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OPENING STATEMENT ON STRATEGIC INTEGRATION AT THE DEPARTMENT OF
DEFENSE
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Chairman McCain, Ranking Member Reed, Members of the Committee:

Thank you for having me here today to discuss the potential value of the use of cross-functional teams to the Department of Defense. As a general rule, I believe strongly that they offer great potential for the Department to cope effectively with the dramatically more complex operating environment it faces - and will increasingly face in the future.

As background, my experiences during two tours on the Joint Staff, and as Commander of the Joint Special Operations Command, and later NATO's International Security Assistance Force in Afghanistan, have led me to conclude that we uniformly move forward with the best of intentions, but often focus on the wrong thing. We fixate on finding optimal solutions to discrete problems, searching for the 'right' policy or strategy to a given challenge, and then find ourselves unable to effectively execute it.

I've concluded that identifying a compelling answer or clever strategy is easier than performing the actions necessary to implement it. The Department of Defense has bright and committed people who are dedicated to advancing American security interests and are intellectually capable of devising sensible and effective answers. But there are structural, institutional, and cultural obstacles to achieving the collaboration and synergy essential to prosecuting these policies and strategies effectively.

Let me be clear: this is not a new problem. While in Afghanistan in 2009 I re-read Robert W. Komer's 1972 searing narrative on Vietnam entitled "Bureaucracy Does Its Thing" in which he concludes that "whatever the wisdom of the various U.S. decisions to intervene in Vietnam, there is also much to be learned by the way we went about it… This does much to explain why there was such an immense disparity between the cumulatively massive effort mounted and the ambiguous results achieved. It also helps explain why such a gap emerged between policy and performance – between the guidelines laid down by the policymakers and what was actually done in the field." As I read his words in 2009, I felt as though Komer was reporting from Kabul.

A conclusion that I draw from these and other historical examples is that often it is not the conflict that is unwinnable; or even the crafting of an effective strategy; rather, it is our inability to execute that prevents our victory.

To be sure, we rarely struggle with the technical or tactical aspects of war. We have honed a force of seasoned professionals peerless in the mechanics of combat. But Clausewitz reminded us that, at its heart, war is politics, and there is far more to achieving victory than tactical competence.

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Today we are discussing the potential value of Cross Functional Teams and they are clearly not the panacea for all the challenges of national security – far from it. But they represent an opportunity for fundamental change that should not be ignored.

My belief in the power of Cross Functional Teams was strongly reinforced when, in 2003, I took command of the Joint Special Operations Command - probably the best Special Operations Force ever fielded. On paper, we had everything we needed to succeed: quality people, generous resourcing, and aggressive, thoughtful strategies. And yet, Mr. Chairman, in Iraq we were losing.

Designed to conduct carefully planned raids against targets that had been exhaustively studied, our force was almost elegant in its precision – carefully crafted to combat traditional target sets. But 2003's Al Qaeda in Iraq was fundamentally different from its namesake, Usama Bin Laden's 1988 creation. Leveraging information technology to achieve a level of organic adaptability, they reflected characteristics, attributes, and capabilities never before seen in a terrorist organization. And against this constantly changing enemy we found our insular collection of exquisitely honed skills unequal to the task. We were impressively capable for a war different from that which we found ourselves fighting.

Iraq held up a mirror to our forces and we realized that we were incapable of achieving the necessary synergy at the required speed. Our elite forces, we discovered, would not be able to execute our strategy unless we fundamentally changed the way that we operated. Like most organizations, the special operations community was proud and courageous, but the product of legacy structures, processes, and culture. To win we had to change.

We set about changing the way that we did business. Traditionally built around a culture of secrecy, we aggressively shared information with each other and with our interagency partners. Hierarchically structured, we delegated authority to more junior commanders and empowered them to take the necessary action to pursue the enemy. Historically separated from our interagency partners by an antiquated set of sclerotic bureaucratic processes, we invited liaisons from other Departments and Agencies and collocated them with our operators in an effort to overcome parochial infighting and increase common purpose.

These efforts, when taken in tandem, enabled us to harness all of the resources of the enterprise in support of our strategy. We would spend years refining this approach but the ultimate result was a tapestry of partnerships and information sharing that would fundamental change the way that we executed the fight.

But it is important to make a small caveat. Much of the historical attention given to this evolution is placed on the procedural changes I just described: you'll often hear it said that we became a network to defeat a network. That's a half truth. It implies that we threw away the hierarchy – which we didn't. Many think there's a binary choice in today's world – be a stable, but slow, hierarchy; or an agile, but less controllable, network. We actually became a hybrid of both models. We retained the stability of the hierarchy, but moved with the speed of a network when needed.

The cross-functional teams that we built during this time accomplished this feat by lowering the cultural and institutional barriers that had hampered us during the earlier days of the war. Removing these barriers enabled these teams to push information, share critical assets such as air support, and most importantly – build trust. This trust led to a common purpose that has historically eluded large hierarchical organizations.

The combination of trust and common purpose permeated everything we did as an organization. Information and asset sharing would not have been possible without the knowledge that partner forces were working towards the same goal and committed to the same fight. Interagency partners would not have shared information and resources if they did not trust our operators and analysts and also known that we were all after the same goal. Trust and common purpose were the foundation upon which we could experiment with new processes. The result was the evolution of an elite tactical *command* into a networked, adaptable *team of teams* capable of strategic effect.

After I left the military, industry leaders wanted to learn how they too could create and use cross-functional teams. Many industry leaders found themselves in complex environments that had silently overwhelmed their traditional ways of operating. 20th century business practices that relied on process optimization and workforce efficiency were no longer effective. Much like my experience in Iraq, today's complex world held a mirror to industry leaders. They too realized that they were structurally incapable of operating at the speed required for success.

Much as we had relied on precision military strikes, many industry leaders had come to rely on antiquated notions of reductionist thinking. My team and I found that businesses were also subject to their environments – and the 20th century was squarely defined by the precepts of scientific management. This school of thought, epitomized by Frederick Winslow Taylor, emphasizes the need to optimize business processes by identifying a singular best practice that maximized efficiency and would be a requirement for all workers. Under this paradigm, creativity, flexibility, and the use of historical artisan practices by individual laborers were be replaced by systematically studied standards.

Beyond transforming industry processes, Taylor also changed the relationship between management and workers. In *The Principles of Scientific Management*, Taylor leaves little ambiguity regarding his thoughts on the relationship between the two when he wrote, "[A laborer] shall be so stupid and so phlegmatic that he more nearly resembles in his mental make-up the ox than any other type… he must consequently be trained by a man more intelligent that himself into the habit of working in accordance with the laws of this science before he can be successful."

When said like this, Taylorism seems antiquated and a relic of the Industrial Age. But the effects of this school of thinking have been surprisingly pervasive and insidious. While there have been some challenges to Taylorism and its precepts, the central belief that effective enterprise is a function of efficiency and the role of management is to provide directives on how best to advance this enterprise has been, until recently, relatively unchallenged. And quite frankly, Mr. Chairman, this approach has worked to varying degrees in a complicated world.

But the complicated has given way to the complex. The environment we exist in today is radically different than that of the 20th century.

Mr. Chairman, Members of the Committee, it is worth spending a bit more time on the significance of operating in a *complex* environment because we have entered into an age and an environment for which we are dramatically underprepared. It is easy to focus on discrete problems or issues but what we are encountering as a society is much more fundamental.

We are used to operating in an environment where we expect that our actions will have a predictable and consistent effect. That is not the world we live in any longer. In a complex system, events are driven by causes that are so numerous, so intertwined, that they elude our traditional attempts for prediction and planning.

Many businesses are still structured for 20th century problems. I come across leadership teams that operate using antiquated management practices, trying in vain to master a complicated environment that has silently given way to complexity. Despite their best efforts, they have found that they cannot scale and adapt at the speed required to stay competitive. Many have learned what I concluded in Iraq: doing the same thing, but harder and with more intensity, will not lead to victory.

As the Special Operations community saw in Iraq, complexity cannot be confronted using antiquated methods. But redefining structures, processes, and cultures can enable an organization to work as a network. Building trust and common purpose across a team will ensure that the foundation is in place to have all resources leveraged towards the same problem – and any other problems that may arise out of this newly complex environment.

I have spent the last five years witnessing these kinds of transformations in the private sector – transformations akin to those that I saw with the Joint Special Operations Command. But these transformations begin with a choice. Organizations that effectively adapt to complexity make the conscious decision to assess their business and workforce against four capabilities that, in my opinion, define adaptable teams: *trust*, *common purpose*, *shared consciousness*, and *empowered execution*.

Only when they make the choice to honestly assess themselves against these criteria can they set the foundation for structural, institutional, and cultural change.

Before any procedural or structural efforts can be taken, managers that have historically issued directives have to transform themselves into leaders that empower their workforce. No longer are they managers of efficiency; rather, they have to learn how to trust their employees; build trust amongst their employees; and enable their workforce and set the conditions for their success.

I've come to believe these managers will have learned how to lead like gardeners by tending to their workforce, providing the conditions for success, and allowing teams to grow to meet their business challenges. They know when to get involved and, just as importantly, they know when to step back and give their teams space and freedom to operate.

Once leaders have critically assessed themselves, they need to assess the organization. Leadership needs to understand the level of trust within the organization because all future cooperation and collaboration stems from individual and organizational trust. They also need to honestly assess whether employees and business units are working towards a common purpose, or whether legacy compensation structure incentivize individuals and business units to watch out for themselves. Executive teams should know whether teams have the requisite information to accomplish their goals, and whether these teams are empowered to act on timely and sensitive information.

These foundational efforts enable companies to create the processes and structure that link strategy to execution. Much as the efforts of the Special Operations community led to the organic creation of cross-functional teams, building trust and common purpose throughout businesses allows them to operate as networks. Trust enables teams and individuals to honestly and constructively assess their goals, priorities, and efforts against those of the rest of the organization. Common purpose, built through leadership, education, and time, will align an organization towards an overall strategy.

I have seen businesses create cross-functional teams using many of the same tools that the Joint Special Operations Command used in Iraq and Afghanistan. Businesses create clear plans that outline vision, mission, and guiding principles. Once they set the true north goals for the organization, executives encourage their business units to create supporting objectives, strategies, and initiatives. Following these efforts to strategically align the organization, leadership teams conduct an analysis of how to empower the workforce by determining decision-making roles and delegating authority to the lowest possible level.

Business leaders then bring this construct to life through the establishment of information-sharing forums, very much like we did in the Special Operations community through the daily Operations and Intelligence briefs. These forums serve as both the lifeblood and connective tissue necessary to create a networked, adaptable organization. Executive teams have the opportunity to provide overall guidance to the organization while business units can provide feedback, best practices, and critical information to enable timely action.

Much as Special Operations Forces partnered with interagency counterparts to quickly identify and act upon opportunities, the aggressive flow of information throughout the organization both enables the identification of business opportunities that may have otherwise been missed as well as the quick creation of cross-functional teams across business units to take advantage of these opportunities.

In a previous life, I saw leads from intelligence community partners trigger a series of raids against a terrorist or insurgent network. Now I see sales teams providing insight to developers on customer requirements; financial advisors from different divisions collaborating on how best to service an important client; and insular technical researchers collaborating with one another on which tools can best advance their collective work.

What is equally important is what I didn't see. During my leadership of the Joint Special Operations Command, I consciously took myself out of tactical-level decisions. This enabled my units to quickly pursue opportunities that my involvement would have otherwise delayed. Similarly, I see business executives similarly taking themselves out of lower-level business operations. They are allowing their teams to react quickly to fleeting opportunities. The rapid pursuit of these transient openings allows an organization to face complexity by mobilizing rapid responses based upon relevant and timely information – not the predilections of an executive team whose position is based on increasingly obsolete methods of planning.

These efforts – when coupled with continued leadership and workforce training –result in an adaptable, resilient organization or business that has the ability to harness all of the resources of the enterprise in support of that strategy. In essence, those that succeed in this transformation have invested in a movement away from a *command* structure to that defined by *teams*.

My experience in the military and advising industry has taught me that we can take the most brilliant people in the world, put them up against a problem, and they will fail if the structural, cultural, and institutional conditions do not support effective execution. I believe this is the case with the Department of Defense.

We have silently entered in a world of complexity but have mired ourselves in a legacy approach that is no longer effective in effecting desired change. Many societal institutions have not evolved to adapt to this evolution. The Department of Defense in particular has responded with ever-increasing bureaucracy and procedures. I've seen time and time again that additional policies and guidelines will not lead us to victory. Rather, it is time to build the *team* we need that can adapt to ever increasing complexity. The willingness to implement these changes from senior leadership, however, will determine success from failure in the year ahead.

It has been a great pleasure and honor for me to offer my lessons and experiences in the service of this effort.

Thank you.