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BALANCING THE FORCE - CONSIDERATIONS OF SIZE,

STRUCTURE AND RISK

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Moderator:

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Keynote Speaker:

THE HONORABLE NELSON FORD
Undersecretary of the Army
United States Army

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P R O C E E D I N G S

DR. SINGER: Folks, for those of you I
haven't met yet, my name is Pete Singer. I direct the
21st Century Defense Initiative here, and we're going
to have a sort of informal rolling start right now.
Please go ahead, begin your salad, and then in about 10
or 15 minutes we'll begin with the formal presentation.
We wanted to give our speaker some time to eat as
well. So, thank you.

Once again, why don't we go ahead and start.
And what I'd like to do is first ask each of you to
introduce yourselves so that we can give our speaker a
sense of the talent and expertise that's gathered
around this table. And then I'll give you the formal
introduction. But why don't we start from there. So
again, I'm Peter Singer. I direct the 21st Century
Defense Initiative here at Brookings.

Well, great. Like I said before, there's a
fantastic amount of expertise and talent gathered
around this table, and I think it's a testament both to
the great speaker that we have, as well as the tough
problem that he's going to help us lead a discussion on
today. I say that not just in jest because I think
we'll be wrestling in the future years with this

pressures engaging at possibly the worst possible time.
And in short, I think most experts agree that the days
of what you could have called "fast and easy money" for
the Pentagon budget may be closing. And that raises
some really tough questions. We've got to assess the
threats that we face, the missions that we need to
accomplish, and prioritize the programs and systems and
force structure that will best allow us to meet those
when dealing with these new resource constraints, and
that is not an easy challenge. And today we're very
honored to have someone who brings a unique mix of
perspective and experience to this question of how you
align mission, structure, and resources. Nelson Ford
is the 29th Undersecretary of the Army, and that means
that he's essentially the Department's chief management
officer for the Army under the National Defense
Authorization Act. He helps lead the resourcing,
training, and employing of more than 1.3 million
active-duty National Guard, Army Reserve, and civilian
personnel, with an annual funding budget of over $250
billion. Now he comes into this role with extensive
experience in questions of financial management,
mission performance, and quality control. So
previously, for example, he served as Assistant

Secretary for the Army for Financial Management,
Comptroller, and Deputy Assistant Secretary for Health
Budgets and Financial Policy. But even before that, he
served in such roles as president of a medical products
firm, Chief Operating Officer for Georgetown
University's Medical Center in the 1990s, a partner
with Coopers & Lybrand in the 1980s, and finally --
this is a very long bio to get out there, but it's
because of your extensive experience -- finally, he
first entered government in the 1970s, working with OMB
and the Healthcare Financing Administration. So,
again, brings a massive amount of experience and
expertise to this issue, and we thank you very much for
joining us. And he also promised to be a little bit
controversial, so we're even more excited by that as
well.

UNDERSECRETARY FORD: Thank you, Peter. Good
afternoon and thank you for that kind introduction.
I'm going to deliver prepared remarks today. The
reason for that is I was told I would be transcribed
and you'd put the transcription up on the web, and I
thought I'd just be as careful as I could about what I
wanted to say.

Brookings and the 21st Century Defense

Initiative has been at the forefront of our

conversation about the nation's security strategy. So

it's a pleasure to become part of the conversation, and

I hope you find our exchange useful in your ongoing

efforts to examine our nation's future defense

challenges.

I want to emphasize one point of context

before I start. I will say some things today that some

might interpret as critical of the Army. So it's

important for you to understand that I believe the Army

is the nation's most important institution. As the

sergeant major says, we are the little glass box on the

wall that says "in case of emergency, break here." For

230 years, whenever America is in trouble, we say send

the Army, they can fix it.

Today's Army force structure and missions

have been in flux for almost two decades. In the early

'90s, we cut the active force from 782,000 to 482,000,

and reduced civilian and reserve structures as well.

We have supported continuing operations around the

world and at home, and we currently support major

CENTCOM requirements in two AORs simultaneously. Over

the last seven years, the nature of our support to

CENTCOM has changed dramatically with offensive

capabilities augmented and sometimes supplanted by forces performing counter-insurgency and stability operations missions. At the same time we have undertaken numerous organizational changes, adopting modular formations to increase combat effectiveness. Thus, we have tried to sustain a very high up tempo of non-traditional missions, and at the same time we are maintaining readiness to perform our more traditional missions. To support these requirements since 9/11, the Army has used reserve component structure and supplementals to cover most of the glaring capability gaps. But we struggle to provide the forces requested by combatant commanders, and to program required capabilities within current in-strength guidance. There just isn't enough force structure to go around, and that's what I want to talk about today.

My talk covers two aspects of the problem. First, adjusting the size of the Army to meet the requirements both today and tomorrow; and second, how to optimize those forces so that we can make better use of the available resources. From this introduction, you might conclude that I think the Army isn't big enough to deal with our assigned missions, and that we are not using our existing structure to the best of our

ability. And while I think this is a plausible conclusion, more importantly I would argue that there hasn't been sufficient analysis to justify such a conclusion. We struggle with these issues. We have struggled with them in the past, and, no doubt, we will continue to struggle with them in the future. But this talk is not about answers; rather I'm trying to raise questions about the Army's size, structure, and our willingness to accept risks that occur when we find ourselves with more missions than soldiers available to accomplish them. How do we balance capabilities to perform both current and future missions? How do we match available supply to expected demand? These questions are not new. Answering them, however, is essential to deciding what the Army's future capabilities will be.

To get at the root of the question, we must start by understanding the true size of the Army. The total Army consists of soldiers, both active and reserve component, civilians, and contractors. Omitting any of these populations obscures the true size of the force. Our current understanding of the Army's appropriate force size is hindered by our focus on those who wear uniforms, either full or part time.

Since the early '90s, we have consistently
underestimated our manpower requirements because of
this oversight. Today's Army has about 1.6 million
full- and part-time employees; 540,000 in the active
force, 550,000 in the reserve force, about 230,000 Army
civilians, 130,000 permanent contractors, and 180,000
temporary contractors supporting -- mostly supporting -
- OEF and OIF. Each of these numbers is less precise
than the previous one, from extremely precise numbers
of soldiers and civilians to an estimate of temporary
contractors, which can be best characterized as an
educated guess. Our civilians and contractors are
almost all full-time employees, so my discussion today
will focus mostly on those in uniform. But we
shouldn't lose sight of the fact that we have and are
continuing to replace military personnel with civilians
and contractors, both in CONUS and on the battlefield,
with little understanding of the consequences of these
actions.

Okay, so I've got a little question for the
audience. And there are a couple of people who aren't
allowed to answer, but if you don't know the answer but
think you know the answer, you can -- how many people
of our 1.1 million soldiers are full-time employees of

the Army today? Who knows? Anybody got a guess?

Other guesses? So, today's payroll is 695,000

soldiers. This means that while there are only about

70,000 reserve component soldiers that are currently

mobilized, there are another 80,000 that are serving in

individual capacities, either as military technicians,

active Guard and Reserve, or as individual volunteers

through ADOS or COADOS or other statuses to meet

wartime requirements. (inaudible), the contributions

of this group of ghost soldiers, suggests that our

current plans to grow the Army to 547,000 active

component might not be enough. And while focusing on

soldiers is probably a good starting point to

understand the problem, it doesn't capture the full

size of the Army from a capabilities or demand point.

The Army uses the Total Army Analysis process to figure

out how large the uniformed force needs to be. In this

process -- the acronym is TAA -- all the known

requirements are added up and allocated to various

functions within the top-line guidance. The current

TAA, TAA-1015, is still underway and is trying to

accommodate the new force structure designs required by

OSD. I don't want to talk much about this work because

it isn't public yet, but I can tell you -- and I don't

think you'll be surprised -- that so far we have found more requirements than available force structure, suggesting we need more soldiers than our guidance allows for. Therefore, the Army is likely to face difficulty resourcing both its traditional missions, offense and defense, and its new missions, such as stability and support operations. Directed growth and civil affairs, special forces, military intelligence, contracting and acquisitions, medical services, Army commands in the COCOMS and Sea-Smurfs -- our medical response teams -- compounds the challenge. And these are today's challenges, but each new dawn seems to bring new requirements for Army personnel.

Of course the size of the uniformed force is dependent on decisions on component balance. What is the appropriate balance between soldiers, civilians, and military contractors since each is indispensable to the Army mission? Furthermore, what happens if this balance changes? Any serious or purposeful discussion of size must include the role of contractors. Without them, much of the Army's mission would be simply impossible. They cook our meals, maintain our vehicles, train the troops, and fill many roles formerly filled by soldiers. Where is it appropriate

to hire a contractor? Are they more or less expensive
than Army civilians or soldiers? What are the
additional costs associated with having contractors on
the battlefield? These and many similar questions need
to be examined as we consider these force structure
issues.

Finally, I argue that costs for both
civilians and contractors, now hidden in the Operations
and Maintenance portion of the budget, need to be seen
as part of the total personnel or human resource
requirements of the Army, or least analyzed as such as
we consider how to maximize the value of our labor
dollar. I think that you can see the challenges
associated with the mismatch between supply and demand
both today and in the future. We have 695,000 soldiers
on the payroll and demand for their contributions has
not ebbed. Future requirements appear higher, yet our
strategic guidance suggests little growth above today's
supply. Despite the fact that we are larger than we
have been since the early '90s, there are a whole host
of capabilities that the Army still hasn't resourced,
leaving an ever-looming question, how big does the Army
need to be? One steady refrain in the debate about the
size of the Army has been that we should use our

soldiers more efficiently. We should make sure
everybody deploys. We should reduce the size of our
overhead. We should increase the size of the operating
force, and reduce the size of the generating force. We
should improve our tooth-to-tail ratio. One of the
little known facts about our recent conversion to
modular units is how much progress we have made in
these areas. The percentage of the active component
that hasn't been deployed has decreased from a third to
a quarter, and most of those folks are new recruits in
their first year in the Army. Our brigade-centric
force has more kinetic capability than its
predecessors, and the percentage of the force devoted
to generating activities -- that is, training the
operating force -- has decreased from almost 23 percent
to about 17 percent. This is substantially less than
the other services, and we have made this progress
during the time when we've been at war. There has been
substantial improvement in the tooth-to-tail ratio, but
most of the improvement has been achieved by
outsourcing many tail activities -- logistics and
support -- to contractors, decisions which have had
their own consequences as the deployments to OIF and
OEF have stretched into years, but further improvement

in labor efficiency maybe more difficult to achieve than it would be in a civilian environment.

And I'd like to spend a few minutes considering how some of the special structural characteristics of the Army -- in deed of all the military services -- limit the amount of streamlining that can be done to our structure. There are four base structural issues that must be considered in trying to maximize organizational efficiency. The first two are historical phenomena: Rank and unit structure or echelons. And then we also need to consider the effect on efficiency of the number of reporting units in the Army. And finally, our constant compulsion for tactical tailoring, creating special units. The first two issues stem from the fact that the Army structure has been largely static since its inception. George Washington would be very familiar with our rank and unit structure, and it wouldn't take him very long to understand why the relatively modest changes in both made sense given today's doctrine. Although the patches we use to designate units first appeared in World War I, there has been great stability in the basic organization of the Army for the last 230 years. And if you read Washington's diaries from 1781, you

will see that Washington spent the spring of 1781 trying to figure out how to reorganize platoons and companies to get more trigger-pullers on the battlefield. Why has this structure been so stable? Well, I think the basic reasons are the fundamental principles of first, face-to-face issuance of orders, and second, the necessity for clear hierarchy on the battlefield to sustain unit cohesion. Few groups are expected to march into a hail of lead, and then, with many of the members missing, do it again the next day.

 While casualty rates on the modern battlefield are much lower than they were between the Civil War and Korea, our doctrine writers remember their history. And while modern communication provides many additional channels for delivering direction, our soldiers still train to expect eye-to-eye direction. The Army's rank structure has 29 distinct levels, E-1s through O-10s, and the superior-subordinate relationships between ranks are observed scrupulously, both in work and social situations. The behavioral change between individuals that used to be of the same rank, on promotion days is striking to someone who has not been brought up in this system. Let me give you the example. Two major generals have been colleagues for

years, and they are known to each other as Bob and
George. And on the day that George is promoted to
lieutenant general, Bob begins to address him as sir.
And that is scrupulously observed in the Army. By
contrast, business organizations rarely have more than
six or seven layers, and it is often difficult to tell
the relative rank of those working in them. When I ran
a manufacturing company, everybody wore a uniform
shirt. If you went to visit some of our suppliers,
you'd go into a factory and there'd be 25 guys in the
factory, and they'd all have the same uniform shirt on
and a name stitched on their shirt. And unless you saw
a guy pushing a broom or a guy sitting in an office
making a telephone call, you couldn't tell which guy
had which role. Therefore, one could argue that our
current rank structure makes it difficult for us to
take advantage of the benefits of better communication
networks where the workforce flexibility enjoyed by
modern corporations. Further, heavily layered rank
structure hinders unit flexibility because position
designations in units often quite arbitrarily requires
specific rank when needed experience is available from
NCOs, warrant officers, or officers. The point is you
can get the experience from a variety of people, but

the unit structure requires a specific rank, a person of a specific rank. Let me give you one example. In transforming to modularity, units have been left critically short of captains and majors. The shortage has had nothing to do with attrition rates. In fact, these groups' attrition rates are about at the historical averages. Rather, in our move to modularity, we arbitrarily selected specific ranks to fill newly designated staff officer positions without considering whether or not there were officers in the pipeline to fill them. Essentially, we caused our own shortage of personnel. According to doctrine, rank is a proxy for experience. It is a prequalification for a particular position. This means that in the MTOE, the captain can't fill the role of a major, a staff sergeant can't fill the role of a master sergeant. Yet during peacetime, we violate these rules routinely. We may be short key personnel on paper, but for non-deployed units the Army gets enough of its work done with most of the required people. The problem is more difficult in a combat environment. We want every unit fully staffed when they deploy because we expect attrition for leave and illness, if not for casualties. We expect attrition during the deployment, and we want

them to maintain their effectiveness. Given that
reality, one might argue for some kind of rank-banding
or compression in order to maximize the use of
available personnel, offering us a more flexible
structure. Where to compress is another question.
There is an old Jody that makes it clear that there are
important roles for each rank. Let me see if I can
remember this. Private wants beer. The corporal wants
a three-day pass. The sergeant says work, work, work.
 The lieutenant says what do I do now? The captain
wants to know who's going to shine his shoes. The
major wants a bigger desk. And the colonel wants to
know where to play golf. Now that's an old Jody that's
done in cadence as folks are marching. But it does
make the point, I think, that within the Army, the rank
structure is seen as quite important. And it's very
difficult to get anybody in the Army to say well,
probably don't need that one. And I invite comments
from my colleagues in uniform on that. I've had many
conversations with General Formica who's the head of
Force Management on this issue.

        The second issue of structural efficiency has
to do with organizational structure, or echelons. We
have squads, platoons, companies, battalions, brigades,

divisions, corps, and armies. Are all of these
necessary today? Like rank, these echelons are echoes
from the Colonial era. They were designed to function
with massive losses under punishing conditions.
However, most corporations don't have eight layers, and
we haven't used all the echelons in recent conflicts.
During our recent transformation, we became a brigade-
centric Army. How are we using our forces today? Over
the last four years, the Army deployed in brigade sets
supported by division headquarters, but given the COIN
missions, most estimates suggest that less than a third
of the brigades were actually employed according to
doctrine. The most common unit of employment has been
battalions and companies. So is the brigade the
appropriate unit of capability? The point is that we
don't always look to the Army's organizational ladder
for a surrogate. We don't always fall back on
battalions or companies. Instead, the Army builds
temporary special-purpose units outside the normal
organizational contracts. We build training teams. We
build JND-capable units. We build patriot-centric
units. And what of the overhead of division and core
headquarters, transformation's UEx and UEy? The
evidence suggests that these echelons don't decisively

change or improve effectiveness. Moreover, as
currently sourced, these units are just headquarters
elements and require massive augmentation to function
in the field. Many believe we have too much overhead
in the Army, overhead that drains us of needed
capability and does not serve its intended purposes in
terms of force structure. But here, too, compression
might lead to major gains in effectiveness.

Other issues regarding structural
optimization deal with the number of units in the Army
inventory and the compulsion to tailor tactical force
structures. So second question, who knows how many
Army units regularly report operational readiness? How
many units in the Army regularly report operational
readiness? I told you we were brigade centric. We
have about 75 brigades -- combat brigades -- and we
have 225 non-combat brigades. We have -- I forget how
many Armies I could give you -- if I'd thought about
it, I could have given you all the structures. How
many units in the Army monthly report operational
readiness? Other guesses? That's not close enough.
The answer is 4500 units. So each month we get a
readiness report on 4500 units. If the Army is brigade
centric, the number of units reporting readiness should

probably be smaller. Instead the Army has a baroque

structure that requires almost every commander to

report their unit's readiness. This validates the

opportunity to command, but having so many units

reporting may reduce efficiency. Tactical tailoring

also plays a complicating role in our structure. The

Army constantly modifies its forces to suit prevailing

conditions. While this isn't necessarily a bad thing,

doing so on such a large scale implies that the basic

organization is not properly designed to meet its

requirements. It is another indication that the Army

is not as flexible as required; that we have structure

we can't use and need to build tactical structure --

tactically tailored structure -- on the fly to address

permanent needs. This further exacerbates resource

shortages. One of the reasons for tactical tailoring

is simple. The Army was designed mostly for offensive

operations. As such, it is hard to fulfill other

doctrinal mandates without massive rebalancing and

restructuring. While our current force dwarfs that of

almost all of our competitors, we are unable when

assigned a specific mission to say that requires a --

and reach down for that capability. That said I don't

want to trivialize the difficulty of changing the

Army's organizational structure. During the modular
reorganization, we recognized the excessive unit
structure and spent several years thinking about how to
remove one layer. And that was the famous debate about
UEx and UEy. At the last minute, the echelon called
"the corps" survived, and the attendant structure had
to be re-documented in the TDA.

So let me move now to risk. How big should
the Army be to satisfy the requirements of the national
defense strategy as reflected in the National Military
Strategy and the Quadrennial Defense Review given the
structural realities of our operating environment?
While this question is more difficult than it was in
the past because of an incomplete change from threat-
based to capabilities-based force planning, the real
challenge comes from our inability to quantify how much
risk the Army can assume in accomplishing and
resourcing any of the expected missions. Thus each
COCOM, functional and geographic, expects the Army to
dedicate capability for their unique requirements, and
for there to be sufficient force structure at all times
to meet the scenario-based requirements. Current DOD
strategy mandates moving from specific threat-based war
planning to capabilities-based planning and force

structures with new force commitments around the globe added to the Army's historical land force requirements. Capabilities force structure design requires forces and capabilities designed with an eye towards the most probable rather than what is most dangerous, the method used in the past. The upcoming QDR will have to address how to resolve the apparent mismatch between the sustainable supply of forces, as limited by fiscal constraints, and a growing demand for Army capabilities. As it does, understanding the specific risks associated with these decisions -- something that the Department of Defense has been traditionally reluctant to do -- will be crucial to making the hard choices we will face. I would argue that one must be able to state the risks associated with accomplishing a given mission, an arithmetic assessment of the risks associated with any particular operation. In short, the Army must be able to design structure and capabilities against a specified standard of effectiveness for each type of mission. Current strategic guidance does not do this. We simply describe the risk as "high," "moderate," or "low." Without quantifying the risk, it is difficult to know how to allocate your resources. This is not a problem

if you have several years to get ready to meet a threat
and money is no object -- and let me describe for you
just for a minute what we've done in the past. Defense
spending since the Revolution has been a sign wave with
rather large amplitudes. The first peace dividend was
taken in November of 1781, six weeks after Yorktown
while the British were still in control of New York,
Savannah, and Charleston, and the Continental Congress
met to figure out how to downsize the Army. Since
World War II, the amplitude of this curve has been up
and down, and that's our history. At the end of the
war we start to take the peace dividend before the last
troop gets home, and the Army withers. The first thing
we stop doing is buying new equipment. And then we
stop fixing the old equipment. And then we stop
building new buildings. And then we stop painting the
old buildings. And then we stop training. And
finally, we don't promote anybody. And so you get an
Army made up of an infinite number of old majors and
old sergeants. And then the flag goes up, and we have
years to get ready. And we pull the doctrine out of
the bookshelf, and we crank up the industrial base; and
three or four years later we're rolling. So that's the
history. So if you have several years to get ready and

money is no object, that's not a bad strategy. But in

a period of persistent conflict, and with the

likelihood of shrinking budgets, our choices will need

clearer clarification. We will need to be able to have

our capabilities overlap, to have the ability to map

one capability to more than one requirement. The Army

has only just started to do this. For example, field

artillery units have been re-tasked as MPs. Infantry

and armor units have been repurposed to execute

training team missions. And National Guard brigades

have been deployed in support of force protection and

security missions. But this has led the Army to

concerns about the loss of the original capability.

What good is a field artillery unit that isn't

proficient in its firing tables?

So, are you uncomfortable yet? Uncomfortable

about what you think you know about the Army? Its

organization and how many people actually perform the

work assigned to it? I hope you are. That was my

hope. In the final analysis we don't completely

understand these problems either, which missions

require full and immediate capability to execute them

and which can be delayed until resources can be brought

to bear on them. Right now I think both Presidential

campaigns support growing the Army, with the active

component growing to about 540,000. But what does this

number actually mean? Will we have enough forces to

meet our current demand when we reach that size? Will

it be enough to meet the future missions that the next

national defense strategy will expect us to source? I

don't think so, but these issues won't be resolved on

my watch. It doesn't matter what your political

perspective is. With today's force, roughly 540,000 in

the active component and 550,000 in the reserve

component, the Army is facing difficult choices. If

you want the Army to kick somebody's door in or dig

them a well, that capability has to exist. Optimizing

force structure and the size of the Army requires

precise articulation of your missions, how much risk

you are willing to underwrite, and finally, effective

management of the resources to get the job done. Our

very robust structure, our lack of clarity about the

risks we are willing to assume, and most importantly --

and let me say this again, most importantly -- the

Army's willingness as the nation's 911 line to accept

almost any mission, these complicate the analysis of

the basic question. What are we building the Army to

do? The question is for the next QDR, but it can't be

answered without reference to current demand or the experiences of the last seven years.

To conclude my talk, I'd like to leave you with a few questions to help guide our discussion and for you to ponder within the CDI.

First, in the context of defense and national needs, what are the appropriate roles and missions for the Army? Organizationally, what should the Army do?

Second, what is the appropriate balance of civilians, military, and contractors given those roles and missions?

Third, can the Army's rank and organizational structure be flattened without losing critical organizational robustness?

Fourth, what risks are we willing to take in planning for the accomplishment of our missions? How do we accurately quantify that risk?

And, fifth, given our missions, what sorts of capabilities and in what quantities, skills, equipment, or force structure should the Army possess to accommodate the challenges of the new century?

There are, of course, many branches and sequels to these questions, and each of you might structure those questions differently, but I believe

the answers will be essential in designing an Army for the future. Certain facts are clear. In the future, we will have less mission, a more effective and efficient structure, or a bigger Army. I'd bet on all three.

And with that happy note, I'm happy to discuss these ideas at greater length and answer any questions you might have.

MR. SINGER: Thank you. That's -- so you've truly laid down a gauntlet for us in terms of discussion. What I'd like to do is kick off with a question for you and then invite questions, and just raise your hand to let me know, but you laid out this series of questions at the end, which is really -- could be wrestled within 21 CDI but also is -- it's what the next Secretary of Defense, what the next Secretary of the Army --

MR. FORD: Right.

MR. SINGER: -- what they're all going to be facing. I'd like to ask you this -- not what is the answer to these questions but how would you suggest they go about answering them? What are the processes, what are the things that they should be focusing on, because that's almost as important in terms of where

the final destination is. My worry is that all these

people sort of identify the what answer at the end and

then lead from that. What are the how? What are the

processes that they should be thinking about as they go

about it?

          MR. FORD: And your focus really here is on

the next Secretaries of Defense and the Army or CDI,

because I think the answer is roughly the same. In

telling people about the Army, historically what we've

done is built big briefing books that describe our

weapon systems, our posts, the purpose of TRADOC

without the context within which to understand the

information, and what the chief has asked us to do for

the new team coming in -- and we're taking the need to

do a effective transition very seriously, because the

issues are so important -- what the chief has asked us

to do is to lay out for the new team a set of

questions, that is, from our perspective these are the

important questions. Happy to answer any questions you

might have, but if you ask these questions you're

likely to get a set of answers that you can then begin

to integrate the information in ways that are

meaningful to you. So, it's not a series of

PowerPoints; it is within this 10- or 15-question

framework begin to build your own map about what the
Army is and what the Army should be.

I think all the services, at least in my
experience, start with this book that says here's --
all the answers are in the book, and if you don't come
at the problem with some context, you can quickly get
lost in the book, so we're trying to frame questions to
elicit engagement with the new team.

MR. SINGER: Um-hmm. Well, let me specify.
For example, you laid out a core question, which I
absolutely agree with -- is what is the proper balance
between active duty, reserve, and civilian component
and civilian breaking down and employees and
contractors? So, that's a question.

MR. FORD: Um-hmm.

MR. SINGER: How should you go about trying
to answer that question rather than identifying the
end, you know, balance? What would be the ways -- is
it create a special task force around it? Is it
contract it out to be studied by Rand? Is it, you know
what, there's already a briefing book in place? That's
what I'm getting at in terms of the processes involved.

MR. FORD: Okay, that's a good one. There
isn't a briefing book. As I said early on, we really

don't know how many contractors we have. And we really haven't thought -- my first -- almost my first week in the building back in 2002, I was in a meeting where we started a conversation about what's the appropriate role of contractors on the battlefield? And I'd have to say that that conversation has not gone forward very effectively since then. We're still -- we still don't understand that. So, I'm a finance guy. The first question I ask is to get a year's worth of work done, what does it cost me to get a year's worth of work done, and I want to know what all the expenses are, so one of the things about soldiers is they carry guns. So, a cook carries a gun and theoretically probably needs less force protection -- an Army cook carries a gun, needs less force protection than a contractor. So, as we're trying to think about what the cost of having a contractor on the battlefield is, we need to think about what kind of force protection is required to support that contractor.

We've got 60 National Guard security companies on the ground in Iraq mostly doing force protection for light trucks, contractor trucks. That's a cost of having a contractor on the battlefield. So, that's kind of the finance guy's view. There are

mission roles that are above and beyond that that I think are important and somebody needs to wrestle with. There are essentially government tasks that you don't want contractors doing for purposes of making sure that the government is in control of its responsibilities, and I think we've lost sight of a bunch of those on the battlefield, too. So, that's how I would do it.

Would I contract it out? Probably not, because I don't know that there's a contractor that can get up to speed fast enough to give you an answer in time to be meaningful. We've got as much data as there is. I'd probably find, you know, 10 or 20 smart people and say here's the question, come back with the answer. My sense for it is we've -- our analytic capability when led is really quite good. We tend to default to these outside -- you and others -- outside groups. My experience has been that the product is -- and this comes from a consultant, all right? I spent nine years as a consultant.

And I went -- my -- one of my largest clients when I was a consultant was Georgetown, and they kept hiring me to do the same piece of work over and over. Every nine months they'd pay me a quarter million dollars to do the same piece of work. It was how much

is the hospital worth, all right? And they had me do the piece of work three times. And I was kind of confused. I took the money, updated the study, but I was kind of confused. Then I went to work as the CFO, and I realized that I had never seen the whole problem. The problem that consultants have is they can never see the problem as effectively as somebody on the inside.

So, my view is if we're prepared to put the resources against it, we can answer most of these questions ourselves. And then I think the right thing is for us to bring our answers out and have them reviewed, have them tested, have them examined as to their analytic soundness by external sources.

MR. SINGER: Um-hmm. Jean.

JEAN: Sir, thank you for your comments. Really enlightening. I'm interested in this question of capabilities development, and I like the way you said we need to think about the future as well as the last seven years. I mean, you can theorize about war and try to come up with some ideas, which we do a lot, as you know, but I'm wondering, especially with respect to these in-lieu-of missions that you referenced. To the extent that they identify gaps, I mean, if we

didn't have X we wouldn't need to throw artillery guys at it. If we didn't have Y, we wouldn't need to have the Air Force guarding, you know, their own bases. And there are so many like that. And I'm wondering if you've conducted any sort of rigorous analysis inside the Army and across the services, because these also sort of cross-service ones, and if you -- what you've learned from that in terms of what gaps we may have.

MR. FORD: Rigorous analysis, no. We respond to requests from forces for forces, which we theoretically come as validated through the Joint Staff. But often the three get the requests before the Joint Staff has validated them. And so we're very much in real time response. Where am I going to find enough people to do the training team missions, and we just took a brigade out and said okay, we're going to train you for this purpose.

The problem is that the demands over the last several years that I've been watching it -- there's -- it's great to be on the demand side; it's harder to be on the supply side. We're on the supply side, all right? Our job is to send man-trained and equipped units -- ready units -- to the combatant commanders so they can do what they want to do, and they send us an

RF and say send us 62 people configured this way or send us 112 people configured that way and you figure out how to get them trained and you figure out how to get them to us and we need them in a month. And we're not really structured to do that. But it is how we've allowed the combatant commanders to request forces. It's become the default way that forces are requested. And it's not just from CENTCOM. We're getting requests from both the functional and the geographic commands in very similar ways, and, you know, send us a unit that looks like that or send us a unit that can do this.

I guess that are used for more flexible, less structured capability. But what I don't know and what I've had a number of conversations about and continue to have conversations about is as we move away from our structured capability, what gets lost, all right? What gets lost is a set of kinetic capabilities, essentially kinetic capabilities that have served us very well for 230 years. And I think you have to be pretty careful as you make a decision about how much of your structured capability you can make flexible.

Does that answer your question?

JEAN: Yes, in terms of process. In terms of

data, though, I'm wondering if analyzing what has
happened in the last few years (inaudible) that dynamic
you're talking about where it tells us about the real
capability that (inaudible) make the assessment, hey,
maybe those capabilities shouldn't even be in the Army
anyway, and then that's a whole other discussion to
have. But you have the data. You see what I'm saying?

        MR. FORD: Yeah. I think we know a lot about
some of those capabilities and less about others. The
homeland defense missions suggest there's a whole
series of capabilities that we don't have built in
quite robust enough way.

        I had -- after Katrina was Rita, and the --
two days after Rita hit Houston, there was a guy on the
news one night and he said I haven't had any water or
power in two days, and I haven't seen the Army yet.
And that's when I realized what the nation's
expectations for the Army are. Now, I don't think we
can do everything, but what we've found in building
units to respond to hurricane preparedness is we've had
to really build those as teams with plans to make sure
that the equipment and people get to the right place at
the right time, and we've done that pretty effectively.
 Whether we have enough capability, I don't know. But

it's worked okay. That's an area where we've actually built a pretty flexible capability and we've distributed --

The -- much of what has characterized the CENTCOM requests over the last seven years, everything after kind of the initial rush into Baghdad has been people in small unit configurations, not in standard Army units, and what we are designed to build is standard Army units, and units is a key point here. We believe, based on experience hard one over 230 years that deploying units is better than deploying people, right? So, we don't want to rotate people. We've done that. Doesn't work so well. We want units to move together.

Now, there are costs associated with moving units rather than just finding the next hundred guys who have the right set of qualifications, tell them to show up at Fort Gordon for three weeks of training and then we'll put you on a plane. And those costs are substantial, but we think that that makes the unit much more effective, which is the reason we do it. And I think it'll be a long time before you get the Army to agree that the serial sourcing of small units is a good thing. We do it, but I don't think it's -- I don't

think we think it creates effective structure on the ground.

SPEAKER: (Inaudible)

MR. SINGER: Can you speak into the mike?

SPEAKER: Hi, (inaudible). I was wondering if you could talk to what role the newly created Enterprise Management Task Force will have in answering some of these questions and what specifically they're tasked to look at.

MR. FORD: The Enterprise Management Task Force is headed up by Bob Durbin -- Lt. Gen. Bob Durbin. It's a task force that's designed to make the Army more effective, first, and once we've defined how we're going to become more effective, hopefully more efficient over time, one of the things we're trying to do is to take our very complex organizational structure and create a simpler organizational structure that will allow like kinds of activities to be managed together, and then when resource choices are required to be made to have a method that we can use to allocate resources among the four main lines of operation.

So, four lines of operation are people, stuff, equipment, training, and places, all right? So -- and the way they work is Hondo Campbell -- Gen.

Campbell, who's the head of FORSCOM, is the supported command. It is his command that generates the supply. He describes his role in industrial terms as final assembly, quality control, inventory management, and distribution. He puts the units together; he makes sure that they're capable of doing what they're supposed to do; and he distributes them.

The Materiel Command has to make sure that everybody gets the right stuff at the right time. The people command -- the personnel command -- has to make sure all the right faces show up in all the right places at the right time, and the support and infrastructure command needs to make sure that our bases and the services on those bases support the creation of trained and ready units. And then there needs to be an adjudication process. And that's really what the Enterprise Task Force is working on.

So, it's simplifying, streamlining the way we integrate the pieces so that the management of the whole will be much simpler.

I think it's off to a good start. It's complicated to make these kinds of changes when our op tempo is as high as it is. But if you know Bob Durbin, you know there couldn't be a better person

assigned to the task. He was the QDR director, spent a long 15 months in Afghanistan, really sees the problem from both the strategic perspective and the real no-kidding, on-the-ground perspective, and so I think we've got a real opportunity there to address some of these issues, at least from a management perspective that I laid out in my talk.

MR. SINGER: Peter.

PETER: Thank you very much. And this builds on your question, Peter. I can see the way you phrased the question (inaudible) inordinately difficult to answer, so let me throw at you a different scenario.

MR. SINGER: Okay.

PETER: The new administration says we've got budget problems, we've got to spend money bailing out the banks, you're going to get -- and you pick the number, I don't know, $200 billion. So, what's the best assembly of units, people, things that you can give me within that budget total? To what extent could you do something like that, even though it's not -- doesn't meet all your needs, doesn't meet all the requirements, but you could come up with reasonable answers with the bottom line price tag that's given to you. How would that work?

MR. FORD: It would be difficult if that was all the guidance we were given. We would need more guidance. We would need to know what kinds of offensive, defensive, instability ops -- the three pillars of our current doctrine -- what kinds of capabilities, what rough balance of capabilities you wanted between those. There would be certain missions that might be difficult for the Army to fulfill.

One of the things -- another thing that most people don't know about the Army is the Army is the executive agent for most of the activities in the Defense Department that require an executive agent. When I was in Health Affairs, there were 36 executive agency functions and 34 of them were handled by the Army, and I think OSD-wide it's something like 50 of 75 or something like that. So, it's -- the Army has been asked and, because of the Army culture, agrees to pick up a tremendous amount of work in the department in the Pentagon that logically could go to other services. For instance, executive agency for AFRICOM -- that currently belongs to the Army because we're the executive agent for EUCOM, and AFRICOM came out of EUCOM. And we say well, maybe somebody could do it, and they say no, you do it for now, you do it for now.

One of the things that people don't know is that we're not the executive agent for CENTCOM -- the Air Force is the executive agent for CENTCOM -- but all the administrative structure for both AORs -- our guys wearing green uniforms.

Why is that? Well, it's going to be a ground war, so we're going to let you do all the paymaster activities. We're going to let you do all the contracting. We're going to let you do all the finance activities. Guys in the Air Force won't understand that.

So, I -- we can do what you suggest. You give us better guidance about how many infantry brigades of what kind you think you need and how much stability ops capability you need and where you need air defense capability and what kinds of cyber analytic capability you need, and we can build a force around that. But what it will be difficult to do is to build a force that can sustain the level of mission that we are accomplishing today indefinitely. So, we can do it either way. It's not -- that's the way we've been doing it in the past.

The Army has a wonderful concept -- the concept of the UFIR. I got, again, to Health Affairs.

I didn't know what a UFIR was. Well, that's an

unfinanced requirement. And only the Army has UFIRs.

Army has a long list of UFIRs. It's always -- because

the Army is built to function with 80 percent of what

it doctrinally needs. If you take Army doctrine and

you say okay, you've got to have this many people and

you've got to have this much equipment and you need

this much training in these places -- and that's all in

a book -- and then you parse out the money to do those

activities in peacetime, we never get more than

80 percent of the money necessary. So, we train to a

standard which is almost or maybe enough but it's not

to the full standard. And so we've done that

historically forever. We understand how to do that.

        MR. SINGER: Tammy?

        MS. SCHULTZ: Tammy Schultz, Marine Corps War

College. My apologies for being a little late. I'd

like to address the training and advising mission.

Secretary of Defense Gates has basically said that it

is going to be the number one mission at least for the

foreseeable future, and since John Nozzle's not here,

I'll sort of take his bailiwick on. The Army's been

task organizing for this, and one of the big issues in

terms of changing culture, changing mindsets, etc., is

institutional incentives. My understanding is the
Army's decided not to go down the road of the permanent
advisory corps. I wonder if you could speak a little
bit to how you can still institutionalize and basically
not make that a second-order mission when
institutionally it'll still be basically task
organizing for that mission.

          MR. FORD: I think that's a question that's
beyond my competency to answer. I've only been in the
Army for three and a half years. I never served in the
Army, so I'm not as deeply grounded in doctrine as I
think I would want to be to give you a good answer.
You're right, organizations do what they're incented to
do, and it is very difficult to sustain any capability
if you don't incentives to get people to feel that
that's a valued career, and I think it's -- given my
reading of where we are today in the world again -- not
my day job but I try and read the news, listen to the
news. We are likely to need to be engaged in more
places around the world in real ways with the people
who live in those places than we have been in the past.
 We are a remarkably insular country and query whether
that insularity is serving us very effectively. So, I
would hope that our doctrinal ratification of stability

operations will lead to, at some point -- maybe not
this year or next -- the Army does things slowly --
will lead to creating a permanent capability to do
these functions.

Now, we are going to have a permanent
training team capability that we're building down at
Fort Polk, I think. So, that is in the works. But I
don't know whether that's as much as you are thinking
of.

MR. SINGER: Let's do one last question.

SPEAKER: Sir, once again, thank you very
much for coming today and for your remarks. I'll make
this brief. I guess as a colonel I have a need to find
a golf course this afternoon, so. That said, and with
all due respect to the business community and the
corporate world, I get concerned when we start talking
about optimizing the future structure of our Army, and
although there's clearly merit within the institutional
Army from a standpoint of business practices and supply
chain economics, etc., it is from a tactical
commander's viewpoint necessary to go in of course with
overwhelming force and to having force that is able to
meet contingencies so that we don't fall back into a
perception, for example, that perhaps we made the march

from Kuwait to Baghdad with an optimized force to do
that mission and we're not able to adapt quickly enough
for the mission that we found. Any thoughts, sir, on
that aspect of optimization of force structure?

          MR. FORD: I share your concern, and if that
didn't come through strongly enough, let me reemphasize
that I think that reorganizing the Army to become more
businesslike is a daunting task and one that needs to
be undertaken very carefully.

          Two comments. First, it took six brigade
combat teams three weeks to eliminate every offensive
weapon in Iraq. It was not the kinetic part of the
problem that was the hard problem. We're now at, pick
a number, 20 brigades, and we're employing new doctrine
and we're beginning to understand, I think, what the
problem is. So, two different missions, I think.

          Second point, and I actually feel quite
strongly about this. I had an XO when I first got to
the Army who was a Special Forces officer who took
Karzai back into Afghanistan, so a pretty well-
respected guy. And he found himself in the Pentagon
making appointments and getting coffee for visitors,
and he was a most unhappy fellow. And I, as the new
guy, started talking a lot about efficiency and

effectiveness, and one Friday afternoon he walked into my office and he said sir -- he said I don't believe in this efficiency stuff. He said I belief if you take a dollar away from me I will be a dollar less effective, not a dollar more efficient. And I said what's your effectiveness measure, and he got a puzzled look on his face and he turned around and walked out of the room. Monday he walked in first thing in the morning and said sir, I know what my effectiveness measure is, and I said what is it, and he said sir, I want to kick my enemy's ass. And I said how do you measure it? And the point I want to make is you cannot talk about efficiency until you have metrics of effectiveness. And I think we can do much better than we have done in describing quantitatively how we measure effectiveness. Once we can measure effectiveness, then we can look at alternative paths to create that level of effectiveness most efficiently. And so what our -- and measures of effectiveness is an exercise that really needs to be led by people who are on the ground doing operational tasks, doing support tasks -- how much force is overwhelming force, all right?

Another example. Before we went into Iraq, Joint Staff gave the medical community a requirement

based on expected casualty rates. It was X. It was
passed to the three services, who passed back 3X,
because the services' maximum casualty days were
different, depending on which service it was, and their
units of medical capability were of different sizes,
and so when you added up the capability the services
passed back to the COCOM, it was 3X. The Combatant
Commander said I'm taking X, because that's all I got
lift for and chose from among all the services what
they were going to take. And mercifully we used .1X.
At the same time, if the mortality requirement was X,
we didn't plan or source that. What we took in terms
of mortality mortuary affairs capability against our
planning -- now, remember, we were very worried about
chemical attacks. Everybody spent months training in
MOP gear. And we took .1X of or mortuary affairs
capability. So, one small example, but I think you can
quantify what your expected level of effectiveness is
and figure out what's required, and that really is a
task for people in green suits.

MR. SINGER: I want to thank you for two
things -- first, for laying out a series of critically
important challenges and questions. You've given us an
immense amount of food for thought. And, secondly, I

want to thank you for your service.

And so please join me in another round of applause.

Thank you all for joining.

* * * * * *

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