



**THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000**

AUG 27 2010

**MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR
LEGISLATIVE AFFAIRS
ASSISTANT SECRETARY OF DEFENSE FOR NETWORKS
AND INFORMATION INTEGRATION/DOD CHIEF
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DEFENSE
ASSISTANT TO THE SECRETARY OF DEFENSE
FOR INTELLIGENCE OVERSIGHT
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT**

SUBJECT: Office of the Secretary of Defense (OSD) Organizational Assessments

This is the third in a series of memorandums issued to implement the efficiencies initiatives I announced earlier this month. You will continue to receive additional guidance and requests for information for several of these initiatives over the next few weeks.

On August 16, I directed that a “zero-based review” be conducted of OSD and other OSD headquarters elements. The purpose for this effort is twofold:

- To develop a common baseline of how each component carries out its missions and priorities and how it employs personnel, budgetary and management resources; and
- Using this baseline, to rebalance resources within and across components in better alignment with our most critical challenges and priorities.



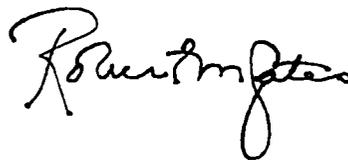
OSD 10102-10



In support of this effort, I am directing the 16 OSD Principal Staff Assistants to conduct an organizational "zero-based review" using the attached Zero-Based Self-Assessment Guidelines. The assessments should build on the actions already directed in my memo of August 16. These actions represent an initial step in reversing the dramatic growth in size and expense we have seen in these components since 2001, but these are not enough. Given the current economic crisis and the fiscal difficulties facing the Federal budget, the Department must do a better job rebalancing and reforming our current programs by setting priorities, making real tradeoffs and separating appetites from real requirements. Your assessments and resulting recommendations should be carried out with this principle firmly in mind. A similar tasking is being sent to the Directors of the Defense Agencies and Field Activities.

I anticipate that many of your results will reveal disconnects between current priorities and the allocation of resources within your organizations and bring to light activities that are no longer priorities. Accordingly, I expect you to make recommendations to correspondingly reallocate leadership, manpower, personnel, and budgetary resources, as well as identify lower priority functions that can be eliminated.

I appreciate your personal attention to this crucial effort and look forward to reviewing the results over the next few months. I realize that timelines are short, but this assessment should create a valuable baseline for the efficient management of the Defense Enterprise for years to come.



Attachment:
As stated

Zero-Based Self – Assessment Guidelines

PHASE I: Baselineing

- **Track One: Organizational Snapshot**
 - FY10 Manpower (e.g. active duty military and reservist billets, authorized career civilian, Schedule-C, contractor, detailee, IPA, other etc.)
 - Leadership (i.e. career and political senior executives, GO/FO, PAS)
 - Organizations (organizational charts)
 - Defined roles and missions (from charters, directives, instructions, statute).
 - Imposed or stated organizational goals and priorities (as directed by White House or DoD senior leadership).
- **Track Two: Clean Sheet Exercise**
 - Freed from legislation or regulatory requirements, external mandates, and existing structure, how would you build your organization from the ground up?
 - What are the required organizations, leadership, manpower, personnel and budgets?
 - What missions and/or organizational structure would you discard?

Suspense: first draft due September 10; revisions to continue throughout self-assessment; second draft due October 8.

Suspense: September 10. Templates to be provided.

**Budget numbers should, as much as possible, reflect adjustments from other efficiency initiatives.*

PHASE II: Assessment and Prioritization

- Assess how current organizational missions and priorities relate to budgets, organizational structure, manpower, personnel, requirements, and management.
 - Review organizational functions, to include prioritization of current missions, identifying duplicative functions, and noting functional gaps.
 - Review distribution of workload across organizations and types/ranks of personnel.
 - Review use of service support contracts in support of organizational missions.
- Assess how the ideal, “clean sheet” organization relates to current organizational structure, budgets, manpower, personnel, requirements and management.

Suspense: October 8, 2010. Templates to be provided. Also required is second draft clean sheet exercise (see Phase I, above).

PHASE III: Recommendations

- As needed, recommend organizational restructuring and reallocation of manpower, personnel, budget and management. These proposals should address better alignment of resources with missions and priorities using a “troops to task” method, ideal size

and mix of personnel, reduction of duplication of effort, minimization of organizational overhead, and elimination of key gaps.

- From the prioritization of current missions, identify the ten percent of missions with the lowest priority that should be eliminated in order to free resources for higher-priority efforts.
- As required, components should develop issue papers for any proposal requiring FY12 programmatic changes.

Suspense: October 29. Final reports should include recommendations for significant organizational change as well as moderate adjustments; the latter do not require Secretary of Defense approval for implementation. Templates to be provided.

It is important to the success of the efficiency effort that components use common data sources, standard definitions, and consistent formats so that decisions can be made based on the output from your assessment using validated, consistent information. Accordingly, in carrying out your assessment, you shall use the Efficiencies Task Force as the central source of data, definitions, and report formats to facilitate this objective. CDR Newman Evans (newman.evans@sd.mil) and MAJ Wiley Rittenhouse (wiley.rittenhouse@sd.mil) are the ETF liaison officers for self assessments.