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

FEB 17 2017

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE

SUBJECT: Establishment of Cross-Functional Teams to Address Improved Mission Effectiveness and Efficiencies in the DoD

It is my expressed intent to field a larger, more capable, and more lethal Joint force. It is incumbent on each of us to accomplish this task in the most cost-effective, efficient manner possible. If we are to ask the American taxpayers to provide more resources to our Nation's defense, we must do the same—by making our business operations more efficient and freeing up funds for higher priority programs. In this regard, I support and am guided by the provisions and intent of Title IX of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017 (Public Law 114-328), which task the Department to conduct a thorough review of how we conduct our business operations with an eye toward becoming more effective and efficient.

Accordingly, I would like you to lead an effort to identify a series of key areas for review with an explicit goal of identifying business services and tasks that no longer merit individual military department approaches. I recognize the military services have unique competencies in specific operating domains that ensure the delivery of essential mission capabilities in combat that when combined into a Joint package, present potential adversaries with insurmountable challenges. However, we have sometimes allowed our focus on service uniqueness to extend into business operations, leading to duplication of effort and costs we can no longer afford. To achieve greater Departmental efficiency and savings, we must now pursue cross-enterprise consolidation of business activities.

I find the work done by you, the Deputy Chief Management Officer (DCMO) and Chief Information Officer (CIO) staffs in 2014-2015 to be a good place to start. You highlighted potential savings to be had by consolidating work in several discrete lines of business. In keeping with the framework used by the Defense Business Board for its study on "Transforming DoD's Core Business Processes for Revolutionary Change," I direct you to further this work by exploring efficiencies across the following core business functions: human resource management; financial management (to include improvements in cost accounting); real property management; acquisition and contract management; logistics and supply chain management; health care management; base services (including retail operations, base lodging, and Morale, Welfare, and Recreation (MWR) services); and cyber and information technology management. I would like you to establish accountable, cross-functional teams to address these lines of business, and any others you deem worthy of review. As the teams consider horizontal consolidations, they should keep a clear sight picture on maintaining or improving overall mission performance outcomes.

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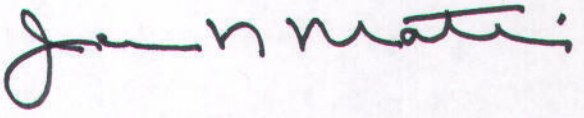
These reviews should be conducted in coordination with the heads of the relevant Office of the Secretary of Defense and DoD components. Please advise me of any other areas and tasks you will undertake by the end of February and be prepared to bring decisions forward for consideration in the FY 2019 program cycle.



cc:
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