

Call to Action

Do
Protect

**Tail-to-Tooth
Commission**

Introduction

Suppose you discovered that only three of every ten police officers in your town were out on the streets fighting crime, while the other seven had to sit at desks filling out forms. Suppose you learned further that this out-of-whack ratio was a recent development. Undoubtedly, you would be outraged. You and your fellow citizens would demand that political leaders find ways to ensure that most of the police force was doing the job that you, as a taxpayer, had hired them to do: keeping the community safe.

Yet the Pentagon has for years tolerated such a dangerous state of affairs. At the height of the Cold War, the security-to-support spending ratio was in relative balance. Today only three out of ten Pentagon dollars go to fund weapons systems, training and the combat capabilities that protect our shores. Seventy percent of the defense budget is spent on support functions. In effect, the post-Cold War cut in defense spending has come overwhelmingly from the Pentagon's security "tooth," not its paperwork/support "tail."

This imbalance was the genesis of the BENS Tail-to-Tooth Commission, a panel of business executives, former government officials and retired military leaders formed in October 1997. The Commission's bottom line: bring world-class business practices to the Department of Defense and reinvest the billions saved in combat capabilities. The Commission's proposals: concrete steps to implement what needs to be done.

A Message to the Secretary of Defense

The BENS Tail-to-Tooth effort to help change the Defense Department's business and support processes is based on two simple but compelling ideas:

- The areas most in need of reform are well known – and have been for some time. As former Deputy Secretary of Defense David Packard said almost 15 years ago, “We all know what needs to be done. The question is why we aren’t doing it.”
- The business models that have served America’s world-class companies so well can be adopted by the Department of Defense, saving money that can be reinvested in modernization and other priority programs.

Rather than conduct another study and issue a set of recommendations, only to see necessary reforms ignored or blocked, the BENS Tail-to-Tooth Commission resolved to:

- Build on the work of others who preceded the Commission in recommending change;
- Target areas where the need for reform is widely agreed upon; and
- Focus on how key initiatives in those areas can be put into practice.

Based on long Washington experience, the Commission is well aware that a new Administration could be inclined to launch yet another lengthy study on defense reform.

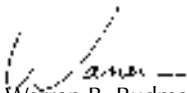
Resist this temptation.

Defense reform under a variety of names has been studied over and over. It is time to act!

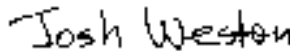
The Commission offers eleven initiatives and concrete steps to achieve them.

Taking actions that have been recommended by experts many times over the years and have proven successful in business applications can transform our military. More importantly, these efforts can free resources that can be redirected into real combat capabilities.

We stand ready to help implement these changes now.



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About this Product

After reviewing a host of studies with solid recommendations that were too often ignored, the BENS Tail-to-Tooth Commission focused its work on how to accomplish real change.

To that end, this package includes:

- **BENS Tail-to-Tooth Commission Call to Action.** This booklet provides an overview of the work of the Commission and the 11 initiatives recommended for immediate action.
- **Matrix of Recommendations from Previous Studies.** This chart summarizes recommendations from some past defense reform panels that are also part of the Commission's 11 initiatives for action.
- **Roadmaps for Change.** This is a package of 11 brochures that map steps required to accomplish the changes the Commission is recommending for immediate action. These brochures are designed for decision makers as well as those charged with putting policy decisions into action.

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Executive Summary

Spending on defense falls into two broad categories: dollars that go toward combat capability and dollars that go toward supporting combat personnel. The percentage of spending on military combat capability relative to support is commonly known as the tooth-to-tail ratio.

While the concept is well accepted, the specific definitions of “tooth” and “tail” are not. Broadly defined, “tooth” is personnel, systems and support in the hands of operational combat forces. The “tail” is everything else, ranging from data processing, accounting and housing to transportation, health care, education and surplus property disposal.

Since the end of the Cold War, the Department of Defense has taken historic steps to reduce the size of the combat tooth, cutting the number of people in the military by 40 percent. Yet the Pentagon’s oversized support structure has been mostly resistant to change. The trend of non-combat functions absorbing more and more of the Pentagon budget is dangerous. It threatens to erode the ability of our fighting forces to accomplish their primary military missions.

To some extent that is already happening. Year after year, money budgeted for procurement of new equipment to modernize and re-capitalize the force was diverted to pay for current operations. Spending for new weapons and other equipment declined by more than 60 percent in real terms from its Cold War high point.

During the 2000 campaign, both presidential candidates cited the need to re-build the nation’s military might. But without serious and significant reforms in the way the Pentagon does business, that re-building effort may well be impossible to achieve – at any affordable price.

Some experts estimate that the cost of updating the Pentagon’s weapons and equipment will be as much as \$100 billion per year. The President and Congress will have a hard time reconciling spending that huge sum on military hardware with ambitious tax cutting goals and domestic spending demands. They will have to spend smarter instead.

That is what the Business Executives for National Security (BENS) Tail-to-Tooth Commission is all about. BENS is a national, non-partisan organization of business leaders working to apply successful business models to help solve key security problems. The Commission's goal: to promote changes in the Pentagon's business practices so that savings can be invested in combat capability.

Central to the Commission's thinking has been the adage: "It's not that more is better or less is better. Better is better." To reach the goal of "better," the BENS Tail-to-Tooth Commission's Call to Action:

- identifies and promotes business models to cut overhead, buy smarter and budget better;
- recommends changes that the Pentagon must undertake to save money to reinvest in combat capabilities; and
- proposes specific steps for working with decision-makers in Congress, the Administration and the Pentagon to implement real change.

The Commission's work is a roadmap for putting change into practice at the Department of Defense.

The BENS Tail-to-Tooth Commission

With the best military in the world, why would anyone want to change the way the Pentagon does business?

That's just the point. The United States does have the finest military force in the world as we enter the 21st Century. But the Defense Department's business and support structure is stuck in the middle of the 20th Century. Its organization is based on ways of doing business that date to the early days of the Cold War. With too many employees involved in non-core activities and too many facilities left over from now-unnecessary requirements, defense support is a voracious dinosaur consuming dollars that should be spent on the real mission.

The Pentagon's large modernization requirements put it in a situation similar to the "competitiveness crisis" American industry faced in the 1980s. To survive, the private sector had to merge, consolidate, restructure, reengineer and eliminate jobs. Business turned to outsourcing non-core operations to tap services and support from providers that were "world class" in their own fields.

Embracing these changes required U.S. businesses to take risks, but in doing so they reaped enormous gains in efficiency and savings. The Department of Defense should do the same. By adopting modern business practices, DoD can realize savings conservatively estimated at \$15 to \$30 billion per year – every year.

Monetary savings aren't the only advantage to following this model. By restructuring, businesses became more agile in the marketplace, better able to deal with competitive challenges and more successful in generating profits. For the military, correcting the tail-to-tooth ratio will allow the Pentagon to focus on its primary mission – readiness, modernization, and warfighting.

Additionally, adopting modern business practices is the most efficient way to harness cutting-edge technology. The Pentagon's traditional methods of buying equipment are too slow and costly when technology is advancing so rapidly. Business leaders have come to the realization that buying a service

rather than hardware allows them to capture and maintain technology developments; the Pentagon must act on this recognition as well.

The BENS Tail-to-Tooth Commission focused on four areas where spending smarter could have a real impact on the Pentagon's bottom line:

- Acquisition reform,
- Base realignment and closure,
- Private sector partnering, and
- Planning, Programming and Budgeting System (PPBS) reform.

The Commission held six work sessions to hear from a wide range of defense policy experts and leaders from government and business. In the course of their deliberations, Commissioners identified specific reforms, summarized below. Eleven priority initiatives are highlighted.

- Expand acquisition reform pilot programs.
- Improve process of contracting for services.
- Revise the A-76 process to make DoD's outsourcing competitions successful.
- Close unnecessary and obsolete military bases.
- Complete strategic sourcing of all defense agencies.
- Make the private sector the preferred provider of military family housing.
- Make the private sector the preferred provider of long-haul defense communications.
- Make the private sector the preferred provider of utilities on DoD bases.
- Make the private sector the preferred provider of life-cycle support and supply chain management for DoD.
- Implement activity based costing and management throughout DoD.
- Adopt a biennial DoD budget process.

Acquisition Reform

For almost as long as the United States has had a military, there have been calls to change the way the Defense Department buys things. In recent years the results of these efforts have been mixed. An attempt to rewrite the Federal Acquisition Regulations (FAR) – thousands of pages of procurement requirements – did not produce the desired results, though the number of military specifications used in government contracts has decreased markedly. The BENS Tail-to-Tooth Commission has chosen three initiatives that build on successes that have been achieved and improve two processes that are hampering efforts to transform the way the Pentagon does business.

- **Initiative: Expand acquisition reform pilot programs.** Since 1995 the Pentagon has explored various alternatives for improving its acquisition programs. Starting with five pilot programs, later expanded to 30 under then-Secretary William Cohen's reform effort, these programs have tested a range of concepts. Among concepts tested are relief from some burdensome acquisition rules, Cost as an Independent Variable (CAIV), Prime Vendor/Contractor Logistics Support (PVS/CLS), and greater reliance on Commercial Off-the-Shelf (COTS) technologies and services.

These pilot programs have had some success, including the Joint Direct Attack Munitions (JDAM) program, where components were procured using the CAIV model and unit cost was driven down by over 60 percent. Another success story has been the National Imagery and Mapping Agency, which used commercial services to buy photographic data for about \$1 per acre and allowed DoD to avoid the huge costs of designing, building and launching its own unique satellite.

The Commission advocates expanding the scope of pilot programs. The Pentagon should explore alternative acquisition strategies by broadening the range of those tested and increasing the number of programs involved.

- **Initiative: Improve process of contracting for services.** In recent years the Defense Department has turned increasingly to the private sector to provide support services. In some cases, these were

functions previously provided by government employees. In others they were new services that required skills not immediately available in the Department's military or civilian work force.

Businesses have successfully contracted out non-core work allowing them to focus energy and resources on what they do best. Many service contracts are now performance based and incorporate substantial incentives for the provider to meet and exceed expectations.

But cumbersome government regulations and widespread unfamiliarity with best practices for such contracting have hampered full use of these innovative approaches by the Pentagon. The Commission believes the Defense Department should expand use of performance-based and other best practice contracting methods in all DoD service contracts.

- **Initiative: Revise the A-76 process to make DoD's outsourcing competitions successful.** Office of Management and Budget Circular A-76 governs competitions between the public and private sectors for performance of commercial activities. The Pentagon planned to use the A-76 process as a key tool for achieving savings in its most recent reform effort, identifying more than 227,000 positions for study.

But the A-76 process is cumbersome and slow. Both business and government competitors view it as flawed and unfair. The military services have fallen far behind target goals in these competitions. Many were cancelled before they could be completed. Other cases won by private sector competitors were reversed by political pressure. It is clear that A-76 is not capable of achieving the kinds of reforms and savings the Pentagon seeks. The process must be reformed and more use of alternative approaches must be made. The Navy-Marine Corps Intranet service contract, which turned the entire information technology function over to a commercial contractor, and the Army's Logistics Modernization (LogMod) contract are noteworthy examples of successful alternatives to A-76 competition.

In addition to the initiative on revising the A-76 process, alternative approaches are addressed in a separate Tail-to-Tooth Commission initiative, "Complete Strategic Sourcing of All Defense Agencies."

Base Realignment and Closure

- **Initiative: Close unnecessary and obsolete military bases.** When the reduction in military forces began in earnest in the latter half of the 1980s, it became clear that much of the infrastructure required to support the Cold War force would no longer be needed. Moreover, maintaining excess bases and all the buildings, utilities and other facilities was draining funds badly needed for equipping, maintaining and paying the force that remained.

Closing a base of any sort is always a difficult proposition. Before 1988, the Secretary of Defense was authorized to close a base after giving proper notification to Congress. As a practical matter, however, the studies and reports required to accomplish these closures and the opposition of members of Congress to the closing of any base in their own district served to stymie most attempts.

Because Congress recognized the need to close bases and the political difficulties involved, it crafted a bipartisan process in 1988 that became known as the base realignment and closure (BRAC) process.

This legislation enabled the Pentagon to close 97 major bases in the United States through the end of 1998. But because of widespread belief that the 1995 round was politicized by the administration, Congress has not reauthorized the legislation, despite repeated requests by the Secretary of Defense and military leaders.

Closures to date will save, after one-time closing costs, \$25 billion through FY 2003 and \$5.6 billion a year thereafter. By some estimates, additional needed closures can save \$20 billion by 2015, and \$3 billion a year thereafter.

Private Sector Partnering

In outsourcing much of their non-core work over the last decade or so, America's businesses have learned that the companies with whom they contract must be viewed as partners, not merely as service providers. The Commissioners are convinced of the necessity of fostering equally productive public-private partnerships in the Defense Department if the Pentagon is to reap the full benefits of business reforms.

- **Initiative: Complete strategic sourcing of all defense agencies.** Strategic sourcing is the Pentagon's preferred method of reinventing a Defense agency or activity's organization and processes. With this approach an agency or activity can seek to make changes in its entire organization, not just those normally subject to A-76 competition.

Along with the military services and other activities, the Defense Agencies were given competitive sourcing goals as part of the Pentagon's most recent reform effort. Unlike the military services, most of the 21 Defense Agencies and activities have achieved very little in the way of reductions through either reengineering or competitive sourcing. Some defense activities have increased in size.

Because Defense Agencies and activities perform functions that are among the most commercial of government activities, the Commission believes they stand to profit most from adoption of modern business practices. Every Defense Agency and activity should be directed to complete a Strategic Sourcing study of its organization and report the results directly to the Secretary of Defense.

- **Initiative: Make the private sector the preferred provider of military family housing.** Early on the Commission determined that the private sector was a likely solution to the Pentagon's family housing predicament. In addition to a continuing shortage of military family housing, much of the existing housing inventory is in disrepair. Congress has recognized the Pentagon's inability to address an unfunded liability of over \$20 billion to repair or replace its family housing and authorized the military services to enter into partnership arrangements with private contractors to build, maintain, and operate housing projects

for military personnel. Because it is unlikely that Congress would ever be able to appropriate military construction funds large enough to solve this problem, this plan leveraged limited federal dollars to attract larger private sector investment.

After initial enthusiasm, some of these projects have stalled. Problems are typical of those that arise when the government moves into unfamiliar business activities. Having made the decision to “buy not make,” the Pentagon has been reluctant to take the next step and “be the broker not the landlord.” The program continues to gain, but not at a pace that will meet either its short or long-term goals. The Commission is convinced that the private sector holds the key to resolving this housing shortage and that plans to take advantage of the authorities extended by Congress must be accelerated.

- **Initiative: Make the private sector the preferred provider of long-haul defense communications.** The Panel on Commercialization in the U.S. Defense Establishment (often referred to as the Dawkins Panel) stated that one of the key underlying truths regarding long-haul communications is that “technology is so expensive, so complex and is changing so fast, that DoD has no option but to ‘ride’ the private sector ‘train’.” Computer processing speed is doubling about every 18 to 24 months, and the speed at which data can be transmitted – the bandwidth – is increasing as fast or faster. To survive, average high-tech companies have learned to quickly develop and adapt these new technologies, matching their acquisition cycle to this dynamic pace.

With an acquisition cycle still many years longer than this “technology cycle”, the Pentagon may be left to depend on inadequate and outdated communications capabilities as the private sector’s ability to quickly inject new technology and expand bandwidth leaves the Pentagon behind.

The BENS Tail-to-Tooth Commission agrees with the Dawkins Panel. The Defense Department must increase its reliance on commercial communications for the bulk of its long-haul communications capabilities. While there may be a need for some Defense-owned

and operated communications links, these should be limited to the most sensitive communications.

- **Initiative: Make the private sector the preferred provider of utilities on DoD bases.** The Defense Department spends more than \$2.2 billion per year on energy facilities at more than 750 sites, many saddled with aging infrastructure and outdated, inefficient systems. A Pentagon reform initiative sought to privatize all of the Defense Department utility systems — initially by the end of Fiscal Year 2000, later revised to Fiscal Year 2003.

The Services have already privatized more than 135 of their utilities systems. Legislative authority to continue this effort passed in the FY 2001 cycle, but pressure to end the program remains. The Commission supports rapid implementation of this initiative.

- **Initiative: Make the private sector the preferred provider of life-cycle support and supply chain management for DoD.** America's military turns on a huge supply chain that is costly and inefficient. The Pentagon spends nearly one-fourth of its annual budget — \$84 billion in FY 2001 — to operate its logistics system. Another \$91.8 billion is spent on acquisitions, including procurement and RDT&E. Further, the threats of the Cold War required huge prepositioned stocks of material and ammunition — the Defense Department's inventory is today valued at \$64 billion.

Based on growing private sector capabilities and proven modern management theories, this Defense Department acquisition and logistics architecture can — and should — be transformed. Adopting enterprise-wide management solutions, the Pentagon should move toward buying on the basis of total ownership costs — cradle to grave, in the vernacular. Gradually, the Pentagon should put life-cycle management in the hands of contractors (original equipment manufacturers and prime contractors). Let government program managers' focus on one contractor and provide incentives to improve reliability, performance and readiness.

The Commission believes that the focus on life-cycle support and

modern supply chain management improves strategic mobility, total asset visibility, and minimizes customer wait time. Improvements in all these areas are needed to create confidence among field commanders that they will receive the right product or service at a definite time and place, in the right condition and quantity — at the right cost.

Planning, Programming and Budgeting System Reform

The strategic and technological environment in which our military forces operate has changed enormously since the Defense Department's Planning, Programming and Budgeting System (PPBS) was instituted in the early 1960s. By most accounts, the processes generated by the PPBS system – through which the Pentagon raises major issues and makes resource allocation decisions – have become slow and ponderous. Although the system has generally served the Pentagon and the nation well, current and future decision-making demands processes that are better informed, swifter and more decisive.

These were exactly the conclusions of a study of the PPBS system that BENS and the Tail-to-Tooth Commission sponsored. The report, in two parts, can be read in its entirety on the BENS web site at www.bens.org. Part Two of the report focuses on recommendations for improving PPBS.

The report advocates reconfiguring the staffs of the Secretary of Defense and the Joint Chiefs of Staff to better synchronize and manage the budgeting and programming processes. It also recommends structural, procedural and technical changes to the PPBS process. Adopting a two-year budget and appropriations cycle and reducing and consolidating staffing are among the improvements that could be implemented relatively soon. Other measures include tightening management and sequencing of the budget process, redefining the desired outputs, investing more time in measures of performance and establishing a surrogate capital budget.

- **Initiative: Implement activity based costing and management throughout DoD.** The Pentagon's accounting systems were designed to reflect how money is appropriated from Congress. Consequently, they are not readily adaptable for use by managers in determining the

costs of performing any specific activity, particularly if that activity involves funds from multiple appropriation sources. Good management requires the ability to isolate specific costs. Moreover, recent legislation calls for all government agencies to produce auditable financial statements. The Pentagon's current system is inadequate on both scores. Activity based costing (ABC) is a well-known and accepted business method for accurately identifying costs. Its data gathering capabilities are also suited to provide information required by accountants to produce accurate financial statements.

While there have been several pilot programs implementing ABC in a few Defense Department activities, the Commission advocates its application throughout the Department.

- **Initiative: Adopt a biennial DoD budget process.** The Pentagon should move to a two-year budgeting process, even if the Congress does not follow suit, by eliminating some internal procedures that serve to consume staff effort and senior leadership attention with minimal benefit. In the absence of a clear strategic change, the Defense Department does not need to conduct an annual strategic planning process. Doing so produces only marginally updated guidance for the Services and major claimants of the budget. Abandoning this practice would be consistent with planning efforts seen elsewhere in both the private and public sectors. The clear trend in the private sector is to plan when planning is needed — a good model for the Pentagon.

The BENS Tail-to-Tooth Commission has chosen to focus on the biennial budgeting recommendation for immediate action because it has gained some measure of increased support in Congress.

Initiatives Already Undertaken

During its tenure, the Commission advocated a number of practices that were subsequently undertaken by the Pentagon. Because they have already been adopted or are now in the process of being implemented, they are not included in the 11 initiatives. They are nevertheless worthy of mention.

- **Defense Finance and Accounting Service.** Why should the Defense Department spend significantly more to issue paychecks than the average business? The Commission learned that the huge Defense Finance and Accounting Service (DFAS) was charging two to five times as much to pay military and civilian employees in the Defense Department as typical businesses spend on payroll functions.

At the urging of the Commission, DFAS agreed to conduct a competition between government employees and business on a portion of the work — retiree pay. But the initial work specifications were more than 2,000 pages long and incomprehensible to most potential bidders. The Commission persuaded DFAS to withdraw the flawed package and provided pro bono consultations on making the document more user-friendly. The final version, published in May 2000, was reduced by 90 percent and written so businesses would be apt to respond. DFAS has released a second RFP for competition on its civilian payroll functions.

The Commission is hopeful that the private sector will respond to the DFAS revised RFPs. BENS' President has been appointed to the DFAS Advisory Board.

- **Household Goods Moving Services.** “Three moves equal the damage from a house fire” is the sad equation that most military families learn to expect. Commission members learned that household goods shipping services provided to military families cost more, inflict greater damage, and are accompanied by a more onerous damage claim process than comparable services provided to private customers.

The Commission was successful in pushing for what was ultimately a very successful pilot program at Hunter Army Airfield, Georgia. It actively pushed for expansion of the test program into the Full Service Moving Project now being put in place by the Pentagon to cover the East Coast of the U.S. – and ultimately all moves by military members.

- **Temporary Duty Travel System.** As with the Pentagon’s payroll system, its system for handling travel was vastly more expensive than similar systems in large businesses. By one estimate, the Defense Department was spending more than \$2 billion per year of a \$7 billion travel budget just on administrative overhead. Reducing overhead costs to industry standards could potentially save the Pentagon \$800 million per year. The Commission advocated reengineering the system. After a long contracting process the first reengineered portion of the travel system will debut in 2001.
- **Defense Department Repair Depots.** The Defense Department maintains an extensive capability to repair and overhaul ships, aircraft, tanks and many other weapons and components. Much of this capacity has been greatly underutilized over the years and some has become outdated. Even so, legislation directs that 50 percent of repair work must be conducted in public depots and shipyards. Some depot activity is in repair of systems that are no longer supportable by the private sector. The Commission continues to support a Pentagon and Congressional review of how much of the depot workload should or must remain in public depots.

The Commission has also successfully advocated increased use of partnering agreements with the private sector. These arrangements are proliferating and have been very useful in decreasing excess capacity while bringing in new technologies. Many of the factors related to this area will be addressed in the initiative, “Make the Private Sector the Preferred Provider of Life-Cycle Support and Supply Chain Management for DoD.”

Death by Study

The surest way to avoid taking action or solving a problem in government is to launch a lengthy study, form a commission, or create a committee to look into a matter that has already been studied to death. It's not that these bodies don't do good work. It's just that nobody acts on the recommendations. The shelves of Washington offices are laden with thousands of these studies virtually untouched by human hands.

Most of the recommendations the BENS Tail-to-Tooth Commission has targeted for immediate action have been made before – more than once. The Defense Department does not need another lengthy study. It already has plenty of those. It can accomplish a great deal by embarking on the reforms identified by the BENS Tail-to-Tooth Commission and a dozen or so similar groups over the years.

As part of its work, the Commission reviewed a number of previous defense reform and defense management studies and compared findings and recommendations. The results, included in an accompanying chart, are remarkable for their similarity to the Commission's thinking.

As the BENS Tail-to-Tooth Commission has outlined in this Call to Action and in the accompanying Roadmaps for Change, there are concrete steps the Defense Department can take now to save billions of dollars. Dollars that could better be spent building the military we need. These actions have been tested by many of the best businesses in the United States and have contributed to their success. Many have been recommended several times over the last twenty years. We all know what needs to be done. Let's just do it.

Appendix

Defining the Tail-to-Tooth Ratio

1. Defense infrastructure—which we commonly refer to as “tail”—is broken down by DoD into 8 categories:
 - **Installation support:** activities that furnish funding, equipment and personnel to provide facilities from which forces operate, for example, family and bachelor housing
 - **Acquisition infrastructure:** program elements that support program management, program offices, and production support, including science and technology and test and evaluation facilities
 - **Central logistics:** programs that provide support to logistics organizations like supply and maintenance activities
 - **Central training:** program elements that provide resources for all training not done in the individual unit, such as aviation and flight training and the military academies
 - **Central medical:** consists of programs that furnish funding, equipment and personnel that provide medical care to active military personnel, dependents and retirees
 - **Central personnel:** consists of all programs that provide for the recruiting of new personnel and the management of dependent schools, youth, and family centers, etc.
 - **Command, control and communications:** consists of programs that manage these activities for the DoD, including, for example, the Global Positioning System
 - **Force management:** consists of all programs that provide funding, equipment and personnel for the operation of major military command headquarters activities
2. These eight categories account for approximately 60% of the defense budget, or about \$744 billion between 1997 and 2001. DoD does not include certain intelligence, space and other command and control programs in its tally even though they appear to fit the definition of infrastructure. These programs would add another \$30 billion per year to the infrastructure account, bringing the ratio to about 70:30.

3. About 50% of the infrastructure is in two categories: central logistics and installation support. Following is the breakdown, by percentage:
 - Installation support: 16%
 - Acquisition infrastructure: 7%
 - Central logistics: 32%
 - Central training: 14%
 - Central medical: 11%
 - Central personnel: 7%
 - Command, control and communications: 4%
 - Force management: 9%

4. About 90% of DoD's infrastructure costs are funded out of three Congressional appropriations—operations and maintenance (50%), military personnel (about 30%), and research, development, test & evaluation (about 10%). Those accounts, especially O&M and personnel, are growing by about 3% per year. Consequently, unless these accounts can be reined in through defense reform—or more money is added to the top line—the Tail-to-Tooth ratio is likely to get worse.



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