process to ensure we are properly aligning resources with desired outcomes.

Staffing and Resources

Do you believe the Office of the DCMO has the staffing and resources needed to effectively carry out its mission?

I believe the Office of the DCMO, established in October 2008, has sufficient manpower authorizations and resources to carry out its current responsibilities. If confirmed, I will work with the CMO to ensure the office continues to have sufficient resources to effectively carry out its mission.

What types of expertise do you believe the office of the DCMO needs to effectively carry out its mission?

The Office of the DCMO requires experts in business processes and process improvement, strategic planning, change management, performance management and measurement, enterprise architecture, enterprise business systems implementation, and governance and investment management. If confirmed, I would ensure the Office of the DCMO has staff with the right skills to carry out its mission.

What mix of employees, contractors, and individuals detailed from other organizations in the Department of Defense has the DCMO relied upon to provide it with needed expertise?

While the Office of the DCMO is predominately staffed by its own government employees, the office also leverages the expertise of other DoD organizations, such as BTA, Federally Funded Research and Development Centers, contractors, and inter-agency resources, as appropriate. If confirmed, I would ensure the Office of the DCMO maintains the right mix of employees, contractors and detailees to carry out its mission.

To what extent do you believe that it is appropriate and effective for the DCMO to rely upon contractors to provide it with needed expertise?

Expertise in business operations resides in both industry and government. I believe it is important to appropriately utilize both resources. However, if confirmed, I will ensure that inherently governmental functions are performed by government employees.

To what extent do you believe that it is appropriate and effective for the DCMO to rely upon other organizations within the Department of Defense to provide it with needed expertise?

While it is important for the Office of the DCMO to maintain a core staff with the expertise detailed above, I believe it is appropriate and effective for the Office to leverage the vast expertise that already exists within the Department to achieve our collective business operations improvement goals. If confirmed, I look forward to working with other organizations to achieve success.

Business Enterprise Architecture and Transition Plan

Section 2222 of Title 10, United States Code, requires that the Secretary of Defense develop a comprehensive business enterprise architecture and transition plan to guide the development of its business systems and processes.

What is your understanding of the role of the DCMO in the development and implementation of the business enterprise architecture and transition plan required by section 2222?

The DCMO is directly responsible for the development and implementation of the BEA and transition plan. The DCMO must establish the strategic direction and priorities for the Department's business operations which the BEA and transition plan must align to, and has ultimate responsibility for their publication. If confirmed, further development and implementation of the BEA and transition plan will be one of my highest priorities.

Do you believe that a comprehensive, integrated, enterprise-wide architecture and transition plan is essential to the successful transformation of DoD's business systems?

In my view and experience, a single architecture for an organization as large and complex as DoD is impractical, which is why I support DoD's approach of architecture federation. However, the layer of architecture the Office of the Secretary of Defense (OSD) maintains through the BEA must include all standards, policies, and processes needed at the enterprise-level. Additionally, to be effective, it is critical OSD provides appropriate technical guidance and policy to the Services, Components, and Agencies on how to build and federate their architectures. If confirmed, this would be a key focus area for me.

What steps would you take, if confirmed, to ensure that DoD's enterprise architecture and transition plan meet the requirements of section 2222?

In order to meet the requirements of Section 2222, the established processes for the architecture and transition plan must continue to be strengthened and enforced. If

confirmed, I would work to strengthen the alignment between the SMP and the BEA and use the IRBs to ensure we are investing our business system modernization dollars on the Department's most important cross-functional business management challenges.

What are your views on the importance and role of timely and accurate financial and business information in managing operations and holding managers accountable?

Timely and accurate financial and business information is essential in managing the Department's business operations. In order to make informed decisions, the Department's senior leaders must have authoritative information at the right time.

How would you address a situation in which you found that reliable, useful, and timely financial and business information was not routinely available for these purposes?

If confirmed, and if I found reliable, useful, and timely financial and business information was not routinely available, I would work with the appropriate DoD leaders to rectify the situation.

What role do you envision playing, if confirmed, in managing or providing oversight over the improvement of the financial and business information available to DoD managers?

If confirmed, improving the information available to the Department's leaders regarding the performance of DoD's business operations would be a key part of my responsibilities. With better information the Department will be able to better target business improvement opportunities and address deficiencies through the BEA and transition plan and through the use of Continuous Process Improvement methodology.

The Department has chosen to implement the requirement for an enterprise architecture and transition plan through a "federated" approach in which the Business Transformation Agency has developed the top level architecture while leaving it to the military departments to fill in most of the detail. The Comptroller General has testified that "the latest version of the [business enterprise architecture] continues to represent the thin layer of DoD-wide corporate architectural policies, capabilities, rules, and standards" and "well-defined architectures [do] not yet exist for the military departments."

If confirmed, would you continue the federated approach to business enterprise architecture and transition plan?

If confirmed, I would continue the federated approach to the BEA and transition plan.

What is your understanding of the extent to which the military departments have completed their share of the federated architecture and transition plan?

The Military Departments are each at different stages and levels of maturity in developing their architectures and transition plans and significant gaps remain. However, there are positive signs as well. If confirmed, I would work with the Military Department CMOs on initiatives to enhance federation.

What is your assessment of the organization and staffing of the military departments to address this issue?

The Military Department organizations that support their CMOs are each at different stages of maturity in their ability to develop architectures and transition plans. If confirmed, I would monitor their ability to effectively deliver on their responsibilities under Section 2222.

What steps do you believe the military departments need to take to improve their business enterprise architectures and transition plans?

I believe it is important for the Military Departments to leverage the experience of BTA gained while building the BEA. If confirmed, I would work with the Military Department CMOs to ensure this happens.

What steps do you believe the military departments need to take to improve their organization and staffing in this area?

I believe the Military Department CMOs are vitally important to successful federation of the Department's architecture. The Office of the DCMO, BTA, and the Military Department CMOs, working together, can drive the necessary uniformity of approach to business practices across each organization and development of the architecture to ensure interoperability of business systems and services, and effective sharing of business data, which is the ultimate goal of Section 2222.

If confirmed, how would you work with the Secretaries and Chief Management Officers of the military departments to ensure that a federated architecture meets the requirements of section 2222?

In addition to the actions outlined above, if confirmed, I would work to ensure regular communication between the Military Department CMOs and the IRB Chairs to ensure there is an integrated approach to managing and constraining our defense business system investments.

Section 2222 requires that the DBSMC review and approve all major defense business system modernization programs to ensure that they are in compliance with the Department's business enterprise architecture and transition plan.

What is your understanding of the extent to which the process for DBSMC review and approval has ensured that business system modernization programs are fully coordinated with the business enterprise architecture and transition plan, as intended?

The investment review process that supports the DBSMC review and approval of business system modernization investments is extensive. Every system that has come before the DBSMC has been assessed by both the component Pre-Certification Authority and appropriate IRB as being compliant to the BEA. If confirmed, I would establish an audit capability within the Office of the DCMO to ensure the review process is accomplishing the outcomes that are intended.

How meaningful do you believe DBSMC review and approval has been, in light of GAO's assessment that the Department's business enterprise architecture and transition plan has not yet been completed to the statutory standards?

Despite GAO's findings regarding the BEA and transition plan, I believe the Department's investment review process is meaningful. The BEA is a long way from being complete, but is recognized as one of the more refined architectures in the Federal Government, and won an award just last year from the 1105 Government Information Group. As we continue to mature the target architecture, the value of this review will become even more meaningful in leveraging information technology for strategic outcomes. Also, the addition of the requirement for the review process to assess systems' BPR efforts will add further value to the review.

Do you believe that the DBSMC has the expertise and resources needed to conduct a meaningful, independent review of proposed business system modernization programs, or is the DBSMC reliant on the representations made by the military departments and their program managers?

I believe the DBSMC, supported by the IRB process, has the expertise and resources needed to conduct these reviews. If confirmed, I would establish an audit capability within the Office of the DCMO to ensure the review process is accomplishing the outcomes that are intended.

What recommendations, if any, do you have for improving the DBSMC review process?

If confirmed, I would establish an audit capability within the Office of the DCMO to ensure the review process is accomplishing the outcomes that are intended. If confirmed, I would also work with the IRBs to further standardize their processes and procedures to ensure each of them are providing a similarly rigorous review of a system before it came to the DBSMC. Finally, if confirmed, I would initiate a detailed analysis

of the performance of the review process over the past five years to better inform our decision-making and policy setting in the future.

Financial Management

What is your understanding of the efforts and progress that have been made in DoD toward the goal of being able to produce a clean audit?

Overall, I believe DoD is making progress toward a clean audit, but significant improvements are still needed – including efforts to address some of the most difficult challenges. The recent successful audit of the US Army Corps of Engineers and ongoing audit of the Marine Corps Statement of Budgetary Resources are both important steps forward. Another improvement the Department made recently is increasing senior leadership attention to this effort. In my current role as Assistant DCMO, I participate as a member of the DoD Financial Improvement and Audit Readiness Governance Board that Under Secretary Hale chairs. Importantly, the Military Department CMOs are also members of this board. If confirmed, I will work closely with Under Secretary Hale to support his efforts to improve the financial management of the Department.

Do you believe that the Department can achieve a clean audit opinion through better accounting and auditing, or is the systematic improvement of the Department's business systems and processes a prerequisite?

I believe improved business systems are necessary to achieve and sustain a clean audit opinion. This is because our legacy systems are not capable of recording financial activity at the transaction level. In order to achieve a clean audit opinion, we need to both reengineer our underlying business processes and implement new systems that provide transaction level detail. Each of the Military Departments is in the process of installing a new Enterprise Resource Planning (ERP) system that will move us significantly forward. The Department will rely heavily on the Military Department CMOs to help ensure proper governance is in place within each Military Department to successfully field these systems.

What is your assessment of the current version of the Financial Improvement Audit Readiness (FIAR) plan prepared by the Department of Defense?

I agree with Under Secretary Hale and GAO that the last FIAR plan and associated report prepared by the Department lacked sufficient strategic objectives and priorities and systematic means of achieving them. I believe the next FIAR plan should include better strategic direction, utilize standard methodology, implement results-oriented metrics, and identify accountable people and organizations. Implementing these changes would be a step in the right direction.

What steps do you believe the Department should take to improve the FIAR plan?

I believe the changes I detailed above would be significant improvements to the FIAR Plan. Additionally, if confirmed, I will work with Under Secretary Hale to better integrate the ERP implementations and FIAR efforts.

What role do you expect to play, if confirmed, in the Department's efforts to achieve a clean audit?

If confirmed, I would work with Under Secretary Hale and the Military Department CMOs to ensure the Department's underlying business processes and information technology investments support the goal of achieving a clean audit opinion. I would also work to synchronize the efforts of the cross-functional business community in support of Under Secretary Hale's efforts.

When do you believe the Department can achieve a clean audit?

If confirmed, I will work to assist Under Secretary Hale as the Department seeks to achieve a clean audit by Fiscal Year 2017, as required by the Fiscal Year 2010 National Defense Authorization Act.

Acquisition of Business Systems

Most of the Department's business transformation programs are substantially over budget and behind schedule. In fact, the Department has run into unanticipated difficulties with virtually every new business system it has tried to field in the last ten years.

What is your assessment of the extent of the problems the Department faces in its acquisition of new business systems?

I believe the Department's biggest problems in this area are that we take a weapon systems approach to the acquisition of information technology capabilities and our business system investments are often aligned to a specific business area within the Department and do not reflect how we truly perform our daily business. If confirmed, I would work with key stakeholders in the Department to find better approaches for the acquisition of business systems.

What do you see as the root causes of these problems?

There are a number of root causes for these problems, including:

- **Need for Cross-Functional Governance:** Our business systems must operate across traditionally stove-piped communities with disparate interests making integrated governance a challenge because there is not a single process owner.
- **Lack of Business Process Re-Engineering:** Too often the Department pursues business systems investments without taking a hard enough look at improving the underlying business processes. Business system investments are therefore frequently tied to legacy business processes.
- **Weak Performance Measures:** Performance measures must be tied to specific and measurable business outcomes and linked to the Department's SMP. Proposed business system acquisitions are indeed linked to Key Performance Parameters but these measures are not usually tied to how the Department conducts its day-to-day business
- **Rigid Funding Processes:** Private industry is able to deliver information technology capability in 12 to 18 month cycles yet the planning, programming and budgeting process requires a program manager to forecast budget needs at least two years in advance of need.

Do you believe that unique problems in the acquisition of business systems require different acquisition strategies or approaches?

Yes. While there are indeed overall improvements that could be made to the Defense Acquisition System, I believe there are unique characteristics associated with acquisition of business systems that require focused attention.

What is your understanding of the role of the DCMO in the management and oversight of specific business transformation programs?

If confirmed, I believe it would be my responsibility to ensure that business process re-engineering is completed, that programs are aligned with strategic business priorities, and that these programs comply with the BEA.

If confirmed, what steps would you take to help address the shortcomings in the Department's business transformation programs?

If confirmed, I would work with key stakeholders in the Department to find better approaches for acquisition of business systems.

Section 1072 of the National Defense Authorization Act for Fiscal Year 2010 requires the Department of Defense to undertake business process reengineering efforts before initiating business system modernization efforts. The Department is required to review ongoing business system modernization programs to ensure that appropriate business process reengineering efforts have been undertaken on these programs as well.

Do you believe that the Department has undertaken appropriate business process reengineering efforts before initiating business system modernization efforts in the past?

I believe Section 1072 builds on what is currently mandated in the Clinger-Cohen Act. Specifically, it recognizes BPR involves more than just information technology and deliberately ties BPR to the Military Department CMOs and the DCMO who are also responsible for broader business dialogue. This will help to drive necessary functional business involvement in a system's BPR efforts. If confirmed, I will continue to enhance BPR implementation.

What is your understanding of the current status of the Department's efforts to comply with the requirements of section 1072?

The Office of the DCMO issued initial BPR guidance in February 2010. The Military Department CMOs and the Office of the DCMO are now moving deliberately to comply with this guidance.

Additionally, since Section 1072 became law on October 28, 2009, every system certified by the DBSMC has had a condition placed upon it that once guidance was issued, the system would be required to comply with it.

What role do you expect to play, if confirmed, in the Department's efforts to comply with the requirements of section 1072?

If confirmed, I would continue to drive implementation of Section 1072.

Business Transformation Agency

Five years ago, the Secretary of Defense established the Business Transformation Agency (BTA) to ensure an organizational focus for business transformation efforts within the Department. The Director of the Business Transformation Agency reports to the Deputy Chief Management Officer in his capacity as vice chairman of the Defense Business Systems Management Committee.

What role do you believe the BTA should play in improving the business operations and business systems of the Department of Defense?

I believe that BTA plays a crucial role in the transformation of the Department's business operations – specifically in five areas:

- Managing the acquisition of a portfolio of enterprise business systems that are utilized across the entire Department

- Engaging with deployed Warfighters and Combatant Commands to assist them to improve processes and systems in direct support of their missions
- Working with the Principal Staff Assistants to identify business requirements and policies that will generate business benefit for the Department
- Providing expertise and assistance to the Component business system modernization efforts to drive best practices
- Developing and maintaining the BEA and Enterprise Transition Plan

BTA provides critical and complimentary support to the DCMO and provides DoD a unique execution agency designed to look across the enterprise and drive improvement. If confirmed, I would work to ensure BTA is properly equipped with the resources it needs to continue to be successful.

What role do you expect to play, if confirmed, in the supervision and management of the activities of the BTA?

If confirmed, the Director of BTA, consistent with Section 192 of Title 10 and the DCMO's chartering directive, would report directly to me. As described above, BTA is the lynchpin of the Department's business transformation efforts and, if confirmed, I would work to ensure BTA's efforts are strategically aligned with our overall business strategy and that the agency is attentive and responsive to the requirements of its organizational customers, both internal and external to DoD.

Do you see the need for any changes in the BTA, or the statutes authorizing the BTA? If so, what changes would you recommend?

If confirmed, I would work to ensure BTA is properly equipped with the resources, to include senior personnel, and expertise it needs to be successful.

Cancellation of DIMHRS

The Defense Integrated Military Human Resources System (DIMHRS) was an enterprise program of the BTA's Defense Business Systems Acquisition Executive. As the largest enterprise resource planning program ever implemented for human resources, DIMHRS was to subsume or replace over 90 legacy systems. After 10 years of development and expenditure of approximately \$850 million, DoD cancelled the program. At the DoD posture hearing on February 2, 2010, Admiral Mullen stated: "This program has been a disaster." Secretary Gates stated: "Many of the programs that I have made decisions to cut have been controversial within the Department of Defense.

This one was not. I would say that what we've gotten for a half billion dollars is an unpronounceable acronym."

What is your understanding of the DoD goals that the DIMHRS was intended to achieve?

The overall goal for DIMHRS was to provide a fully integrated military personnel and pay capability for all Components of the Military Services of the Department of Defense.

Specifically DIMHRS was to address five major problem areas:

- Timely and accurate data for Combatant Commanders
- Standardization of Human Resources data
- Issues surrounding mobilization of Reserve and National Guard members
- Tracking of personnel into and within a theater of operations
- Elimination of multiple redundant systems.

What plan is in place within DoD to address the requirements for a human resources management system, now that DIMHRS is no longer considered a viable answer?

As part of the restructuring of the DIMHRS program, the Department proceeded with completing a DIMHRS Core IT Investment, which was defined as those common data and process elements, along with DoD enterprise-level inbound and outbound interfaces required to achieve timely and accurate military pay. Each Service will now deploy a Service-level integrated personnel and pay system that uses the DIMHRS Core IT Investment to the maximum extent practical.

The Service-level systems will provide the opportunity to include Service specific requirements and will still address problem areas such as standardization of Human Resources data, issues surrounding mobilization of Reserve and National Guard members, tracking of personnel into and within a theater of operations, and elimination of multiple redundant systems.

Additionally, if confirmed, I would oversee deployment of an Enterprise Information Warehouse which will meet the requirements for enterprise-level information visibility.

What is your understanding of why this system became a “disaster,” and what steps would you take, if confirmed, to prevent it from happening again?

I believe the key problems with DIMHRS related to a lack of strategic alignment, governance, requirements management, and the overall size and scope of the effort. Successful implementation would have required many traditionally separate communities and organizations – personnel management and payroll services, each of the Services, active, reserve, and guard forces – to adopt uniform business practices to support the single, integrated personnel and pay system. Unfortunately, many of these communities and organizations were reluctant to adopt the uniform processes and business rules within the Commercial-Off-The-Shelf product.

Many of the Department's large scale business system modernization efforts face similar challenges. If confirmed, I would take the following actions to increase the probability of success with a DIMHRS like implementation: First, I would task the CMOs within the military departments to take an active role in governance. Second, I would seek alignment on the core business processes that truly can be operated in an integrated manner. Third, I would seek a process owner to manage the end-to-end business processes. Fourth, I would require in-depth BPR to define the to-be process. I would create performance based metrics aligned to the business process to ensure clear alignment around the desired outcomes of the re-engineered process. I would also require the redesigned processes to be fully documented and DoD policy to be changed (if necessary) before pursuing an information technology solution. Finally, I would document and enforce data standards to ensure information can be effectively exchanged between information consumers.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes.

Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the DCMO?

Yes.

Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes.

Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted Committee, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes.