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CHAPTER 3

OFFICE OF THE SECRETARY OF DEFENSE

A. EVOLUTION OF THE OFFICE OF THE SECRETARY OF DEFENSE

1. Introduction

The first proposal to establish a single executive department for the U.S. military establishment was published in March 1921. This proposal was among an extensive series of recommendations for Federal administrative reorganization written by Frank Willoughby of the Institute for Government Research (now the Brookings Institution). Willoughby wanted to place the two existing military departments—Department of War and Department of the Navy—and a supply department in a single executive agency, to be entitled the Department of National Defense.

Willoughby's proposal received wide attention and became the basis for unification proposals considered by the Congress from 1921 until 1926. Both the War and Navy Departments opposed these unification proposals and continued to argue against unification throughout the 20-year period leading up to World War II.

Between 1921 and 1945, Congress looked at some 50 bills to reorganize the armed forces. In his book on the early history of the Office of the Secretary of Defense, entitled *The Formative Years 1947-1950*, Steven L. Rearden discusses these legislative proposals:

... Proponents of these measures included advocates of "scientific management" and governmental reform, legislators who sympathized with the movement for increased autonomy of military aviation, and economy-minded congressmen in search of cures for the Great Depression. (page 17)

Given the opposition of the War and Navy Departments, only one of these bills reached the floor of the House of Representatives, where it was defeated in 1932 by a vote of 153 to 135. In general, prior to World War II, the idea of unification of U.S. armed forces rarely received serious consideration.

During World War II, however, it became increasingly evident that the nature of warfare was undergoing radical change. World War II demonstrated that modern warfare required combined operations by land, sea, and air forces. This, in turn, required not only a unity of operational command of these forces, but also a coordinated process for achieving the most effective force mixture and structure. As President Eisenhower was to express it in his Message to Congress on April 3, 1958, "separate ground, sea, and air warfare is gone forever".

The single direction of U.S. military components during World War II became a prerequisite to the success of the U.S. effort and a necessity for the harmonious cooperation of U.S. and allied, especially British, military command structures. This experience virtually ruled out a return to the pre-war separation of the Services, but by no means did it suppress the divergent pressures that derived from traditional attitudes within the Services and from institutional balances between the Executive Branch and the Congress.

Following World War II, the Army became an advocate of close unification. The Army's position was greatly influenced by pre-war organizational arrangements in the War Department and by the experiences of attempting to provide unified direction for the war effort.

The Army's position was strongly supported by President Truman. Based upon his experiences in the Senate and his war-time responsibilities, President Truman concluded that the "antiquated defense setup" was in need of a drastic overhaul. He had suggested that the only effective solution was "a single authority over everything that pertains to American safety." (*The Formative Years*, page 20).

In working for this objective, the Army was assisted by proponents of air power, motivated by a strong desire for co-equal status for air forces with land and sea forces. The Navy —fearing for the future of its naval air power and the Marine Corps —wanted at the time no part of unification, particularly of unified command in Washington.

In his Message to the Congress on December 19, 1945 concerning the need for greater military unification, President Truman stated:

With the coming of peace, it is clear that we must not only continue, but strengthen, our present facilities for integrated planning. We cannot have the sea, land, and air members of our defense team working at what may turn out to be cross purposes, planning their programs on different assumptions as to the nature of the military establishment we need, and engaging in an open competition for funds.

The experiences of World War II were the major impetus for changing the organizational structure of the U.S. military establishment. The history of the U.S. military establishment since World War II and of the Office of the Secretary of Defense within it is clearly told in a series of evolutionary organizational changes, commencing with the National Security Act of 1947.

2. The National Security Act of 1947

The National Security Act of 1947 reflected a compromise of diverse currents and pressures. The Congress acknowledged the need for military "unification"; this action was tempered, however, by the reluctance of the Congress to bestow on the President any additional powers that might weaken the congressional role in civilian control of the military.

The Act, in addition to creating a National Security Council for better coordination of foreign and military policy and a Central Intelligence Agency for coordination of intelligence, created the posi-

tion of Secretary of Defense to provide the President a principal staff assistant "in all matters relating to the national security."

The characteristics of compromise were most significantly reflected in the powers granted to the Secretary of Defense. Rather than presiding over one single Department of the Executive Branch, as recommended by President Truman, he was to preside over the National Military Establishment, which consisted of three Executive Departments —Army, Navy, and Air Force —each headed by a Cabinet-level Secretary.

The Secretaries of each of the Military Departments retained all their powers and duties, subject only to the authority of the Secretary of Defense to establish "general" policies and programs, to exercise "general" direction, authority and control, to eliminate unnecessary duplication in the logistics field, and to supervise and coordinate the budget.

The Office of the Secretary of Defense (OSD) came into being as a result of the National Security Act of 1947. As the offices of Cabinet secretaries were not generally established by law, OSD did not have a statutory basis, but emerged "as an extension of the secretary and developed gradually as Forrestal [the first Secretary of Defense] and his successors enlarged their authority over the vast defense organization." (*The Formative years*, page 57)

In the National Security Act of 1947, the Secretary of Defense was given three Special Assistants. He could also hire as many professionals and clerical aides as he required and could request the Services to detail military officers as assistants and personal aides to him. The number of employees in OSD rose to 173 by the end of January 1948 and to 347 by the beginning of 1949.

The Act, in an effort to prevent a repetition of the haphazard economic mobilization of World War II, created a Munitions Board and a Research and Development Board, but made the representatives of the Military Departments on each board co-equal with the Chairman of the Board.

The resulting organization was aptly characterized some years later by President Eisenhower as "little more than a weak confederation of sovereign military units."

Each subsequent step in the evolution of the U.S. military establishment was to be characterized by debate centered upon the powers required by the Secretary of Defense to assure properly unified armed forces and their efficient management.

3. The 1949 Amendment to the National Security Act

In 1949, armed with the findings of the Hoover Commission's Task Force on National Security Organization, the public plea of Secretary of Defense Forrestal in his 1948 Annual Report, and the Eberstadt Task Force report, all of which documented the weaknesses of the 1947 Act and recommended greater powers for the Secretary of Defense, President Truman renewed his insistence for more effective unification of the military establishment.

The resulting changes in military organization once again reflected a compromise of the existing pressures and influences, but on balance, represented a major step in the direction of unification. The Department of Defense became an Executive Department, with the Secretary of Defense responsible for general direction. The

three Special Assistants to the Secretary of Defense were converted to Assistant Secretaries. The Executive Departments of the Army, Navy, and Air Force were reduced to Military Departments —with the proviso, however, that they should be separately administered. The President's request for a transfer to the Secretary of Defense of the statutory functions of the Joint Chiefs of Staff, the Munitions Board, and the Research and Development Board was denied. The Secretary of Defense was specifically prohibited from transferring assigned combatant functions among the Military Departments and was limited in the transfer of noncombatant functions by a requirement for pre-notification of Congress.

Subsequent to his submission of the request for the statutory changes in the National Security Act of 1947, but before the Congress enacted the 1949 amendments to the National Security Act, the President submitted to the Congress Reorganization Plan No. 4, by which the National Security Council and the National Security Resources Board were transferred to the Executive Office of the President. By selecting only these two boards for transfer to the Executive Office of the President, the Reorganization Plan and the language of the President's message of transmittal, by omission, supported the implication that the Munitions Board, the Research and Development Board, and the Joint Chiefs of Staff were parts of the Department of Defense, and as such, subject to the "general direction" of the Secretary of Defense. The statutes were uniformly silent as to the organizational location of all five entities.

4. The 1953 Reorganization Plan

President Eisenhower, shortly after his election, appointed the Rockefeller Committee to examine defense organization. Further changes in defense organization came in 1953, based upon the recommendations of this Committee, in the form of Reorganization Plan No. 6 submitted to the Congress by President Eisenhower. Under the provisions of that plan, which became effective on June 30, 1953, the Munitions Board, the Research and Development Board, the Defense Supply Management Agency and the Director of Installations were all abolished and their functions transferred to the Secretary of Defense. Six additional Assistant Secretary positions, supplementing the three in existence, and a General Counsel of equivalent rank, were established to provide more adequate assistance to the Secretary of Defense.

5. The 1958 Amendment to the National Security Act

Faced by continuing inter-Service rivalry and competition over the development and control of strategic weapons, and under the impetus of the successful launching of the Sputnik satellite by the Soviet Union in October 1957, President Eisenhower in 1958 requested, and the Congress enacted, substantial changes in the military organization. The basic authority of the Secretary of Defense was redefined as "direction, authority and control," which was as strong as the Congress knew how to write it. In addition, the Secretary of Defense was given substantial power to reorganize the Department of Defense, specifically in the logistics area. The authority of the Secretary of Defense over research and development programs of the Department was also strengthened, and the Secretary

was provided with a Director of Defense Research and Engineering. In addition, the 1949 requirement that the Military Departments be "separately administered" was relaxed to "separately organized."

6. Developments Since 1958

No major statutory changes have occurred since 1958. The changes in defense organization since 1958 have flowed primarily from the reorganizational powers granted to the Secretary of Defense in the 1958 Amendments to the National Security Act. The most significant changes resulted from the creation of Defense Agencies and, more recently, DoD Field Activities. Significantly, each new Agency and Field Activity represented a consolidation of a functional diffusion among the Services. There were numerous changes in the establishment and disestablishment of certain assistant secretaries and other senior OSD positions. These changes reflected the management needs of various Secretaries of Defense, shifts over time in functional areas that required more or less attention, and efforts to provide for improved integration of the overall defense effort.

B. KEY ORGANIZATIONAL TRENDS

1. Personnel End Strengths of OSD and Subordinate Components

a. Office of the Secretary of Defense

During the period of 1947-1950, the Office of the Secretary of Defense experienced rapid growth in the number of assigned civilian and military personnel. By 1950, the authorized strength of OSD was 2,004 civilian and military personnel. While the personnel strength of OSD fluctuated considerably in the following 33 years, by the end of 1983 the OSD staff was slightly smaller than in 1950 with 1,896 civilian and military personnel assigned.

While changes in the staff size were influenced by the addition or elimination of certain functions and by personnel reduction efforts, the most important influence was staff increases during the Vietnam conflict. The peak of this Vietnam buildup occurred in 1968 when 3,213 personnel were assigned to OSD. The history of these fluctuations and the major causes are shown in Table 3-1.

TABLE 3-1.—HISTORY OF PERSONNEL FLUCTUATIONS IN THE OFFICE OF THE SECRETARY OF DEFENSE

End of year	Authorized strength (civilian and military)	Notes
1947.....	¹ 173	National Military Establishment and OSD created.
1948.....	856	Staffs of the Munitions Board and Research and Development Board included in figures.

TABLE 3-1.—HISTORY OF PERSONNEL FLUCTUATIONS IN THE OFFICE OF THE SECRETARY OF DEFENSE—Continued

End of year	Authorized strength (civilian and military)	Notes
1949.....	1,551	Deputy Secretary and three assistant Secretaries authorized. Added Personnel Policy Board, Military Liaison Committee to Atomic Energy Commission, and the Weapons System Evaluation Group.
1950.....	2,004	Structure of organization changed to accommodate the Deputy Secretary and three assistant secretaries. Added Consolidated Office of Public Information (a department-wide activity), U.S. Mission to NATO, and the Mutual Defense Assistance Program.
1953.....	2,200	Reorganization Plan #6 implemented. A General Counsel and six additional assistant secretaries authorized (Health and Medical, Research and Development, Applications Engineering, Supply and Logistics, Properties and Installations, International Security Affairs).
1958.....	1,669	DoD Reorganization Act implemented. Personnel reductions made. Director of Defense Research and Engineering established. Two R&D assistant secretaries eliminated.
1961.....	1,751	Assistant Secretary (Civil Defense) established. Planning, Programming, and Budgeting System (PPBS) initiated. Other internal reorganizations made with no basic change in functions.
1964.....	2,217	Civil Defense function transferred to Army.
1965.....	2,407	Systems Analysis function expanded and given assistant secretary rank. Vietnam buildup begun.
1968.....	3,213	Peak Vietnam buildup reached providing increased management of supply, transportation, training, purchasing, auditing, research and development, and policy coordination.
1970-1971.....	2,621	New organizations created to exercise staff supervision over Intelligence and Telecommunications. Size of OSD reduced by Deputy Secretary Packard due to Vietnam drawdown.
1972.....	2,403	Second Deputy Secretary (primarily focused on Intelligence) established. Further reductions directed by Deputy Secretary Packard. Defense Security Assistance Agency established as a Defense Agency with 71 Military Assistance Program (MAP) funded OSD spaces. Defense Advanced Research Projects Agency established as a Defense Agency (reducing OSD by 184 spaces). Intelligence, Telecommunications, and Test and Evaluation functions expanded.
1976.....	2,184	Defense Audit Service (DAS) established and 110 spaces transferred from OASD (Comptroller) to DAS. Inspector General for Intelligence established.

TABLE 3-1.—HISTORY OF PERSONNEL FLUCTUATIONS IN THE OFFICE OF THE SECRETARY OF DEFENSE—Continued

End of year	Author- ized strength (civilian and military)	Notes
1977.....	1,583	Personnel reductions directed by Secretary Brown. Transferred operating functions with 261 spaces to establish Washington Headquarters Services (administrative services, computer support, statistical reporting); 76 other spaces transferred to Military Departments and Defense Agencies (small groups of spaces and functions from throughout OSD). Eliminated a net of 209 other spaces while establishing an Under Secretary of Defense (Policy), a Deputy Under Secretary (Policy Review), and providing increased emphasis on NATO. Second Deputy Secretary of Defense eliminated.
1981.....	1,667	Assistant Secretary (International Security Policy) established. Defense Legal Services Agency established, transferring 51 spaces from the OSD General Counsel. Assistant to the Secretary (Review and Oversight)—ATSD (R&O)—established.
1982.....	1,773	DoD Inspector General established. ATSD (R&O) subsumed by the DoD Inspector General.
1983.....	1,896	Emphasis placed on intelligence; command, control, and communications; NATO standardization; acquisition management; and technology transfer.

¹ January 1948.

b. Defense Agencies

There has been, however, substantial personnel growth in the last two decades in subordinate organizations which report directly to OSD: Defense Agencies and DoD Field Activities. The growth in these agencies and activities resulted from the McCormack-Curtis Amendment to the Reorganization Act of 1958. This amendment authorized the Secretary of Defense, whenever he determined that it would be advantageous in terms of effectiveness, economy, or efficiency, to provide for the performance of any common supply or service by a single agency or such other organization as he deemed appropriate. This amendment allowed the Department of Defense some organizational flexibility and facilitated the integration of common functions.

Two Defense Agencies antedate the McCormack-Curtis Amendment. In November 1952, the National Security Agency was established by Presidential directive and placed under the Secretary of Defense. The Advanced Research Projects Agency was established under the Secretary in February 1958, but it did not formally gain status as a Defense Agency until 1972. The first Defense Agency to be formed following the 1958 Reorganization Act was the Defense Atomic Support Agency in May 1959 (which in 1972 became the Defense Nuclear Agency). None of these initial agencies involved functions in which the Services had any great proprietary interest.

But Service functions and interests were involved in the establishment of several of the Defense Agencies that followed; notable in this category were the agencies to consolidate and integrate communications, supply, and intelligence.

Currently, there are 15 Defense Agencies including the DoD Inspector General and the Uniformed Services University of the Health Sciences. (While the Court of Military Appeals has often been included in the Defense Agency category, it is excluded from this discussion because OSD has only administrative responsibilities for this organization.) The Defense Agencies are listed below in the order that they or their predecessor organization (date in parentheses) came into existence, with the date showing when they gained official Defense Agency status:

DEFENSE AGENCIES

National Security Agency.....	1952
Defense Advanced Research Projects Agency (1958).....	1972
Defense Nuclear Agency (1959) ^a	1972
Defense Communications Agency.....	1960
Defense Intelligence Agency.....	1961
Defense Logistics Agency (1961) ^b	1977
Defense Contract Audit Agency.....	1965
Defense Security Assistance Agency.....	1971
Defense Mapping Agency.....	1972
Defense Investigative Service.....	1972
Uniformed Services University of the Health Sciences.....	1972
Defense Audiovisual Agency.....	1979
Defense Legal Services Agency.....	1981
DoD Inspector General.....	1983
Strategic Defense Initiative Organization.....	1984

^a Formerly Defense Atomic Support Agency

^b Formerly Defense Supply Agency

The growth in the number of Defense Agencies and an expansion of their responsibilities were accompanied by substantial growth in assigned manpower. Between 1960 and 1983, the civilian and military personnel strengths of the Defense Agencies grew from 8,669 to 74,565. (Due to classification, personnel strengths for the National Security Agency have been excluded from these totals.) While this latter number includes both civilian and military personnel, the vast majority —92.3 percent —are civilians.

c. DoD Field Activities

DoD Field Activities also perform selected support and service functions, but of a more limited scope than Defense Agencies. The creation of DoD Field Activities is a more recent initiative with the first activity established in 1974. There are currently eight DoD Field Activities, established in the following years.

DOD FIELD ACTIVITIES

Department of Defense Dependents Schools.....	1974
Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS).....	1974
American Forces Information Service (AFIS).....	1977
Washington Headquarters Services (WHS).....	1977
Office of Economic Adjustment.....	1978
Defense Medical Systems Support Center.....	1985
Defense Technology Security Administration.....	1985
Defense Information Services Activity.....	1985

Between 1975 and 1983, military and civilian manpower assigned to these activities increased from 417 to 11,366 personnel.

d. Summary

Table 3-2 provides a detailed track of the personnel strengths of OSD and subordinate components between 1960 and 1983 in 5-year increments. These personnel strengths are summarized in the following table.

PERSONNEL STRENGTHS OF OSD AND SUBORDINATE ORGANIZATIONS

	1960	1965	1970	1975	1980	1983
OSD.....	1,748	2,407	2,732	2,255	1,605	1,896
Defense agencies.....	8,669	47,513	73,017	77,492	69,490	74,565
Field activities.....	0	504	231	417	9,699	11,366
Total.....	10,417	50,424	75,980	80,164	80,794	87,827

2. Number of OSD Political Appointees

The following table shows the number of senior appointments in OSD and the percentage of those appointments that are political (non-career). This table shows:

- some growth in senior executive positions and absolute numbers of political (non-career) appointments; and
- political appointments have continued over the last 10 years to represent between 20-25 percent of total senior executive positions.

SENIOR POLITICAL (NON-CAREER) APPOINTMENTS IN OSD*

	Total appointments	Non-career appointments	
		Number	Percentage
1970	222	28	12.6
1975	199	42	21.1
1978	221	52	24.4
1980	237	52	21.9
1983	289 (239)**	69 (44)**	23.9 (18.4)**

* Includes Presidential appointees and Senior Executive Service (SES) and GS-16-18's prior to SES. Defense agencies and OSD field activities are excluded. Figures provided by the Office of Personnel Management.

** Figures in parentheses were provided by the Office of the Secretary of Defense.

3. Hierarchical Structure of OSD

As of April 1959, the Secretary and Deputy Secretary of Defense had 14 officials in OSD and OSD subordinate organizations reporting directly to them: seven assistant secretaries, the Director of Defense Research and Engineering, the General Counsel, three assistants to the secretary, and the Directors of the National Security Agency and of the Advanced Research Projects Agency.

As additional staff support was provided to the Secretary of Defense and as Defense Agencies were created, the number of officials reporting to the Secretary and Deputy Secretary of Defense continued to increase. By 1977, when Dr. Harold Brown assumed the position of Secretary of Defense, 34 officials reported directly to him and his Deputy.

Secretary Brown instituted a number of organizational changes and staff reductions to reduce the excessive number of individuals and functions reporting to him and to streamline his own and subordinate staffs. These changes reduced the size of the OSD staff from 2,065 to 1,519 personnel. Secretary Brown's major changes included the following:

- elimination of two Assistant Secretaries of Defense;
- elimination of one of the two Deputy Secretary of Defense positions;
- creation of two new Under Secretary of Defense positions, one for Policy and the other for Research and Engineering;
- transfer to the Under Secretary for Research and Engineering of the major weapon systems acquisition responsibilities previously carried out by the Assistant Secretary (Installations and Logistics);
- consolidation of the position of Assistant Secretary of Defense (Intelligence) and Director, Telecommunications, Command

- and Control Systems under a new Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);
- consolidation of manpower, reserve affairs, installations and logistics responsibilities in a new Assistant Secretary (Manpower, Reserve Affairs and Logistics) in lieu of the prior breakout under two Assistant Secretaries, one for manpower and reserve affairs and the other for installations and logistics;
 - establishment of a NATO affairs advisor reporting to the Secretary; and
 - assigning supervisory responsibility of Defense Agencies to OSD officials, rather than the Secretary, as a further means of reducing the number of individuals and offices reporting directly to the Secretary.

Currently, the Secretary and Deputy Secretary of Defense have 24 OSD and Defense Agency officials reporting to them (excluding their immediate assistants and the Executive Secretariat):

- two under secretaries
- ten assistant secretaries
- the General Counsel
- Director, Program Analysis and Evaluation
- Director, Net Assessment
- Director, Operational Test and Evaluation
- Director, Small and Disadvantaged Business Utilization
- Defense Advisor, U.S. Mission to NATO
- Assistant to the Secretary (Intelligence Oversight)
- DoD Inspector General
- Director, Defense Intelligence Agency
- Director, National Security Agency
- President, Uniformed Services University of the Health Sciences Director, Strategic Defense Initiative Organization

4. Functional Organization of OSD

a. Emergence of Functional Areas in OSD

When James Forrestal took office as the first Secretary of Defense in September 1947, "he had no office, no staff, no organization chart, no manual of procedures, no funds, and no detailed plans" in the words of the 1948 Eberstadt Task Force. Forrestal formed an *ad hoc* committee to survey his staff requirements and make recommendations on the organization of his office. This committee felt that a small staff would be sufficient and recommended that Forrestal divide the activities of his office into functional areas: legal and legislative matters, budgetary and fiscal affairs, and public relations. The three special assistants authorized by the National Security Act were to serve as the principal coordinators in these three functional areas.

Throughout this study, the terms "functions" and "functional organization" are frequently used. Given the central role of these

terms and the concepts that they represent in subsequent portions of this study, they need to be fully understood. In traditional management terminology, the term "functions" means the primary activities that an organization is to perform. In the business world, these primary activities include manufacturing, marketing, distribution, engineering, research and development, finance, and employee relations. DoD performs many of these activities, but has other major activities. Functions of DoD include research and development, manpower, policy formulation, installations, logistics, and finance (comptroller). The three primary bases for structuring organizations are by (1) functions, (2) products, and (3) geography. "Functional organization" means the use of functions to divide the organization into major units.

Forrestal received different recommendations on the organization on his office from Donald C. Stone of the Bureau of the Budget. Stone stressed the Secretary's need for a staff composed heavily of specialists to analyze substantive issues and interpret programs and plans. Regarding the special assistants, Stone argued that "the most effective use of these assistants will be for work which cuts across organizational lines." He added, "the broad objective should be to establish an arrangement under which the special assistants can render the maximum assistance to the Secretary of Defense and have to that end the maximum breadth of point of view and experience in day-to-day operations." (*The Formative Years*, page 59)

Forrestal was apparently sympathetic to Stone's views and incorporated many of his thoughts into the job descriptions of his special assistants. However, the organization of the Office of the Secretary of Defense along functional lines was the predominant theme. This organizational theme has continued throughout the history of OSD. As OSD has grown in size and as new responsibilities have been added, the office has been organized strictly along functional lines.

OSD currently provides staff assistance to the Secretary of Defense in 20 functional areas. Twelve of these were established by 1953 with others added as additional functional support for the Secretary became evident. Two other functional activities—special operations and civil defense—were briefly performed by OSD offices during the late 1950's and early 1960's respectively. The following table shows when the current 20 functional areas became part of the responsibilities of OSD; functional areas were viewed as becoming part of OSD responsibilities when a distinct organizational entity was created to handle that function.

1947-1949

1. comptroller
2. legal
3. legislative affairs
4. administrative
5. public affairs

1953

6. international security affairs
7. research and engineering
8. supply and logistics
9. properties and installations
10. manpower and personnel
11. reserve affairs
12. health and medical

1958

13. atomic energy

1965

14. program analysis

1971

15. intelligence
16. telecommunications
17. net assessments

1977

18. policy

1978

19. intelligence oversight

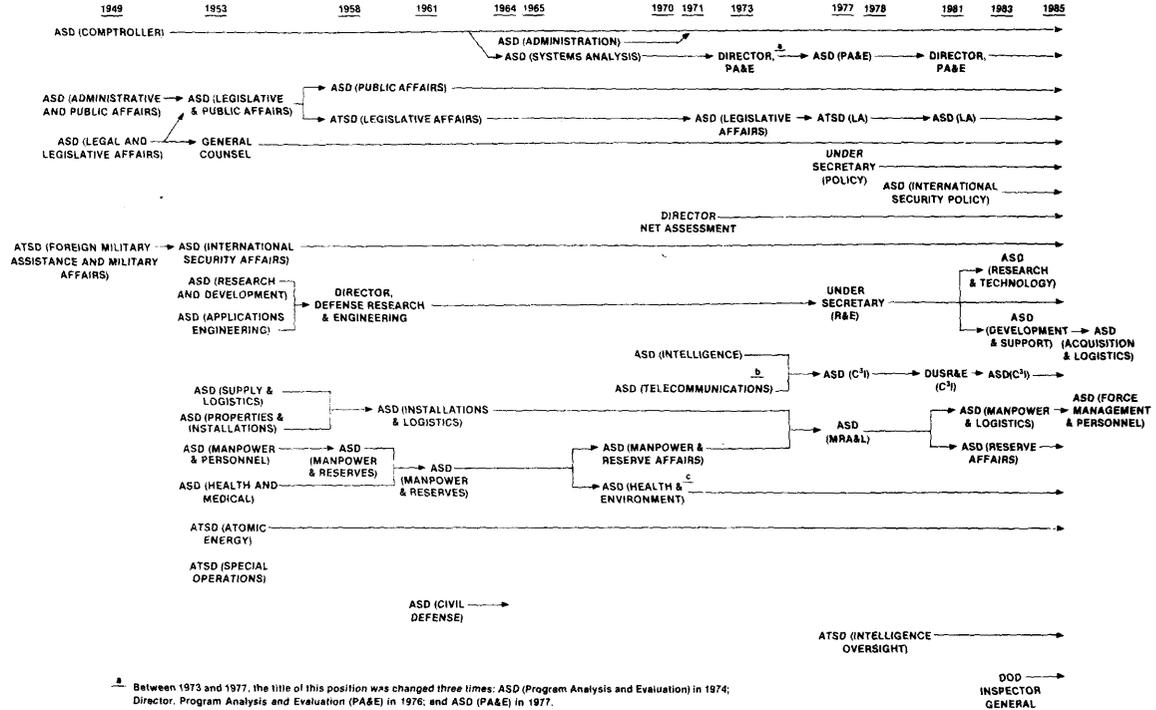
1982

20. inspector general

Between 1953 and 1983, there have been numerous changes in the grouping and separating of these staff functions as well as the title of the senior official for various offices. The reasons for these changes included the management style and needs of the Secretary of Defense, the skills of senior officials to which these various responsibilities were to be assigned, and the substantive or political importance attached to certain areas. Figure 3-1 presents the history of these changes. As Figure 3-1 shows, the greatest changes have occurred with respect to five functional areas: supply and logistics, properties and installations, manpower and personnel, reserve affairs, and health and medical.

FIGURE 3-1

Changes in the Organization of the Office of the Secretary of Defense



^a Between 1973 and 1977, the title of this position was changed three times: ASD (Program Analysis and Evaluation) in 1974; Director, Program Analysis and Evaluation (PA&E) in 1976; and ASD (PA&E) in 1977.

^b In 1973, this position was retitled Director, Telecommunications and Command and Control Systems.

^c This position was later retitled ASD (Health Affairs).

The following observations can be drawn from the emergence of various functional areas in OSD:

1. the initial functional areas (1947-1949) enabled the Secretary to administer his office, to interact with the external domestic environment, and to exercise some financial control.

2. the functional areas added in 1953 primarily added functional resource areas, but also provided staff support for interacting with the international environment.

3. additions since 1953 have added three, more specialized, functional resource areas (atomic energy, intelligence, and telecommunications); however, most of the additions have been to strengthen the Secretary's policy, program review, and oversight responsibilities.

b. Shifts in OSD Functional Emphasis

Shifts in functional emphasis in OSD over time are difficult to evaluate. The history of personnel strengths of various functional offices would be a strong indicator of such shifts. However, the conversion of certain activities from OSD offices, such as the Defense Advanced Research Projects Agency and various administrative offices, to Defense Agencies and DoD Field Activities makes such analyses difficult.

Table 3-3 provides a history of OSD personnel assigned to six broad functional categories. (It should be noted that there are some inconsistencies between the OSD personnel totals in Table 3-3 and Table 3-2). This table shows that:

- o OSD has placed increased emphasis on financial control and program review, international security affairs and policy, and research and engineering in that order of degree; and
- o OSD has placed less emphasis on manpower, installations, and logistics and considerably less emphasis on administrative, legal, and public affairs functions.

TABLE 3-3
OSD Personnel Strengths by Major Functional Areas

Percentage	1960		1965		1970		1975		1980		1984 (estimate)	
	Number	Percentage	Number	Percentage								
Immediate Offices of the Secretary and Deputy Secretary	14	0.8	13	0.5	14	0.5	15	0.7	16	1.0	14	0.8
Defense Research and Engineering ^{a/}	330	18.9	527	21.9	530	20.0	628	29.1	343	22.1	455	24.6
Controller and Program Analysis ^{b/}	174	9.8	345	14.3	524	19.7	199	9.2	290	18.6	354	19.1
Manpower, Installations, and Logistics ^{c/}	409	23.4	483	20.1	554	20.9	477	22.1	327	21.0	367	19.8
Administration, Public Affairs, and Legal ^{d/}	510	29.2	749	31.1	676	25.5	556	25.8	256	15.2	220	11.9
International Security Affairs and Policy ^{e/}	308	17.7	290	12.0	357	13.4	280	13.0	343	22.1	441	23.8
	1,745		2,407		2,655		2,157		1,555		1,851	

^{a/} Includes offices with the following functions: research and engineering (including Advanced Research Projects Agency and Weapons Systems Evaluation Group), atomic energy, intelligence, telecommunications, command, and control, small business, and operational test and evaluation.

^{b/} Includes controller and systems analysis/program analysis and evaluation.

^{c/} Includes installations and logistics, manpower, health and environment/health affairs, and Reserve affairs.

^{d/} Includes administration, general counsel, legislative affairs, public affairs, special staff assistants, special programs, administrative support group, miscellaneous activities, intelligence oversight, and executive secretariat.

^{e/} Includes international security affairs, U.S. Mission to NATO, policy, and net assessment.

5. Summary of Key Organizational Trends

For some of the areas presented in this section, the trends are clear and obvious. In others, the data are not precise, or there were changes which make useful analyses difficult. Accordingly, it is appropriate to summarize what can be concluded with some degree of confidence about organizational trends in OSD.

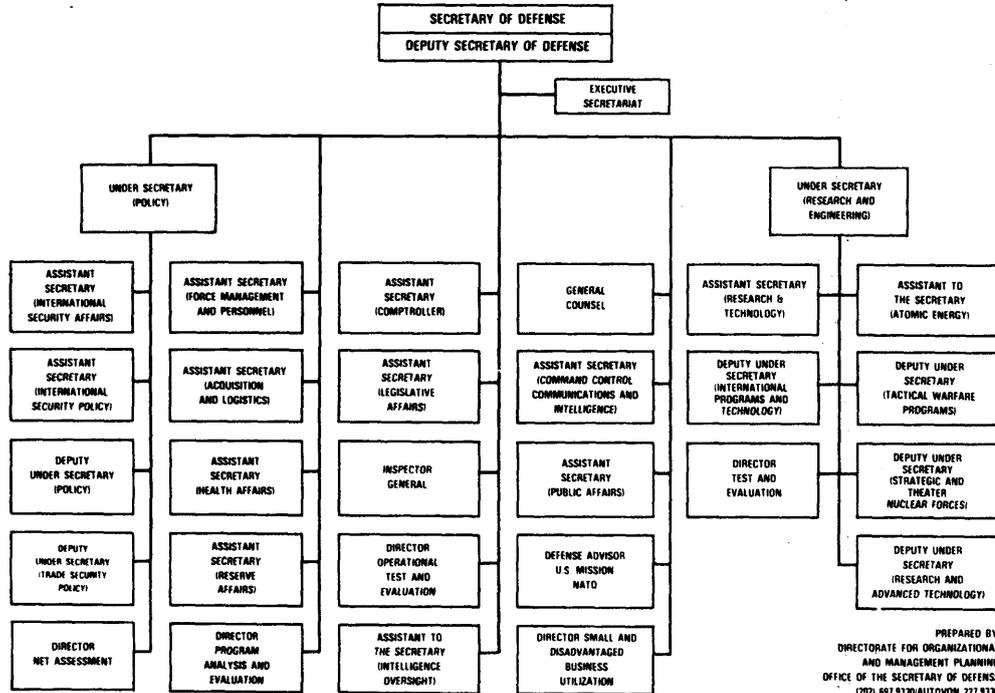
- While the personnel strength of OSD has fluctuated considerably since 1950, the OSD staff was slightly smaller in 1983 than in 1950.
- Certain activities once performed by OSD are now accomplished in organizations subordinate to OSD: the Defense Agencies and DoD Field Activities.
- The most significant organization trend is the creation of 15 Defense Agencies and 8 DoD Field Activities which now have combined personnel strengths of about 86,000.
- The Defense Agencies and DoD Field Activities represent a major effort to integrate common supply and service functions within the Department of Defense.
- Since 1970, there has been little change in the relative number of political appointees in OSD.
- Since as early as 1959, the hierarchical structure of OSD has been such that many officials report directly to the Secretary and Deputy Secretary of Defense.
- This has resulted in persistent span of control problems for the Secretary and Deputy Secretary of Defense.
- Since its creation, OSD has been organized exclusively on a functional basis.
- The number of functional areas addressed by the OSD staff has steadily increased to a total of 20.
- Beginning in 1965, certain functions have been assumed by the OSD staff which seek to strengthen the Secretary of Defense's policy, program review, and oversight responsibilities.
- In particular, the emergence of the program analysis (1965), net assessments (1971), and policy (1977) functions demonstrates a trend toward staff capabilities that had a broader perspective than the narrow, functional, specialist orientation that had previously been the exclusive focus within OSD.

C. CURRENT ORGANIZATION OF OSD AND SUBORDINATE OFFICES

1. Office of the Secretary of Defense

The Office of the Secretary of Defense (OSD) is the principal staff element of the Secretary in the exercise of policy development, planning resource management, fiscal, and program evaluation responsibilities. OSD includes the immediate offices of the Secretary and Deputy Secretary of Defense, Under Secretary of Defense for Policy, Under Secretary of Defense for Research and Engineering, Assistant Secretaries of Defense, General Counsel, Assistants to the Secretary of Defense, and such other staff offices as the Secretary establishes to assist in carrying out his responsibilities.

OFFICE OF THE SECRETARY OF DEFENSE



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Chart 3-1 presents the current organization and primary offices of OSD. The responsibilities of these offices are briefly described below.

a. *The Under Secretary of Defense for Policy* is the principal staff assistant to the Secretary of Defense for policy matters relating to international security policy and political military affairs.

b. *The Assistant Secretary of Defense (International Security Affairs)* provides advice and recommends policies, formulates programs, develops plans, and issues guidance to DoD components regarding political-military activities related to international affairs, excluding NATO, other European countries and the USSR. He exercises oversight over DoD activities relating to the Law of the Sea. In addition, the Assistant Secretary supervises the areas of security assistance (i.e., Foreign Military Sales Program and Military Assistance Program), Military Assistance Advisory Groups and Missions, and the negotiation and monitoring of agreements with foreign governments, excluding NATO, other European countries, and the USSR.

c. *The Assistant Secretary of Defense (International Security Policy)* serves as the focal point for long and mid-range policy planning on strategic international security matters, with responsibility for developing and recommending policy positions and coordinating all matters concerning disarmament, arms control, and East-West security negotiations. The Assistant Secretary formulates policy relating to strategic offensive and defensive forces, theater nuclear matters and capabilities, and the relationship between strategic and theater force planning and budgets. His responsibilities also include oversight of DoD activities related to the North Atlantic Treaty Organization and East-West economic policy, including East-West trade, technology transfer, and the defense industrial mobilization base.

d. *The Director of Net Assessment* prepares net assessments for the Secretary of Defense.

e. *The Assistant Secretary of Defense (Force Management and Personnel)* is responsible for the following functional areas: Total Force management, military and civilian manpower, military and civilian personnel matters, manpower requirements for weapons support, education and training, and equal opportunity.

f. *The Assistant Secretary of Defense (Acquisition and Logistics)* is responsible for management of DoD acquisition, logistics, installations, associated support functions, and other related matters. He also serves as the DoD Acquisition Executive.

g. *The Assistant Secretary of Defense (Health Affairs)* is responsible for Department of Defense health and sanitation matters, which include the care and treatment of patients, preventive medicine, clinical investigations, hospitals and related health facilities, medical material, health promotion, drug and alcohol abuse control, and the recruiting, education and training of health personnel.

h. *The Assistant Secretary of Defense (Reserve Affairs)* is responsible for National Guard and Reserve affairs, including facilities and construction, logistics, training, mobilization readiness and other related aspects.

i. *The Director, Program Analysis and Evaluation* formulates the force planning, fiscal, programming, and policy guidance upon which DoD force planning and program projections are to be based. The staff analyzes and evaluates military forces, weapons systems, and equipment in relation to projected threats, U.S. objectives, resource constraints, and priorities established by the Secretary of Defense.

j. *The Assistant Secretary of Defense (Comptroller)* is responsible for advice and assistance to the Secretary of Defense and DoD components in the performance of the Secretary's programming, budgeting, fiscal management, organizational and management planning, administrative functions, and the design and installation of resource management systems throughout the Department of Defense.

k. *The Assistant Secretary of Defense (Legislative Affairs)* maintains direct liaison with the Congress, the Executive Office of the President, and other government agencies with regard to legislative investigations and other pertinent matters affecting the relations of the Department of Defense with the Congress. The Assistant Secretary provides advice and assistance to the Secretary of Defense and other officials of the Department of Defense on congressional aspects of departmental policies, plans and programs.

l. *The Director of Operational Test and Evaluation (OT&E)* is responsible for operational test programs of DoD components, to include their independent operational test facilities and organizations, and coordination of independent OT&E activities; joint Service operational testing of major weapon systems; and analyses of OT&E results on all major acquisition programs.

m. *The Assistant to the Secretary (Intelligence Oversight)* conducts oversight of DoD intelligence and counterintelligence activities to ensure their compliance with the law and standards of propriety.

n. *The General Counsel* is the chief legal officer of the Department of Defense with responsibility for all legal services performed within or involving the Department of Defense. In addition, the General Counsel is responsible for preparation and processing of legislation, executive orders, and proclamations.

o. *The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence (C³I))* provides policy, oversight, management, and coordination of Service and Defense Agency programs for the command, control, and communications of strategic and theater nuclear forces and theater and tactical forces. This position also is responsible for providing policy and technical support for domestic and international telecommunications activities. In addition, the Assistant Secretary (C³I) provides resource management oversight of the complete range of DoD intelligence activities.

p. *The Assistant Secretary of Defense (Public Affairs)* directs DoD public and internal information and audiovisual activities, community relations, and programs in compliance with the Freedom of Information Act (5 U.S.C. 552). He assists the information media and national and civic organizations in understanding the activities of the Department of Defense.

q. *The Defense Advisor, U.S. Mission to NATO* is responsible for advising and assisting the U.S. Ambassador to NATO in the formulation, coordination, and presentation of DoD policies pertaining to NATO. He is the senior DoD civilian official serving on the staff of the U.S. Ambassador to NATO.

r. *The Director of Small and Disadvantaged Business Utilization (SADBU)*, under the direction of the Deputy Secretary of Defense, administers Departmental responsibilities under the Small Business Act (92 Stat. 1760; 15 U.S.C. 631), as amended. The Director, SADBU, assures that a fair share of the Department's procurements are placed with small businesses, small disadvantaged businesses, and women-owned small businesses.

s. *The Under Secretary of Defense for Research and Engineering (USDR&E)* is the principal advisor and assistant to the Secretary of Defense for DoD scientific and technical matters; basic and applied research; environmental services; and the development of weapons systems. This functional area has responsibility for research, development, and testing of all DoD weapons systems.

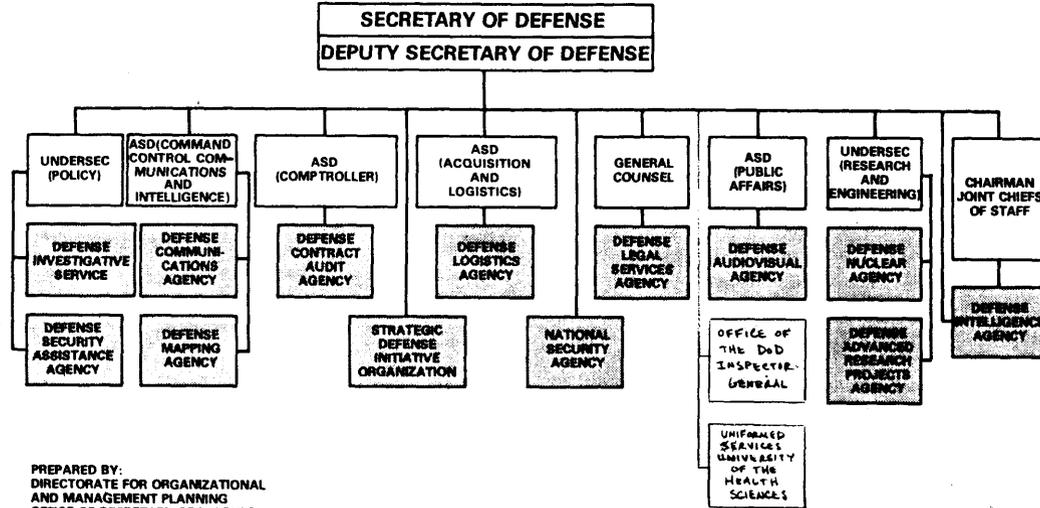
t. *The Assistant Secretary of Defense (Research and Technology)* is the Principal Staff Assistant and advisor to the Secretary of Defense and the USDR&E for DoD oversight of the maintenance of a superior U.S. technology base and for the improvement of the DoD approach to selecting the best technology programs to achieve and maintain a qualitative lead in deployed systems. The Assistant Secretary (Research and Technology) also serves as the Director of the Defense Advanced Research Projects Agency (DARPA) and as the principal technical advisor to the USDR&E on space-related matters.

u. *The Assistant to the Secretary (Atomic Energy)* serves as the principal staff assistant for DoD atomic energy matters. Included in the responsibilities of this position is promoting coordination, cooperation, and mutual understanding on atomic energy policies, plans, and programs within DoD and between DoD and other Federal agencies.

2. Defense Agencies

There are 15 Defense Agencies that report to OSD. This includes 13 organizations most frequently identified as Defense Agencies as well as the Office of the Defense Inspector General and the Uniformed Services University of the Health Sciences. As Chart 3-2 shows, five of the agencies (National Security Agency, Defense Intelligence Agency, Office of the Defense Inspector General, Uniformed Services University of the Health Sciences, and Strategic Defense Initiative Organization) report directly to the Secretary of Defense while the remainder report to principal staff assistants of

DEFENSE AGENCIES



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the Secretary. The responsibilities of these agencies are briefly described below.

a. *The Defense Advanced Research Projects Agency (DARPA)* manages high-risk basic research and applied technology programs. Its objective is to select and pursue revolutionary technology developments that minimize the possibility of technological surprise by adversaries and offer potential for major increases in U.S. defense capability. In the performance of its work, DARPA uses the services of the Military Departments, other government agencies, private industry, educational and research institutions, and individuals.

b. *The Defense Audiovisual Agency (DAVA)* provides audiovisual production, acquisition, distribution, and depository services and certain other audiovisual services which can be performed more efficiently on a centralized basis.

c. *The Defense Communications Agency (DCA)* is responsible for engineering and management of the Defense Communications System and system architect functions for current and future Military Satellite Communications Systems. DCA provides engineering and technical support to the Worldwide Military Command and Control System, the National Military Command System, and the Minimum Essential Communications Network. DCA also procures leased communications circuits, services, facilities, and equipment for DoD and other government agencies.

d. *The Defense Contract Audit Agency (DCAA)* assists Department of Defense procurement authorities worldwide in achieving sound contract pricing by evaluating proposals submitted by contractors, verifying the propriety and acceptability of costs charged to flexibly priced government contracts, and deterring contractors' inefficient practices. The agency also provides contract audit services to about 30 other Federal agencies at contractor locations where DoD has a continuing audit interest, or where it is considered efficient from a government-wide point of view.

e. *The Office of Defense Inspector General (DIG)* was established by law in fiscal year 1983. The resources of the Defense Audit Service, the Defense Criminal Investigative Service, the Assistant to the Secretary of Defense for Review and Oversight, the Defense Logistics Agency's Inspector General, and certain elements of the Director of Audit Policy, Office of the Assistant Secretary of Defense (Comptroller), were all transferred to the new agency. The Defense Inspector General serves as an independent and objective official in DoD who is responsible for conducting, supervising, monitoring, and initiating audits and investigations of DoD programs and operations.

f. *The Defense Intelligence Agency (DIA)* produces finished, all-source foreign general, military, scientific, and technical intelligence. DIA provides DoD intelligence estimates and DoD contributions to National Estimates. DIA determines information gaps and validates intelligence collection requirements; provides plans, programs, policies, and procedures for DoD intelligence collection activities; and manages and operates the

Defense Attache Service. DIA manages the production of general military intelligence by the military services, unified and specified commands, and produces or manages the production of all DoD scientific and technical intelligence. DIA serves as the J-2 of the Joint Staff and manages and coordinates all DoD intelligence information systems programs and the interface of such systems with the intelligence community and DoD systems.

g. *The Defense Investigative Service (DIS)* conducts personnel security investigations, law enforcement investigations for DoD components, and other investigations directed by the Secretary of Defense. It also administers defense industrial security programs on behalf of DoD and other Federal departments and agencies.

h. *The Defense Legal Services Agency (DLSA)* consolidates the functions of the OSD legal staff with the legal staffs of the Defense Agencies. The legal staffs of the Defense Agencies and DoD Field Activities remain with their current organizations while operating under the supervision of the DoD General Counsel who also serves as the Director, DLSA.

i. *The Defense Logistics Agency (DLA)* provides common supplies and a broad range of logistic services to the Military Departments, other DoD components, Federal agencies, and authorized foreign governments. Supply management responsibilities include clothing, subsistence, and medical goods, industrial and construction material, general supplies, and petroleum products. Logistic services rendered by DLA include contract administration, surplus personal property disposal, documentation services to the research and development community, and operation of the Federal Cataloging System. DLA is the largest of the Defense Agencies, accomplishing its varied missions both in the United States and overseas through 25 major field activities.

j. *The Defense Mapping Agency (DMA)* provides Mapping, Charting, and Geodetic (MC&G) support to the Secretary of Defense, the Joint Chiefs of Staff, the Military Departments, and other DoD components through the production and worldwide distribution of maps, charts, precise positioning data, and digital data for strategic and tactical military operations and weapons systems. It serves as program manager and coordinator of all DoD MC&G resources and activities and carries out statutory responsibilities for providing nautical charts and marine navigation data.

k. *The Defense Nuclear Agency (DNA)* is the consolidated manager of the DoD nuclear weapons stockpile. It also manages DoD nuclear weapons testing and nuclear weapons effects research programs.

l. *The Defense Security Assistance Agency (DSAA)* is responsible for the management of the DoD Military Assistance Program (MAP) and Foreign Military Sales (FMS) Program.

m. *The Uniformed Services University of the Health Sciences (USUHS)* provides education in health sciences to individuals who demonstrate dedication to a career in the health profes-

sions of the uniformed services. The University is authorized to grant appropriate advanced academic degrees.

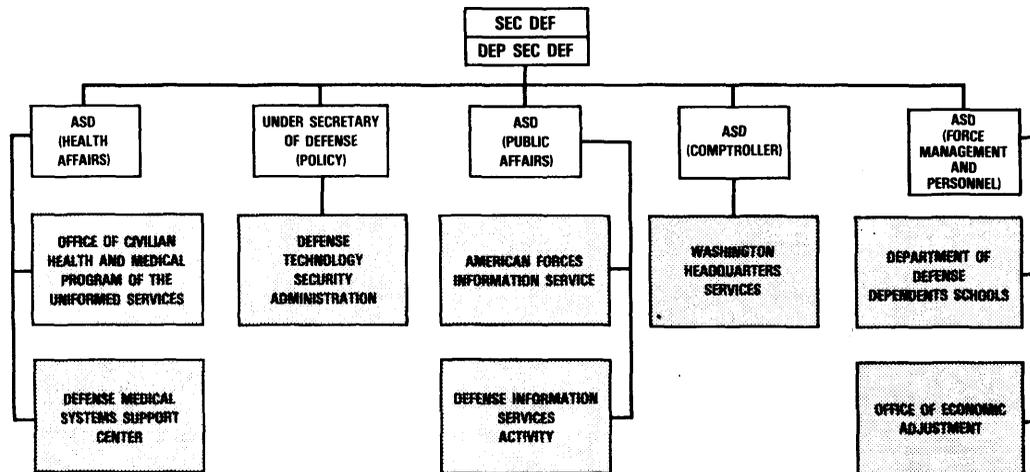
n. *The National Security Agency (NSA)*, under the direction, authority, and control of the Secretary of Defense, is responsible for centralized coordination, direction, and performance of highly specialized intelligence functions in support of U.S. government activities. NSA carries out the responsibilities of the Secretary of Defense to serve as Executive Agent for U.S. government signals intelligence and communications security activities.

o. *The Strategic Defense Initiative Organization* was established in FY 1984 to manage the research and technology programs of the Strategic Defense Initiative (SDI) Program. This comprehensive program will develop key technologies associated with the concepts of defense against ballistic missiles.

3. DoD Field Activities

Between 1974 and 1985, eight DoD Field Activities were established. These six organizations perform selected support and service functions of a more limited scope than Defense Agencies. As Chart 3-3 shows, none of these activities report directly to the Secretary or Deputy Secretary of Defense, but instead to one of the principal staff assistants to the Secretary. The responsibilities of these activities are briefly described below.

DOD FIELD ACTIVITIES



* COLLATERAL RESPONSIBILITY OF
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a. *The American Forces Information Service (AFIS)* was established in 1977 under the supervision of the Assistant Secretary of Defense (Public Affairs). The AFIS mission is to provide information, through print and audiovisual products, to DoD and other appropriate personnel in support of DoD policies and programs.

b. *The Department of Defense Dependents Schools (DODDS)* was established in 1974. Under the policy guidance of the Assistant Secretary of Defense (Manpower, Installations, and Logistics), the DODDS is charged with providing quality education, from kindergarten through grade twelve, to eligible minor dependents of military and civilian personnel of the Department of Defense stationed overseas.

c. *The Office of the Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS)* was established in 1974 under the policy guidance and operational direction of the Assistant Secretary of Defense (Health Affairs). The mission of OCHAMPUS is to administer a civilian health and medical care program for spouses and dependent children of active duty, retired, and deceased service members.

d. *The Office of Economic Adjustment* plans and manages DoD economic adjustment programs and assists Federal, State, and local officials in cooperative efforts to alleviate any serious social and economic side effects resulting from major DoD realignments or other actions.

e. *The Defense Medical Systems Support Center (DMSSC)*, under the policy guidance and operational direction of the Assistant Secretary of Defense (Health Affairs), was established in 1985. Upon its establishment, DMSSC incorporated the Tri-Service Medical Information System (TRIMIS) which had been established in 1976 as a DoD Field Activity. The DMSSC mission is to improve health care delivery by the Military Departments by applying automatic data processing techniques to health care information systems.

f. *Washington Headquarters Services (WHS)* was established in 1977. The Deputy Assistant Secretary of Defense (Administration) serves in a dual capacity as the Director, WHS. The WHS mission is to provide administrative and operational support to certain Department of Defense activities in the National Capital region. Such support includes budget and accounting, personnel management, travel, building administration, computer services, information and data systems, voting assistance program, and any other required administrative support.

g. *The Defense Technology Security Administration*, established in 1985, administers the DoD Technology Security Program to review the international transfer of defense-related technology, goods, services, and munitions consistent with U.S. foreign policy and national security objectives.

h. *The Defense Information Services Activity*, established in 1985, implements assigned DoD policies and programs relating to the provision of information to the media, public forums, and the American people.

4. OSD Advisory Committees

The Office of the Secretary of Defense has 18 Advisory Committees comprised of non-government specialists. The majority of these Advisory Committees provide expert opinion on technical research and engineering issues or certain manpower-related issues. Accordingly, eight of these committees report to the Under Secretary of Defense (Research and Engineering) and seven to the Assistant Secretary of Defense (Manpower, Installations, and Logistics). These Advisory Committees were created because of a lack of expertise within DoD or the desire to avoid conflicts of interest.

Under Secretary of Defense (Research and Engineering)

1. Ada Board (computer language)
2. Advisory Group on Electron Devices
3. Board of Visitors, Defense Systems Management College
4. Chemical Warfare Review Commission
5. Defense Science Board
6. Defense Policy Advisory Committee
7. DoD University Forum
8. President's Blue Ribbon Task Group on Nuclear Weapons Program Management

Assistant Secretary of Defense (Manpower, Installations, and Logistics)

9. Board of Visitors, Equal Opportunity Management Institute
10. Defense Advisory Committee on Military Personnel Training
11. Defense Advisory Committee on Women in the Services
12. DoD Educational Benefits Board of Actuaries
13. DoD Wage Committee
14. DoD Retirement Board of Actuaries
15. Overseas Dependents Schools National Advisory Panel on the Education of Handicapped Dependents

Under Secretary of Defense (Policy)

16. Special Operations Policy Advisory Group

Assistant Secretary of Defense (Public Affairs)

17. Secretary of Defense Media Advisory Council

Assistant Secretary of Defense (Health Affairs)

18. Sizing DoD Medical Treatment Facilities

D. PROBLEM AREAS AND CAUSES

Before useful proposals can be put forth to improve organizational arrangements or decision-making procedures, it is critical that a meaningful diagnosis of problem areas and their causes be prepared. This section discusses six problem areas that have been identified within the Office of the Secretary of Defense and presents analyses of the contributing causes. There are other problems associated with the position of Secretary of Defense, most notably his role in the chain of command. As these problems involve his relationships with organizations other than OSD, they are more usefully addressed in subsequent chapters of this study. In particular, the chain of command problem is addressed in Chapter 5 deal-

ing with the unified and specified commands. In addition, there are concerns about the quality of DoD strategic planning for which OSD has major responsibilities. This shortcoming is addressed in Chapter 7 dealing with the Planning, Programming, and Budgeting System.

1. LIMITED MISSION INTEGRATION OF THE OVERALL DEFENSE EFFORT

This subsection discusses limited mission integration within OSD. As the term "mission" has different applications within DoD, it would be useful to identify the missions which are the focus of this discussion.

In fulfilling U.S. national security objectives and in implementing U.S. defense strategies, the Department of Defense has six major missions, three of which are worldwide in nature and three of which are regional. The major worldwide missions and their goals are:

nuclear deterrence—essential equivalence with the strategic and theater nuclear forces of the Soviet Union;

maritime superiority—controlling the seas when and where needed;

power projection superiority—deploying superior military forces in times of crisis to distant world areas which are primarily outside the traditional system of Western alliances.

The major regional missions are:

defense of NATO Europe, including both the northern and southern flanks;

defense of East Asia, particularly Northeast Asia; and

defense of Southwest Asia, especially the region's oil resources.

While DoD has other regional missions (e.g., Western Hemisphere and Africa), these relatively smaller, while important, missions are included in the mission of power projection superiority.

a. Comparing Unification, Centralization, and Mission Integration.

Since the end of World War II, the central issue in proposals to reorganize the U.S. military establishment has been the extent to which the distinct military capabilities of the Army, Navy, Air Force, and Marine Corps need to be integrated to prepare for and conduct effective, joint military operations in times of war. This central issue has been referred to as either unification or centralization. But, in fact, neither term describes the real goal of the search for a more effective and, perhaps, a more efficient U.S. military organization. Mission integration, the ability of the Services to take unified action to discharge the major military missions of the United States, is a more appropriate term. Mission integration was and remains the real goal of proposals to reorganize the U.S. military establishment. In comparing these three terms, unification relates to form; centralization relates to process; and mission integration relates to substance. It would be useful to discuss unification, centralization, and mission integration in more detail in order to

understand why the first two are inappropriate terms for describing the principal organizational goal of the Department of Defense.

(1) Unification

Since 1789, U.S. armed forces have, in fact, been unified under the President, the Commander-in-Chief. The organizational structure supporting the Commander-in-Chief, however, has changed over time. The National Security Act of 1947, the most dramatic alteration since the establishment of the Department of the Navy in 1798, provided the President with a new deputy for military affairs who would devote his entire efforts to the coordination of the armed forces, whereas the President could spend only limited time on such responsibilities.

A unified structure was created to support the President's new deputy for military affairs. "Unification" under the National Security Act of 1947 and subsequent amendments produced the Department of Defense with three Military Departments under a single Executive Department. (It should be noted that unification has never meant abolition of the four separate Services.) Unification also produced statutory authority for the Joint Chiefs of Staff and the unified commands.

While the term "unification" was used extensively during the debates on reorganization of the U.S. military establishment—a period of more than 25 years—that led to the National Security Act of 1947, it does not accurately describe the organizational arrangements that resulted from this legislation. As Dr. Lawrence J. Korb notes in his paper, "Service Unification: Arena of Fears, Hopes, and Ironies":

The 1947 act did not really unify the national military establishment. Like most pieces of legislation in the American political system, the act was a compromise between those who favored a monolithic structure and those who supported a decentralized organization. It created a confederation rather than a unified or even a federal structure. The act did provide for two central or supra-service organs, the Office of the Secretary of Defense (OSD) and the Joint Chiefs of Staff (JCS). However, it placed so many limitations on the activities of these central organs and reserved so many prerogatives to the separate services that it was difficult for the Secretary of Defense or the JCS to bring about coordinated action.

...Nevertheless, the 1947 act was a significant breakthrough. It established the principle of unification and shifted the terms of the debate about military organization. Since then unification has not been the issue. Rather, the debate has focused upon how to give the central organs of DoD the ability to control the activities of the department and to produce an efficient and effective defense policy without simultaneously eliminating the separate services. (U.S. Naval Institute Proceedings, *Naval Review 1976*, pages 175-176)

While unification produced a framework that made mission integration possible, whether the necessary degree of integration has resulted is another question. As Dr. Lawrence J. Legere, Jr. states in *Unification of the Armed Forces*:

...unification meant and means nothing in a vacuum. It gains significance only as it affects the processes of peacetime planning and wartime planning and direction of military operations. (page 388)

It is these processes —here termed “mission integration” —that are the focus in this study.

(2) Centralization

Secretaries of Defense have taken different approaches to the degree of centralization of the management decision-making process. For example, Secretary McNamara favored highly centralized management authority while Secretary Laird favored participatory management. The continuing controversy over centralization and decentralization is really an argument over where certain decisions should be made. In the absence of an organizational structure and decision processes in DoD that support mission integration more adequately than the current ones, it seems that Secretaries of Defense will be forced to rely more often than not on a highly centralized approach involving themselves and a few key aides. Even in those areas where the Department of Defense would benefit from a more decentralized approach, the Secretary of Defense currently cannot effectively delegate decision-making authority to lower levels in the organization. Under current organizational arrangements, less senior officials, both in OSD and the Military Departments, do not have the necessary perspective or breadth of responsibility to make decisions that provide the greatest benefits in terms of the overall strategic goals or missions of the Department of Defense.

In essence, centralization tendencies are the result of an inadequate level, or put another way, a poor quality of mission integration. However, while centralization can marginally lessen the impact of poor integration mechanisms, it cannot achieve the appropriate level of mission integration. Moreover, overcentralization has its own problems in that the complexity of modern defense issues is too great for a small group of decision-makers to handle by themselves. This is even more true today than during Secretary McNamara's tenure. It is largely for this reason that Service predominance in resource decisions—with all of its negatives—has been allowed to persist.

(3) Mission Integration

To discuss limited mission integration in DoD, two concepts must be put forth: differentiation and integration. The term differentiation refers to the process of developing specialized differences. How much differentiation should exist among an organization's various groups depends upon what internal characteristics each group must develop to effectively interact with its assigned part of the external environment. Integration denotes the process of making something whole or complete by adding or bringing together its parts to achieve the organization's strategic goals. There is a strong inverse relationship between differentiation and integration.

DoD is a highly differentiated organization which is necessary given the great diversity and complexity of the tasks of the three Military Departments and of the main units within each Depart-

ment. This is evident when one considers the different skills and capabilities necessary for tank warfare, submarine operations, and air-to-air combat. However, as noted previously, the tasks to be performed with the resources provided to the three Military Departments are highly interdependent.

Given a highly differentiated organization and highly interdependent tasks, the effort required for effective integration is substantial. This is so for two reasons: (1) the greater the differentiation, the larger and more numerous are the potential conflicts, and it takes more effort to resolve these conflicts in ways that benefit the entire organization; and (2) the more interdependent the tasks of subordinate organizations are, the more information processing is required among them, and thus more effort is required for effective integration. In their book, *Developing Organizations: Diagnosis and Action*, Lawrence and Lorsch indicate that highly differentiated organizations cannot rely on the basic management hierarchy for achieving integration:

...organizations faced with the requirement for both a high degree of differentiation and tight integration must develop *supplemental* integrating devices, such as individual coordinators, cross-unit teams, and even whole departments of individuals whose basic contribution is achieving integration among other groups. (page 13)

Mission integration can be defined as the efforts by joint organizations —those that have a multi-Service perspective (Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff, and unified commands) —to aggregate the capabilities of the four Services in a manner to provide the most effective combat forces to fulfill the major military missions of DoD. In his paper, “The U.S. Military Chain of Command, Present and Future”, General W. Y. Smith, USAF (Retired) cites the need for mission integration:

...To be prepared to defend U.S. interests, however, the separate Services must be melded together into an integrated fighting team. (page 6)

Mission integration does not seek to interfere with differentiation within DoD; the Services and Military Departments retain full authority and responsibility for manning, equipping, supplying, and training their forces. Mission integration, however, will help establish priorities and guidelines for the efforts of the Services and Military Departments.

(4) Summary

In sum, unification has produced a framework that makes mission integration possible. However, within this framework, the organizational structures and decision-making mechanisms necessary for effective mission integration have not been developed. Centralization of decision-making authority has on occasion been used in attempts to overcome the absence of effective mission integration structures and mechanisms. However, centralization is not the answer, especially in light of the broadening scope and increasing complexity of defense issues. Decentralization has even less utility; given the current organizational relationships, decentralization ex-

acerbates the problems associated with attempting to secure unified direction of the overall defense effort.

Focusing on mission integration, the desired end product of organizational activity within DoD, offers greater prospects for understanding DoD's organizational deficiencies. Working backward from the desired outcome, the underdeveloped nature of the current framework and the appropriate balance between centralization and decentralization may be better understood

b. Current Efforts at Mission Integration

Mission integration is necessary at both of the distinct organizational levels of DoD: the policymaking level, comprised basically of Washington Headquarters organizations, and the operational level, consisting of the unified and specified commands. In the post-World War II period, there has been agreement in principle on the need for mission integration at the operational level. Despite this agreement, there is limited mission integration in the field. This situation is discussed at length in Chapter 5 concerning the unified and specified commands and, therefore, will not be addressed in this chapter. There has been considerable disagreement, however, about the need for mission integration at the policymaking level of DoD. Discussion of limited mission integration in this chapter will focus on the policymaking level of DoD.

The integration that does occur at the DoD policymaking level is primarily functional integration and not mission integration. This results from the organizational structure of the Washington Headquarters of DoD. OSD, OJCS, and the Military Departments are organized exclusively along functional lines (manpower, research and development, installations and logistics, etcetera). As a result, DoD can integrate, as an example, the manpower function and can, therefore, do manpower planning on a Department-wide basis. Effective integration on a mission basis in the Washington headquarters, however, is minimal. There is limited ability to integrate the separate Service programs in major mission areas such as nuclear deterrence or defense of NATO. DoD, under both Republican and Democratic administrations, has failed to develop the extensive, supplemental integrating devices that it needs to achieve effective mission integration. The integrating devices have focused solely on achieving functional integration.

c. Deficiencies Resulting from Limited Mission Integration

Deficiencies resulting from limited mission integration are numerous. Among them are:

There is no organizational focus on the strategic goals or major missions of DoD. As a result, DoD has focused on resource inputs and not on outputs (capabilities needed to fulfill major missions). Moreover, the absence of an organizational focus on strategic goals serves to inhibit strategic planning in DoD.

There are no organizations in the Washington headquarters that are fully attuned to the operational requirements of the unified commanders.

Service interests rather than strategic needs play the dominant role in shaping program decisions. This occurrence is re-

inforced by the tendency of all Services (and the JCS system) to approve the force structure goals and weapon system objectives of each other.

The role of Service interests in shaping forces and programs leads to imbalances in military capabilities. Functions (e.g., airlift, sealift, close air support) which are not central to a Service's own definition of its missions tend to be neglected.

Service dominance in determining programs tends to produce an overemphasis on procurement and investment as opposed to readiness.

Tradeoffs between programs of different Services that can both contribute to a particular major mission (e.g., Air Force tactical air and Army land forces for NATO defense) are seldom made.

Opportunities for non-traditional contributions to missions (e.g., Air Force contributions to sea control) are neither easily identified nor pursued.

In sum, limited mission integration of the separate aspects of the defense program is a major organizational and management problem in the Department of Defense today. The existence of this problem is presented in more detail in the discussion of its four basic causes.

d. Causes of Limited Mission Integration

(1) Inadequate Mission Integrating Support for the Secretary of Defense

It is important to note that, at the present time, the Secretary of Defense and the JCS Chairman are the only effective mission integrators within DoD. (For purposes of this discussion, the Secretary and Deputy Secretary of Defense are treated as one entity.) This is true because at present they are the only DoD officials in a position to view the total organization and its major mission efforts. The *Report of the Blue Ribbon Defense Panel* highlighted this fact:

The lack of convergence of responsibilities for functional areas at an organizational point in OSD below the Secretary/Deputy Secretary level inhibits the flexibility to delegate responsibilities within OSD, for no one below the Secretary/Deputy Secretary level has the requisite breadth of purview or responsibility. (page 25)

The Secretary appears to have sufficient authority to bring about necessary planning and resource integration along mission lines. However, he lacks sufficient assistance—both from OSD and OJCS—to effectively perform this role. This is the first cause of the lack of sufficient integration.

Regarding assistance from the JCS system, the Secretary of Defense has two separate sources: OJCS as an organization and the JCS Chairman as an individual. This discussion will address the former source; the latter will be highlighted in the following subsection.

Under the National Security Act of 1947, the OJCS was to operate as an OSD staff agency. This relationship began to weaken as the OJCS sought and secured a more independent posture. This

search for a greater degree of independence was greatly aided by the 1958 Amendment to the National Security Act, according to Paul Hammond in his landmark book, *Organizing for Defense*. Hammond states:

...The language of the 1958 reorganization legislation, for instance, puts the JCS outside of OSD, an exclusion which can support claims for the JCS of greater independence from the Secretary of Defense. (page 379)

Moreover, beyond the weakened ties between the JCS system and the Secretary of Defense, the closed staff nature of the OJCS has inhibited the flow of useful information from OJCS to the Secretary of Defense and the OSD staff and has greatly limited the interplay between DoD's most senior military and civilian organizations. The closed staff problem is discussed in detail in the chapter on the OJCS; it is mentioned here because of its impact on OJCS assistance to the Secretary of Defense.

With respect to OJCS assistance, the unified military advice that the Secretary does receive is inadequate—a fact that is well documented in the chapter of this study that addresses the OJCS—and he must rely on OSD civilians for much of his advice on mission and program integration issues. However, OSD is not able to provide sufficient support on integrative issues because it is organized on input functional lines (manpower, research and engineering, health affairs, etc.) and not along mission or output lines. The Office of the Director of Program Analysis and Evaluation (PA&E) has the potential to assist the Secretary in his integrator role; however, it does not have the hierarchical position or breadth of responsibility to provide the Secretary with the degree of assistance that he needs.

The functional structure of OSD deserves careful analysis because it is the source of major organizational and management deficiencies in the Department of Defense. This fact was recognized by Hammond when *Organizing for Defense* was published in 1961. Hammond noted that the functional structure produced ever increasing attention by OSD on business administration operations and did not assist the development of general policy (which would facilitate mission integration at the DoD policymaking level). Hammond states:

The pressures for centralization, the established prestige and functions of the Joint Chiefs of Staff, and the public status of the Defense Department, have all pushed OSD more and more into active functional control of the business management activities of the service departments. The pattern which has unfolded in the development of Department of Defense administration has been the continual increase in the number of functional controls held and the amount of actual operating performed in OSD, which has been all out of proportion to the small increase in the systematic making by the Secretary of Defense of general policy for the military establishment or in the augmentation of his capabilities of developing a general program. (page 312)

Hammond summarizes the situation as follows:

...OSD has tended to be confined to a management outlook in its supervision of the military establishment. There have been, it should be emphasized, sufficient problems to be dealt with by a business management approach to challenge and absorb the best talent available to the defense establishment. With the enormous magnitude of the Defense Department and its material activities, coupled with the changing tasks of administration, problems of business efficiency promise to remain worthy of the attention of the ablest administrative talent. Of course business efficiency is not the only objective, and in any case efficiency must be defined in terms of some other objective by which the organization product can be evaluated.

In all the major fields of defense organization it is evident that the shortcomings of the business approach have been perceived. In some, it has led to a search for program—for some way to formulate general policies—which will provide more adequate guidance to management efforts. (pages 314 and 315)

Beyond these problems, the functional structure produces perspectives in the OSD staff which are varied, much narrower, and incompatible with the perspective of the Secretary of Defense. In his book, *Management*, Peter F. Drucker notes this problem in his discussion of the weaknesses of functional structure in large and complex organizations such as the Office of the Secretary of Defense:

...it is difficult for anyone, up to and including the top functional people, to understand *the task of the whole* and to relate their work to it....functional design demands from functional people little responsibility for the performance and success of the whole....it also makes people in the functional unit prone to subordinate the welfare of other functions, if not of the entire business, to the interests of their unit. (pages 559-560).

(2) Limited Authority and Staff Support for the JCS Chairman

Some assert that a major cause of poor integration at the policy-making level of DoD is the limited authority of the JCS Chairman. This subject is discussed at length in the chapter of the study dealing with the Organization of the Joint Chiefs of Staff.

(3) Predominant Influence of the Military Departments

While the primary mission of the Military Departments is to organize, train, and equip forces, they have maintained substantial influence on questions of strategy, policy, and broad resource allocations. The Military Departments' influence is exercised by their dominance of the JCS system as well as of the unified commands. This overwhelming influence of the Military Departments sometimes works at cross-purposes to efforts to integrate the U.S. military establishment. This is not the fault of the Military Departments. They have correctly pursued their interests vigorously through capable and tenacious headquarters staffs. What is missing is the organizational structure and supporting mechanisms that would provide for an equally vigorous and capable integration effort along mission lines—to balance the influence of the Services on basic issues of strategy, policy, and resource allocation.

Dr. Harold Brown, former Secretary of Defense, commented on the problems of predominant Service influence:

Nevertheless, the division into four military services has led to some large and wasteful overlaps. The most obvious is the maintenance of four separate tactical air forces. Others include separate medical services, separate development and procurement of communications equipment, competing public relations organizations, and duplication of expensive military bases and facilities.

Service divisions have increasingly contributed to operational difficulties. In Vietnam, for example, the air war was directed in part by the theater commander in Vietnam, in part by the Commander in Chief of Pacific Forces in Hawaii. U.S. Army and Air Force units in Europe have difficulty communicating because their systems were developed separately and are not interoperable. Because the Navy and Air Force use different refueling equipment, tanker aircraft of one cannot refuel fighters of the other without an equipment change. Until recently, even that option was not available. Each service has its own model of transport helicopters, and crews are generally not cross-trained.

Conflicts also exist over service roles and missions. The Army, the Navy, and the Air Force all see a role for themselves in space systems and operations; these ambitions compete. Both the Navy and the Air Force operate parts of the strategic deterrent forces. The Army and the Marines have differing views on which service should take the lead in providing the ground forces for the Rapid Deployment Force. The services themselves cannot eliminate the waste, correct the operational difficulties, or resolve the conflicts over roles and missions. (*Thinking About National Security*, pages 207-208).

It would be useful at this point to comment on interservice rivalry in resource allocation and force planning. (Interservice rivalry also exists in operational matters, but as later portions of this study will demonstrate, rivalry in these matters is highly destructive and should not be tolerated.) Competition between the Services in resource allocation has often been criticized as wasteful and counterproductive. This criticism has some merit, but it needs to be put into a proper context.

Inherently, competition among the Services for missions and resources should serve the best interests of national defense. Business organizations have successfully used internal competition. In their book, *In Search of Excellence, Lessons from America's Best-Run Companies*, Thomas J. Peters and Robert H. Waterman, Jr. state:

Internal competition as a substitute for formal, rule—and committee-driven behavior permeates the excellent companies. It entails high costs of duplication—cannibalization, overlapping products, overlapping divisions, multiple development projects, lost development dollars when the sales force won't buy a marketer's fancy. Yet the benefits, though less measurable, are manifold, especially in terms of commitment, innovation, and a focus on the revenue line. (page 218)

Similarly, Mr. James Woolsey, former Under Secretary of the Navy, in testimony before the Senate Committee on Armed Services stated:

...I do think that in the area of force planning, that is, deciding what we are to buy, what is to be developed, we should not be too hard on inter-Service rivalry.

It does serve in some cases a useful function. Some degree of overlapping in competition is not necessarily unwise. (Part 6, page 246)

Some aspects of the current competition among the Services for missions and resources may, in fact, serve the best interests of national defense. Beyond the innovation and new approaches that can result, the competition among the Services for military capabilities and corresponding resources—even though motivated sometimes by parochial Service interests—permits senior civilian decision-makers to consider a wider range of divergent views on complex issues of national security. This ensures that key decision-makers, especially the Secretary of Defense, will be given more than one option by the military professionals from which to choose. In *Principles of Management: An Analysis of Managerial Functions*, Harold Koontz and Cyril O'Donnell comment on this benefit of competition:

Encouraging competition between departments, divisions, and other units enables the firm to make comparisons that greatly aid in control. (page 297)

In other words, interservice competition, when properly channeled, can offer substantial benefits in terms of innovation and consideration of alternatives.

However, the current framework for competition is defective in three major ways. First of all, arbitrary constraints have been placed upon the competition by the Key West Agreement of 1948 which set Service roles and missions in concrete. These arbitrary rules—which the Services are adamant on preserving—may lead to less than optimal results in certain instances.

Second, the competition between the Services should be for capabilities that most effectively meet the needs and fulfill the goals of the overall DoD organization, in other words, the major missions and central strategic purposes. Too often this is not the case. Rather, the Services compete for resources to promote Service interests. Part of the fault for this predominant Service focus on its own interests must be borne by more senior organizations—OSD and OJCS. The failure of these organizations to articulate the strategic goals of DoD, to establish priorities, and to provide a useful framework in which resource decisions can be made has left the Services great freedom to pursue their narrow interests.

Third, the Services, primarily through the JCS system, seek to limit competition and to minimize objective examination of alternatives. In its search for compromises and unanimity, the JCS collude and negotiate “truces” that preclude real competition for missions and resources. This undesirable situation is discussed at length in Chapter 4 dealing with the Organization of the Joint Chiefs of Staff.

Thus, the constructive consequences of inter-Service rivalry are diminished by these three deficiencies. Moreover, competition between organizations also has destructive consequences. In DoD, the destructive consequences of inter-Service rivalry—which include suspicion, jealousy, and refusal to cooperate and coordinate—are substantial. In sum, while competition among the Services could have many benefits, that competition has not yet fulfilled its potential.

(4) Limited Input by Unified Commanders

A fourth major cause of poor integration is the limited contribution that the unified commanders can make to policy and resource allocation decisions. Given the weaknesses of the JCS system and the relative isolation of the unified commanders from the Secretary of Defense, the unified commanders do not have sufficient influence over the readiness of their assigned forces, their joint training, their ability to sustain themselves in combat, or the future capabilities of their forces that derive from development and procurement decisions. As a result, a key force for integrated functioning of the defense establishment—the unified commands—plays only a minor role in the most important defense decisions.

While the limited input from the unified commands reduces the integrating staff support readily available to the Secretary of Defense, it is a major problem for the unified commanders themselves because they have limited ability to influence policy or resource allocations affecting their commands. Accordingly, this deficiency is addressed in Chapter 5 concerning the unified and specified commands.

2. MANY OFFICES IN OSD ARE NEITHER ADEQUATELY SUPERVISED NOR COORDINATED

a. Span of Control Problem

The basic cause of this problem is that the hierarchical structure of OSD violates normal standards of span of control for the Secretary and Deputy Secretary of Defense. Currently, the Secretary and his Deputy have 24 senior OSD and Defense Agency officials reporting to them as well as the JCS Chairman and members, the three Service Secretaries, and nine unified or specified commanders for a total span of control of 41 subordinates.

Span of control (or span of management) is a fundamental issue for every organization as it must decide how many subordinates each superior can effectively manage. In *Organization and Management*, Fremont E. Kast and James E. Rosenzweig discuss span of control as follows:

The span of control, or span of supervision, relates to the number of subordinates that a superior can supervise effectively. It is closely related to the hierarchical structure and to departmentalization. Implicit in the span of control concept is the necessity for the coordination of the activities of the subordinates by the superior. It emphasizes superior-subordinate relationships that allow for the systematic integration of activities. Traditional theory advocates a narrow span to enable the executive to provide adequate integration of all the activities of subordinates. It does not recognize the possibility of other

means for coordination. (pages 239–240)

The narrow span of control advocated by traditional theory is less than ten subordinates with the ranges of 3 to 7 and 4 to 8 often cited as ideal. As Koontz and O'Donnell note:

. . . Students of management have found that this number is usually four to eight subordinates at the upper levels of organization and eight to fifteen or more at the lower levels. (*Principles of Management: An Analysis of Managerial Functions*, page 249)

While many studies of actual organizations show the median span of control to be 7 or 8 subordinates, numerical guidelines have been increasingly questioned. In his paper, "Span of Control: A Review and Restatement," David D. Van Fleet comments on this occurrence:

. . . the numerical guideline approach has been faltering. Perhaps this is because the span of control concept has been misinterpreted to mean "Magic" numbers whereas it is not intended to provide a "magic" number, and possibly because it is not reasonable to expect that one particular size of span will be ideal for all situations. (*Akron Business and Economic Review*, Winter 1974, page 35)

In discussing factors that have an impact on effective spans of control, Van Fleet lists eleven:

- *routine work* —If the work performed by subordinates is routine, more individuals can be effectively supervised; if the work performed is quite varied and complex, fewer subordinates can be effectively supervised.
- *ability of subordinates* —If the subordinates are highly trained and capable, more of them can be effectively supervised.
- *non-supervisory activities* —If the superior official must spend considerable time in non-supervisory activities, he can effectively supervise fewer subordinates.
- *supervisor's ability* —A more capable official can effectively supervise more subordinates.
- *personal assistants* —If an official has assistants to help him, he will be able to supervise a greater number of subordinates.
- *rate of change* —If the rate of change in personnel and operations is relatively low, the superior can supervise a larger number of subordinates.
- *geographic or physical dispersion* —If the subordinates are geographically or physically dispersed, the superior will be unable to effectively supervise as many subordinates.
- *need for coordination* —If the work requires greater coordination, control, or closeness of supervision, the number of individuals that can be effectively supervised will be reduced.
- *similarity of functions* —If the functions involved in the work of subordinates are relatively similar, a greater number of subordinates can be effectively supervised.
- *formalization* —The increased use of the formal organization techniques (e.g., standard reports and communications) will

enable a superior to supervise a greater number of subordinates.

- *sharing supervision* —If a superior's subordinates receive some supervision from others, he will be able to effectively supervise a greater number of individuals. (pages 36 and 37)

For key DoD managers, especially the Secretary of Defense, these eleven factors in the aggregate suggest the need for a small span of control. In particular, the Secretary of Defense spends much of his time in non-supervisory activities—managing relations with the White House, other Executive Branch power centers, the Congress, and allies. Moreover, the work of his subordinates is non-routine, involves a rapid rate of change, requires substantial coordination, and involves dissimilar functions. In addition, some of his subordinates—the unified and specified commanders—are geographically dispersed.

For the Secretary of Defense and other senior DoD managers, six of the above factors can clearly be categorized as favoring a smaller span of control, and two favor a larger span. It was not possible to categorize three factors —ability of subordinates, supervisor's ability, and formalization —due to their more subjective nature.

Smaller span of control	Larger span of control
non-routine work substantial non-supervisory activities. high rate of change geographic dispersion substantial need for coordination dissimilar functions.	personal assistants shared supervision

In general, an analysis of organizational needs in the Department of Defense suggests that smaller spans of control for senior civilian and military officials would enhance organizational performance.

Given that the Secretary and the Deputy Secretary must spend much of their time on relations with external organizations (the White House, the Congress, alliances, etc.), they are too busy to actively manage OSD and those Defense Agencies that report directly to them. Essentially, they manage OSD and subordinate organizations by exception (e.g., only when a problem arises) which fails to provide the desired level of supervision and coordination.

In particular, the Defense Agencies are poorly controlled and supervised by OSD. The *Defense Agency Review* conducted in 1979 by Major General Theodore Antonelli, USA (Retired), found that overburdened OSD officials are unable to devote the time necessary to adequately oversee the agencies; as a result, the agencies are essentially free of OSD supervision. Apparently, the focus of OSD is on the budgets of the Military Departments and not on the budgets of Defense Agencies. One negative consequence of this inadequate supervision is that the Defense Agencies are more oriented to peace-

time activities and efficiencies than to supporting combat forces in wartime.

The *Report of the Blue Ribbon Defense Panel* discussed the span of control problem and associated problems:

The expanding parallel organization of OSD has contributed to the excessive span of control of the Secretary/Deputy Secretary of Defense. Twenty-seven major offices of the Department report directly to the Secretary/Deputy Secretary, and of these, twelve are in OSD. No formal mechanism exists to assure proper coordination among the parallel elements of OSD. This unsatisfactory organization structure results in frequent contradictions in policy guidance, frictions between the various elements of OSD, and the necessity for extensive and time-consuming coordination with little assurance that it has achieved its purpose. (page 25)

Similarly, Secretary Brown discussed this problem 8 years later in the fiscal year 1979 Annual Report to the Congress:

The Secretary's span of control was too broad for effective management. At that time, 29 major offices of the Department, plus seven Unified/Specified Commands reported to me. Of these, almost half were within the Office of the Secretary itself. Furthermore, the fragmentation of executive authority among independent offices within the Office of the Secretary, several of which had closely related functions and responsibilities, created the need for excessive and time-consuming coordination and required the elevation of far too many decisions to the Secretary or Deputy Secretary for resolution. Virtually every review of the Department's organization in the past several years concluded that these conditions hampered effective management. (page 349)

As discussed earlier in this chapter, Secretary Brown made an effort in 1977 to reduce the span of control problem. His actions did not go far enough in this direction. Moreover, the problem has been further compounded by the addition since 1977 of other OSD offices reporting directly to the Secretary.

b. Piecemeal Addition of OSD Offices

The second cause of inadequate supervision and coordination of OSD offices is that many OSD offices have been added, especially by the Congress, without restructuring the overall organization. Many of these offices were established and given positions in the hierarchy for political purposes. In particular, the Congress has specified that these newly created offices report directly to the Secretary of Defense. The Office of the Assistant Secretary of Defense (Health Affairs), the Office of the Assistant Secretary of Defense (Reserve Affairs), the Office of the Director of Operational Test and Evaluation, and the Uniformed Services University of the Health Sciences are good examples. The problem with this congressional direction is that the Secretary cannot adequately manage these offices, so they, in essence, report to no one. Furthermore, given the specificity of congressional direction, OSD organizational planners

believe that they are inhibited by outside constraints from seeking more streamlined arrangements.

3. INEXPERIENCED POLITICAL APPOINTEES AND POOR CONTINUITY IN SENIOR LEVELS OF OSD

Too often, key positions in OSD are filled by individuals who lack a substantial background in military strategy, operations, budgeting, and the like which are so important if one is to contribute immediately to effective policy formulation and management. DoD can no longer afford to fill senior positions with on-the-job trainees. Equally troublesome is that OSD has poor continuity in its most senior positions. In a field as complex as defense management, this is a fundamental weakness in achieving a sound U.S. national security program. This severe shortcoming must be overcome if civilian control of the military is to remain compatible with the level of organizational effectiveness required by today's complex international security environment.

In OSD, there are currently 18 Presidential appointees and 51 additional senior political appointees. This number of political appointees becomes a problem only because of their relative inexperience, their high turnover rate, and the lengthy breaks between departures and arrivals of political appointees.

a. Experience Levels of Senior DoD Officials

In his book, *U.S. Defense Planning — A Critique*, John Collins makes the following observation on the experience levels of senior DoD officials:

The U.S. defense planning system installs few leaders who possess first-class credentials before they take defense planning posts. A distinct minority during the last 37 years could be considered professionally qualified to supervise the process and select politico-military alternatives until they had been in office for lengthy periods. (pages 199–200)

Similarly, the *Departmental Headquarters Study* recommended

. . . continuing emphasis on the importance of selecting high calibre, well-qualified people for Presidential appointments, and encouraging their service for periods long enough to be effective. (page 27)

Some observers argue that the overriding solution to DoD organizational problems is to improve the caliber of senior officials. General Krulak presented this view in testimony before the Committee on September 20, 1983 when he argued: "Someone once said in referring to an organization chart, it is not the boxes on the chart, it is the blokes in the boxes." (part 2, page 106)

While improving the quality of DoD's senior leadership is an important initiative, it should not, however, be seen as a substitute for necessary organizational reform. Although good people can, to a certain extent, overcome a deficient organizational structure, a well-designed structure will support a higher level of sustained effectiveness than a poor structure will. As Dr. James R. Schlesinger testified before the Committee on November 2, 1983:

I have no wish to exaggerate nor to suggest that structural reform is a panacea that can solve our many military problems. Structural reform is no substitute for capable leadership or for suitable, well-trained and ready forces. Cynics will point out that only a limited amount can be achieved by what is described as "tinkering". Nonetheless, in the absence of structural reform I fear that we shall obtain less than is attainable from our expenditures and from our forces. Sound structure will permit the release of energies and of imagination now unduly constrained by the existing arrangements. Without such reform, I fear that the United States will obtain neither the best military advice, nor the effective execution of military plans, nor the provision of military capabilities commensurate with the fiscal resources provided, nor the most advantageous deterrence and defense posture available to the nation. (Part 5, page 186)

Similarly, Peter F. Drucker emphasizes the importance of sound organizational structure:

. . . Few managers seem to recognize that the right organization structure is not performance itself, but rather a prerequisite of performance. The wrong structure is indeed a guarantee of nonperformance; it produces friction and frustration, puts the spotlight on the wrong issues, and makes mountains out of trivia. (*Harvard Business Review on Management*, page 624)

Paul Hammond in his book, *Organizing for Defense*, offers the following thoughts:

Formal organization is not all-important. In large-scale organization, however, it is an unavoidable starting point of inquiry. Men are important, too. But men in government—at least in the American government—do not last. The things that last are the institutional arrangements which impart continuity to policy and meaning (however valid) to process, and the modes of thought which make both significant. (page 4)

Nevertheless, structural form cannot compensate for individuals who lack required expertise for the positions they occupy. According to Hammond, "...Organizations are made up of men; there is no substitute for their quality." (page 4)

b. High Turnover Rates

As to turnover rates, Secretaries of Defense have served on the average for only 2.3 years; and Deputy Secretaries, for only 1.8 years. Average longevity in senior OSD positions is considerably less than 3 years. For example, Assistant Secretaries of Defense (International Security Affairs) have served on the average for only 1.6 years since this important position was established in 1953.

c. Vacancies

Many positions remain vacant following departures of political appointees. The report of the Chairman's Special Study Group indicates that, among approximately 30 presidential appointee positions in OSD and the Military Departments, extended vacancies

have occurred 146 times since 1960 with an average duration of 5 months. (page 42)

d. Causes

There are two basic causes of the problem of inexperienced political appointees and poor continuity in senior levels of OSD: (1) extensive use of OSD appointments to repay political debts or to provide representation for special interest groups; and (2) substantial financial disincentives for individuals appointed to such positions.

(1) extensive use of OSD appointments to repay political debts or to provide representation for special interest groups

The problem of filling key civilian leadership positions in OSD with individuals who lack sufficient qualifications is in no small measure the result of the excessive influence in the selection process of the White House staff in both Republican and Democratic administrations. Key OSD leadership positions have been filled with individuals who have either faithfully served in the campaign of a winning Presidential candidate or who have satisfied the perceived political need for special interest group representation. Often, there is little regard for the qualifications and suitability of these individuals.

(2) substantial financial disincentives

A second cause contributing to this problem is the congressionally imposed limitations on compensation and financial holdings of civilian leaders of the Department of Defense. The annual compensation of senior DoD officials is set at \$72,200. Although it has long been recognized that government service necessarily involves some financial sacrifice, if that sacrifice is allowed to become prohibitive, some of the most able people simply will be unable to enter government service.

Another aspect of this cause is the conflict of interest statutes and regulations applicable to senior civilian officials throughout the Federal Government and the special provisions of the Senate Committee on Armed Services relating to divestiture of conflicting assets. In his testimony before the Senate Armed Services Committee, Richard C. Steadman indicated the Committee's special provisions in this area often result in a prospective appointee being faced with a forced sale of their major assets as a requirement to accepting a Department of Defense position. He further observed that the result, after taxes, of such a forced sale could be an immediate one-third decrease in an individual's assets. There can be little doubt that such a result could be a real impediment to some of the most highly qualified individuals accepting positions in OSD and elsewhere in DoD.

4. OSD MICRO-MANAGEMENT OF SERVICE PROGRAMS

The Military Departments have consistently held the view that OSD has been engaged in extensive micro-management of internal Service programs. The term "micro-management" means the over-involvement of higher authority in details that can be better managed by subordinate organizations. While observers differ as to whether this exists, the weight of testimony suggests that there is some degree of OSD micro-management. For example, the *Depart-*

mental Headquarters Study noted: "The study disclosed some evidence of undue involvement by the OSD staff in details better left to Military Department management." (page 34) The General Accounting Office report, "Suggested Improvements in Staffing and Organization of Top Management Headquarters in the Department of Defense," dated April 20, 1976, expressed similar concern:

...The increasing involvement in service program execution at the OSD level reduces the autonomy of the Service Secretaries and thereby reduces their ability to make decisions on issues which are more relevant to them or on which they often have more expertise....Since the military departments are separately organized and the Service secretaries are resource managers, it is logical that they may be given the authority to manage. They are, in effect, presidents of operating companies. (pages 50 and 51)

In his testimony before the Senate Committee on Armed Services, former Deputy Secretary of Defense Graham Claytor said,

...There has been the tendency that I found both as the Secretary of the Navy and as the Deputy Secretary of Defense, for the OSD staff to micromanage the Services with respect to intraservice problems.

Now, the OSD has got to manage interservice problems and problems that involve overall strategic planning. I found that a great many of the staff of the different Assistant Secretaries of Defense were really trying to run the internal affairs of the Services because they thought they knew better than the people in the service about service matters. (Part 3, page 124)

In addition, Secretary Claytor explained that once strategic policy and overall planning have been determined, the execution should be left to the Services and not to the staff of the OSD. Secretary Claytor said,

...I found all kinds of small decisions the services are much better able to make in procurement of specific weapons and how you procure them, and that sort of thing was being made by civilian staff in OSD which, frankly, in many cases I didn't think knew as much about it as the people in the services did. (Part 3, page 128)

Dr. James R. Schlesinger, a former Secretary of Defense, also noted OSD micro-management in testimony before the Senate Committee on Armed Services:

...without question, the OSD staff has occasionally, though too frequently, become involved with micro-management within the individual Services. That seems to me to exceed the appropriate responsibilities of that staff. (Part 5, page 189)

a. Human Nature

The primary cause of this problem is human nature: OSD officials —like everyone else —prefer to work on narrower and more manageable issues than the complex issues that should be the primary focus of OSD.

b. Inadequate Supervision

A second cause of OSD micro-management is the failure of the Secretary and Deputy Secretary to police OSD micro-management of Service programs. Micro-management is contrary to OSD policies as clearly indicated by Secretary Carlucci's memorandum of March 27, 1981 concerning "Management of the DoD Planning, Programming and Budgeting System". However, issuance of memoranda has limited impact without an active management review of implementation. This is currently lacking.

c. Congressional Micro-Management

OSD micro-management is also caused by congressional short-term (year-to-year) and microscopic emphasis on program management. In response to congressional micro-management, OSD places an equivalent emphasis on details that could be better left to the Military Departments.

d. Non-Compliance by the Services

A fourth cause of OSD micro-management is that the Services have failed to adhere to OSD guidance in program development and management. In particular, the Service Secretaries appear to have failed to effectively discharge their responsibilities to ensure full Service compliance with the decisions of the Secretary of Defense. Non-compliance by the Services caused OSD to become involved in the details of implementation in order to preserve the decisions of the Secretary of Defense.

e. Large OSD Staff

A fifth cause may be that some OSD staffs, particularly in the research and engineering area, have become too large. Larger staff sizes often result in a weaker focus on principal responsibilities and major issues.

f. Emphasis on Functional Areas

OSD micro-management may also result from limited mission integration mechanisms. In the absence of important mission integration efforts, OSD has emphasized functional integration. This is likely to lead to overinvolvement with Service programs which are also functionally organized.

Paul Hammond in *Organizing for Defense* identified OSD's functional structure as a cause of OSD's micro-management of the Services:

As the Defense Department continued to grow more centralized in administration, the Office of the Secretary of Defense remained weighted in favor of business administration operations. The services have been expected to perform the major functions of a military establishment at the same time that OSD has been developing duplicate functions. The result has been a growing duplication of staffs and the "re-reviewing", as one Congressional committee put it, of work already adequately reviewed and sufficiently supervised. The point was overstated, for there have been substantial reasons for the "re-reviewing," but it nevertheless has substance. If the secretariat in either OSD or the service departments were primarily concerned with the development of general policies which spanned military and business administration interests, their activities

might be less duplicative. But both are concerned largely with business administration, to the exclusion of the development of a general program; and the supervision by both suffers from the same consequent limitations. (page 313)

5. PLANNING AND PROGRAMMING ARE UNILATERAL, NOT COALITION, ORIENTED

The United States, following World War II, developed a broad network of alliances and mutual defense treaties to protect her interests. The foundation of U.S. national security is a coalition strategy with appropriate coalition policies. However, both the United States and her allies are guilty of what General David C. Jones, USAF (Retired), has called "the sin of unilateralism" in that planning and programming are still approached on essentially a national rather than a multi-national basis. Most coalition-oriented efforts, such as NATO's Rationalization, Standardization, and Interoperability (RSI) program, have been tremendous disappointments. Much of the blame for NATO's failures in cooperative efforts lies with the United States as the Alliance's leader.

Ambassador Robert W. Komer, former Under Secretary of Defense for Policy, noted the unilateral perspective of DoD planning and programming in his draft paper, "Strategymaking in DoD":

Nor does the planning/programming process take adequately into account the needs created by our pursuit of a largely *coalition* policy and strategy, reflecting the broad network of alliances and other commitments entered into after World War II....This is partly because of a lack of organizational focus within the United States or other governments on coalition issues. For example, until the author became Advisor to SecDef [Secretary of Defense] on NATO Affairs in 1977, no single U.S. government official above the level of office director dealt exclusively with NATO matters—our largest single overseas commitment. But this organizational innovation too disappeared when the next administration took over. (pages 25 and 26)

There are four causes of this unilateral approach in OSD:

- absence of organizations with major mission orientations;
- ineffective strategic planning;
- limited influence of unified commanders in planning and programming; and
- limited influence of OSD policy experts on resource decisions.

The first three causes are addressed in detail elsewhere in this study. As to the limited influence of OSD policy experts, the basic problem is that the policy experts do not have sufficient expertise on programmatic issues nor sufficient influence to alter the recommendations of OSD and Service resource managers who are, for the most part, oriented to the unilateralist perspective.

6. INADEQUATE OSD REVIEW OF NON-NUCLEAR CONTINGENCY PLANS

Currently, only the Secretary and Deputy Secretary of Defense have access to non-nuclear contingency plans prepared by the unified and specified commanders. Nuclear war planning is not an issue because the civilian leadership has long insisted on being reg-

ularly briefed on it and on related war games. The Secretary and Deputy Secretary do not, however, have sufficient time to adequately review these important plans for action by conventional forces during crises. The Steadman Report shares this conclusion:

...present arrangements place too great a burden on the Secretary and Deputy Secretary for assuring that there is sufficient continuing policy guidance in these areas [contingency plans]. (page 43)

The cause of the absence of OSD review of non-nuclear contingency plans is that the JCS have jealously guarded non-nuclear contingency plans. The Steadman Report notes:

The JCS are sensitive to the fact that only the Secretary and the Deputy Secretary are in the operational chain of command and, thus, strictly interpreted, only they have a "need to know" regarding operational plans. (page 43)

This posture has been based in part on security grounds, but is more directly linked with the JCS view that OSD review would be an unwarranted civilian intrusion into strictly military matters—an attitude which apparently contradicts the principle of civilian control.

The current Secretary of Defense, Caspar W. Weinberger, believes that contingency plans receive adequate civilian review:

...These [contingency] plans are then briefed to me and the Deputy Secretary of Defense on an annual basis and as changes occur, and these plans are changed if these briefings indicate to me that changes are required.

Thus, the principle of civilian control of the military for non-nuclear contingency planning is preserved by keeping the Secretary and Deputy Secretary of Defense informed of the assumptions, procedures, and results of the overall planning process, and particularly by a final review of the plans themselves by the Secretary and Deputy Secretary of Defense. (Answers to Authorization Report Questions)

Despite Secretary Weinberger's views, it does not seem possible that the Secretary and Deputy Secretary of Defense—who share other enormous and demanding responsibilities—can effectively review the numerous contingency plans and ensure that they are consistent with national security policy.

Absence of meaningful OSD review of non-nuclear contingency plans is a problem because (1) it is a vital area where civilian control of the military is not properly exercised; (2) the plans may not be realistic in terms of actions that the President may be prepared to take in certain situations; (3) higher authority may lack an understanding of what can be done with existing resources leading to inconsistencies in the strategic planning process during which objectives are linked to resources; and (4) there is no process to ensure that plans are receiving sufficient attention and an exposure to new alternatives at the unified and specified command level.

There is another OSD problem area associated with contingency plans. This relates to inadequate civilian guidance to be used by

military officers in developing contingency plans. This problem area is addressed in Chapter 4 dealing with the Organization of the Joint Chiefs of Staff.

E. DESCRIPTION OF SOLUTIONS TO PROBLEM AREAS

In this section, possible solutions to OSD problem areas are described. These include previously proposed solutions along with newly developed ones. The list of possible solutions covers those that would require legislative action and those that require only management attention. Because OSD is at the pinnacle of the DoD hierarchy, a number of solutions to OSD problem areas involve structural or management changes in organizations outside of OSD. While these non-OSD solutions are addressed in detail in chapters of the study dealing with other DoD organizations, they are briefly described in this section to draw attention to their potential contribution to improved performance by OSD.

Regarding previously proposed solutions, there have been five major studies since 1970 that address one or more of the OSD problem areas identified in this report:

- the *Report of the Blue Ribbon Defense Panel* chaired by Gilbert W. Fitzhugh and submitted in July 1970;
- the *Departmental Headquarters Study* directed by Paul R. Ignatius and submitted in June 1978;
- the *National Military Command Structure Study* directed by Richard C. Steadman and submitted in July 1978;
- the *Defense Agency Review* directed by Major General Theodore Antonelli, USA (Retired) and submitted in March 1979; and
- the Final Report, entitled *Toward a More Effective Defense*, of the Defense Organization Project of the Center for Strategic and International Studies (CSIS) chaired by Philip A. Odeen and completed in February 1985.

Relevant recommendations of these studies have been linked to problem areas identified in this study as accurately as possible. Due to the differences in approach as well as the brevity of certain recommendations in these studies, the correlation of problem areas and recommendations required certain interpretations which may not be exact.

It should be noted that the options to solve a problem area presented in this section may or may not be mutually exclusive. In some instances, only one of the options to solve a problem area could be implemented. In other cases, several options might be complementary.

1. PROBLEM AREA #1—LIMITED MISSION INTEGRATION OF THE OVER-ALL DEFENSE EFFORT

The principal guideline for solving this problem area is to strengthen the integrating staff support for the Secretary of Defense and to strengthen the authority of and the integrating staff support for the JCS Chairman. Proposals that would strengthen the authority of the JCS Chairman are addressed in Chapter 4; this chapter will, therefore, focus only on strengthening the integrating support for the Secretary of Defense and JCS Chairman. With