

Supply Corps Senior Leadership Training Symposium 29 April 2009

I. Introduction

Good morning. Thank you for the opportunity to speak with you today. I realize that I'm the only thing between you and lunch so let's get started. I'm reminded of a story about the playwright, George Bernard Shaw. Shaw once told a speaker that he had 15 minutes to speak. The speaker replied, "15 minutes? How can I possibly tell them all that I know in 15 minutes?" To which Shaw responded, "I advise you to speak very slowly."

It is truly a pleasure to be with you here today – among those whose leadership has helped to build the superb cadre of business leaders, operational logistics professionals, and quality of life service providers that is our Navy Supply Corps. As leaders, it is easy to be consumed by the "tyranny of the now," focusing on balancing the books for this year and next in a challenging fiscal environment.

I'd like to share a more strategic perspective with you. I'd like to talk to you about the strategic landscape and how we are positioning Navy for the future, focusing on our most important asset - our people.

I encourage you to keep these thoughts in mind as you examine your own community's strategic position for the future during this symposium.

Recruiting is strong.

In 2008, we achieved our officer and enlisted recruiting goals across both the active and reserve components for the first time in five years, while exceeding DoD quality standards in all recruit categories.

This success has continued into FY09 - we are ahead of benchmarks in all enlisted categories, and are even recruiting delayed entry programs into FY10.

Retention is high.

Beginning in 2008 and continuing into this year, our comprehensive benefits, combined with current economic conditions, have resulted in increased retention and lower attrition across the force.

We are still experiencing retention pressure in our most technical ratings and we are seeing certain shortfalls in the officer control grades (O-4 to O-6), although these shortfalls are gradually decreasing.

We're adjusting monetary incentives to match retention behavior and continuing to explore various quality of life initiatives targeting these critical areas.

The tone of the force is very positive.

We poll extensively and track statistics on personal and family health, financial health, command climate, and Sailor satisfaction.

Sailors and their families continue to express satisfaction with the morale and leadership at their commands, their health care, benefits, and compensation.

Despite the current economic situation, our Sailors are not experiencing financial distress – the majority of enlisted and officers report that they are very satisfied with their standard of living. To continue to support our Sailors and their families through these troubled economic times, we have implemented a number of policy changes.

- We have expanded BAH for close proximity moves, enabling eligible members to remove household goods funding from their orders in order to retain BAH from their previous permanent duty station.
- We have funded local moves due to landlord foreclosures to mitigate the negative impact on Navy members and their families, who through no fault of their own, have been forced to move.

However, just as important as compensation, health care, and quality of life programs is your leadership - I ask for your continued support for being “Brilliant on the Basics.”

“Brilliant on the Basics” is all about taking care of Sailors and their families from the moment they check into a new command.

Have a great sponsorship program – this first impression sets the tone for the Sailor’s experience at your command.

Focus on the first 72 hours. This gives the command a chance to set expectations.

Include Sailors AND their families in the indoctrination process – go on a base tour and bring in the Fleet and Family Support Center to talk about the resources available.

Hold Career Development Boards at the appropriate times – don’t skip out on this one. Our CPO community has to take the lead here.

Be a mentor and ensure that all of your Sailors have a mentor. Build a strong ombudsman program – this is the backbone of family support. Recognize Sailors who deserve it – a pat on the back is great, but an award gives them points toward advancement.

Adopt a “whole person” approach to health and readiness – mental, physical, and dental. Promote programs that build these three elements of health and readiness such as Operational Stress Control and physical fitness.

“Brilliant on the Basics” is really a statement about good leadership—or as one of my mentors used to say, “People don’t care how much you know till they know how much you care.”

So, recruiting is strong, retention is high, the tone of the force is positive, and your leadership is exceptional.

Let me share with you the three key elements that comprise our strategy moving forward to ensure that Navy is positioned for the future.

II. Stabilizing the Force

We are transitioning from a posture of drawing down the force to one of stabilizing the force.

Since 2001, our average end strength has declined by approximately 46,000 Sailors.

At the same time, our mission sets have continued to expand to include increased emphasis on humanitarian relief and language, regional expertise, and culture and increased demand for SEALs/SOF/MAA, FAO, naval coastal warfare, and riverine. We are also growing new skill sets in the future—such as cyberwarfare.

As our mission sets evolve, so too must our logistic support of those missions. And, you have responded to these changing demands exceptionally, from the development of a Global Logistics Support Strategy and Disaster Response Strategy to enhancing logistics integration with our maritime partners.

Over the past year, we have been closely examining the impact of the Individual Augmentee demand on the force. Prior to 2005, the IA mission was primarily absorbed by the reserve force. Since then, the pendulum has swung to the active component - we have added nearly 7,000 active duty IAs across the force.

In looking at this demand, we made the assessment that the watch was wound pretty tight...and that continuing to proceed down to an end strength of 322,000 would negatively impact fleet readiness levels and create excessive churn in the fleet.

To meet global demands and minimize stress on the force, former Secretary of the Navy Winter authorized the force to overexecute end strength last year – we finished FY08 with an end strength of 332,228, approximately one percent above our statutory end strength authorization.

End strength has remained fairly stable over the past several months – our end strength now is 332,110 [as of 22 April 2009]. As we move past this fiscal year, we

expect Navy end strength to stabilize at approximately 330,000 to support current Fleet manning as well as the joint force.

Our force stabilization strategy is directed at sustaining a high quality force able to respond to new mission areas in support of the Maritime Strategy and the joint warfighter - within our fiscal authorities.

Our efforts are guided by several principles:

- Retain the best Sailors and target incentives to retain those with critical skills.
- Balance the force in terms of seniority, experience, and skills matched to projected requirements.
- Safeguard the careers of our top performers
- Provide the Fleet and joint force stable and predictable manning, and
- Continue to attract and recruit our nation's brightest through recognition of Navy as a "Top 50" employer. What does being a "Top 50" employer mean?

III. "Top 50" Organization

We believe a "Top 50" organization focuses on both performance and taking care of their people. An important part of this is developing a results-oriented work environment that supports life-work integration while maintaining a strong focus on performance.

"Top 50" organizations recognize the value of diversity – diversity of ideas, perspectives, and experiences that can only come from tapping into the diversity of our nation, a nation that is changing.

Of the recruitable population in the United States, only 28% are eligible to enter the military. But, as a result of economic conditions and the comprehensive benefits that we provide, we are meeting our recruiting goals with high quality individuals.

However, we know that the economy will eventually improve. With this will come an increase in the competition for talent. We must effectively position ourselves now to be successful in this environment in the future.

70 percent of new workers entering the workforce today are women and minorities.

By 2020, minorities will comprise over 30% our nation's workforce. By 2050, that number will increase to 50%.

Our hard work in this area has already achieved positive results - the 2008 NROTC Class and USNA Plebe Class were the most diverse in history (28% and 29%, respectively).

In February, Chief of Navy Recruiting Command, RADM Joseph Kilkenny, led a Diversity Accessions Summit with stakeholders across the N1 domain and warfare enterprises to develop a comprehensive battle plan focusing on the three pillars of accessions – awareness, outreach, and recruiting. This plan identified specific objectives in support of CNO's Navy Diversity Strategy and courses of action to achieve those objectives.

A similar summit, focusing on diversity retention and mentoring and led by RADM Daniel Holloway in N13, is planned for May.

“Top 50” organizations also recognize the strength and value women bring to the workforce and the shift to the new generation of millennials.

Right now, women make up over half of the college graduates in the United States. Approximately 50 percent of professional and graduate degrees are earned by women – this is expected to grow to 66 percent over the next decade.

We are seeing this talent enter the Navy in greater numbers. In 2008, 28 percent of the entering NROTC freshmen and 20 percent of the entering Naval Academy were women.

We currently have three generations in our workforce, each motivated by different priorities and possessing different strengths:

- Boomers [2%] tend to be idealistic, individualistic, and passive consumers of media. Most of our senior leaders are boomers.
- Gen Xers [55%] are independent and entrepreneurial – they are “digital immigrants.”
- Millennials [43%] are optimistic and interdependent. They seek balance between their personal and professional lives and have a strong desire for service. We are bringing 40,000 millennials a year into the Navy. In a few years, these “digital natives” will comprise the majority of the Navy.
- These individuals have expressed the aspiration to “work to live” rather than “live to work” – they seek flexible careers that allow for greater life-work integration.
- These groups represent a growing talent pool that we must tap into to ensure a healthy, viable force for the future.

In order to be competitive for this workforce in the future, we need to provide opportunities for flexibility and life-work integration while at the same time, focus on and reward performance.

I encourage you, as leaders of the Supply Corps, to think about how your community can take advantages of these opportunities for career flexibility.

These are some of the things that we are doing to get there:

Career Intermission Pilot Program

This is a four-year pilot program that allows Naval personnel to take a break from service without having a negative impact on their careers.

The pilot program, currently involving 20 officers and 20 enlisted, offers an “off ramp” to participants if they agree to return to service after one to three years. These members can leave the Navy, while maintaining medical and dental benefits along with a small stipend, if they agree to return to service for an obligated amount

of time. Their careers stay intact because we stop the promotion clock until they return to active duty.

What benefits does this “career intermission” provide? Competitive Sailors and officers can attend to important life events such as starting a family, caring for a sick child or elder, or pursuing another professional ambition.

Virtual Command Pilot Program

As a “Top 50” organization, we believe that in areas where we can, we must embrace the philosophy that “work is not a place.”

I am struck by the visits I’ve made to a Fortune 100 corporation recently. This is a company with approximately 300,000 employees, roughly the size of our Navy, and 40% of its workforce works out of their homes—not an office.

The Virtual Command Pilot Program offers the opportunity to fill career-enhancing positions while reducing costs associated with physically moving from one assignment to another and providing stability for working spouses and school-age children. Let me share with you some examples of how this works:

After more than 20 years in the Navy, CAPT Jim Oakes, who worked on my staff in Washington D.C., was planning to retire to Pittsburgh, PA, where his family lived. After three years of working as a geographic bachelor in Washington, it had become increasingly difficult to make both service in the Navy and family work. With the Virtual Command Program, CAPT Oakes is able to remain in his current job, but live and work out of Pittsburgh.

We have a young LT in Everett, Washington – a top performer, ranked #1 of 8 LTs on her ship. Her next assignment is in my organization here in Washington D.C. Rather than have her move across the country, we are giving her the flexibility to work virtually from Washington state.

Finally, we have a submarine officer who completed his command tour in October and was considering leaving the Navy until we offered him the opportunity

to work for us but remain in Georgia with his family – he chose to stay Navy and now works for me.

Each of these individuals is able to remain part of the Navy family, while attending to the needs of their own families, through technology that is already available – Outlook Web Access for e-mail and tools provided by the Defense Information Systems Agency (DISA) such as Defense Connect Online for virtual meeting space and Defense Knowledge Online for document sharing. And we, as a Navy, continue to benefit from their knowledge, skills, and experience.

Your support, as leaders, is critical to the success of initiatives like this. We must set the example by using these technologies to encourage acceptance at our commands.

Since February, I have been telecommuting one day a week to show that it can be done. I hold virtual meetings using Defense Connect Online and interact with my staff throughout the day using an instant messaging program called Jabber.

Our initial efforts with the Virtual Command Pilot were just recognized by the Telework Exchange, a public-private partnership promoting the value of telework, with the “Tele-Vision” award for the “best new telework initiative.”

Paternity Leave

We received congressional approval last year for paternity leave, which provides 10 days of leave for a married member whose wife gives birth to a child.

We expect more than 15,000 Sailors to benefit from this entitlement each year.

Targeted Investments for the Future

Continuum of Service

We are making targeted investments in critical areas, such as continuum of service and education and training, as well as continuing our force stabilization efforts to ensure that we balance the force in terms of experience, skills, and seniority, provide stability and manning to the fleet, and meet operational demands.

Our vision is a seamless Navy Total Force - active and reserve Sailors and Navy civilians, supported by contractors - valued for their service to the Nation. Achieving this vision requires individuals to be able to seamlessly transition between the active, reserve, and civilian components of our workforce over an entire career.

There are a number of obstacles that make this difficult - from the law and entitlements to funding and IT systems.

Chief of Navy Reserve, Vice Admiral Dirk Debbink, and I are committed to finding a Total Force solution to achieve this capability.

It currently takes about four months for an individual to transition between active duty and the reserves. Our goal is to be able to move individuals back and forth in as little as 72 hours.

Education and Training

We view education and training as key differentiators for the Navy. Education and training are strategic investments we can make now to ensure our future success.

The Maritime Strategy defined three near-term priorities, one of which is “preparing our people” to meet future demands. Specifically, the Maritime Strategy states that we must:

Develop and maintain proficiency in the critical skills necessary to conduct a wide range of operations.

Develop cultural, historical, and linguistic expertise to foster and sustain cooperative relationships with more international partners.

Provide joint professional education and development designed to improve mutual understanding of respective service and agency capabilities and cultures. We are actively engaged in efforts to support implementation of the strategy across each of these areas. For example,

We are leveraging emerging talent markets through NJROTC and NROTC expansion and sustained engagement with African American, Hispanic, and Asian-American/Pacific Islander affinity groups.

We established a Center for Language, Regional Expertise, and Culture to provide language and cultural training to the fleet.

We integrated Navy Professional Military Education with Joint Professional Military Education (JPME), targeting O-1 to O-3 and E-7 to E-8, to ensure that Navy junior officers and chief petty officers can speak confidently about naval operations and capabilities in the context of a joint force.

JPME Phase I completion is now required for unrestricted line, restricted line, and staff officers prior to command screening.

Providing education and training opportunities across a career is also a way to demonstrate our commitment to your personal and professional development.

The post 9/11 GI bill is an example of our commitment to you and your families. For the first time, you have the choice to transfer education benefits to your spouse or children. These benefits can be used by your family while you're on active duty or after retirement.

COOL, which stands for Credentialing Opportunities On-Line, is another example. If you aren't familiar with it, I encourage you to go online and check it out. COOL is designed to help your Sailors identify civilian credentials including certifications, licenses, and apprenticeships, related to specific ratings.

The site has experienced over 35 million hits. Over the course of the past year, we have funded approximately 14,000 certification exams and are experiencing a 96% success rate. Over 8,000 certifications have been attained by Sailors throughout the fleet.

We're preparing to launch COOL for officers in the future. N1 is also working closely with the Learning Centers to create an Enlisted Learning and Development Roadmap for every rating broken down by paygrade, from E1 to

E9. The purpose of these roadmaps is to guide Sailors in their career development from the Delayed Entry Program through Master Chief Petty Officer.

If you check out NKO, you'll see that 19 roadmaps have been published for a number of different ratings, including Culinary Specialist.

The goal is to have roadmaps for all ratings available on NKO by 2010. We're doing the same thing for officers, starting with the Financial Management and Operations Research Analysis subspecialties and the Foreign Area Officer designator.

As you can see, there is no limit to the education and training opportunities available and we are working to make these opportunities more accessible to you:

- They will be increasingly available online.
- They will be learner-centric – that is, individualized training targeting the specific needs of each learner.
- They will be delivered to the waterfront.
- Speed, access, tailored, and on demand are the characteristics that we are striving for.
- This leads me to my last message.

V. **Closing**

In periods of turbulence, top organizations look for opportunities.

We're doing just that by making the right investments in our people and manpower policies. Our goal is to emerge from this period a more agile and flexible force with policies in place that provide stability and predictability to the fleet.

You are the leaders who will guide the Supply Corps into the next decade, nurturing the next generation of leaders to follow and ensuring that you remain always "Ready for Sea." I share these final thoughts with you and encourage you to share them with your Sailors and officers:

There will always be a place in the Navy for top performers – do your best, seek challenging assignments, and take full advantage of the education and training

opportunities that are available to you. As John F. Kennedy said, “Leadership and learning are indispensable to each other.”

Compare the benefits Navy provides to any “Top 50” employer in the world – we can stand toe-to-toe with them.

Take care of those who work with you and for you – it’s amazing what having a brain to pick, an ear to listen, and a push in the right direction can do for someone.

Be proactive and plant the seed for culture change, whether it’s promoting a performance-based work environment, looking for innovative ways to promote life-work integration, or improving business processes. One change paves the way for the next, giving us the opportunity to grow and improve.

Thank you for your time. I’d like to open the floor for a few questions.