Thank you for the introduction and invitation Dr. [John] Hamre; it’s a pleasure to be here tonight. I would also like to extend my thanks to everybody here – having been a member of the Advisory Board, I fully appreciate the quality of the work and strong dedication to CSIS and its mission. I am grateful for the opportunity to share with you the Navy and Marine Corps team’s message, to share where we find ourselves and where we need to go.

Some of you may know that at my confirmation hearing before the Senate Armed Services Committee in July, I briefly mentioned my last day as an active duty Marine.

It was thirty-six years ago that I was driving through the tomato fields surrounding the landing pads at Marine Corps Air Station Tustin, California. My trusty steed at that time was a beige 1968 VW Bug that carried me out of the gates for the last time as I ended a tour with Marine Helicopter Squadron 161. While I was headed northbound to the entrance of the Pacific Coast Highway, I can tell you without hesitation that the thought of me standing in front all of you as Secretary of the Navy, was not to be found even in the most remote parts of my mind. It’s a true privilege to once again serve the nation by leading and supporting the world’s finest Sailors and Marines.

I view it as a privilege to have this role, and I am determined to give it my all, and when this tour is over, I will leave the Navy and Marine Corps team better off than I found it. To do that I must embrace what being Secretary of the Navy is all about – what the job is. I find my job description in Title 10, section 5013 of the United States Code. The way I read it, my job is to: recruit, train, equip and organize to deliver combat ready Naval forces to the Secretary of Defense and the President.
In short, I’d say it’s my job to make sure that the Navy and Marine Corps team is ready to win tonight – to win against anyone, anywhere, at any time. That’s easy enough to say, but clearly not as easy to actually do, especially when – and I must be blunt here – we have readiness issues in both the Navy and the Marine Corps. We are tackling the readiness issues and making great progress, but we have a ways to go. I am confident that we’re going to successfully tackle every one of them.

To accomplish these tasks, we are going to need help from some outstanding problem solvers and we’re going to need exceptional leadership to do this – both from inside and outside our organization. As you know, our Seventh Fleet forces are under the microscope right now and rightfully so. The CNO initiated a Comprehensive Review of the issues that were affecting readiness in that theater. The CNO’s CR is an example of that leadership and problem solving from within our organization. It has given us deeper insight into the systemic issues in play and has provided a way forward.

My Strategic Readiness Review has enlisted some of the outside aid I just mentioned - I’ve asked for help from both government and industry leaders. The results are coming shortly, but that team is looking at everything – and I do mean everything: from DOPMA, to Fleet Forces Structure, to Goldwater-Nichols.
Yes, there are a multitude of obstacles on our path to success.

- Funding issues resulting from the 2012 Budget Control Act and years Continuing Resolutions have taken a toll on readiness and maintenance cycles. Just as an FYI - we have computed that the last 9 CRs have cost the Navy $4 billion dollars. Not having consistent funding has also cost us time, a resource we can’t buy back. We can’t get back that time our ships needed the yards; we can’t get back the time that our shipyards, aircraft manufacturers and suppliers weren’t producing.
- The infrastructure needed to grow, support, refit and repair our Fleet is showing signs of strain and have been woefully underfunded.
• Technological leaps have put new, affordable capabilities in the hands of our adversaries.
• And some of these adversaries have begun demonstrating renewed aggression we haven’t seen in some time.

These points are simply the basis for the environment in which we operate. So, how do we find the advantage? We, as government, need to be a better customer, and we need industry to provide solutions and capabilities at the speed of relevance and at an affordable value. I believe the Navy and Marine Corps can do their part if we remain focused on our mission with three priorities in mind: People, Capabilities and Processes.

People are our greatest asset – we don’t win without them and we need to keep our best and brightest. We need to recruit and retain the most talented, we need to empower subject matter experts and hold people accountable. We need to provide a professionally challenging and rewarding environment, complete with the training needed to succeed.

Our ships, planes, submarines, vehicles, weapons – they are engineering marvels. But they’re simply hunks of metal that can’t do much without the human interface – they need Sailors and Marines to bring them to life. But those Sailors and Marines, along with their brothers and sisters in the other armed services, have been facing increasing financial pressure and under constant demand to do more with less.

It’s no secret that readiness has suffered under the burden of years of high operational tempo combined with the financial uncertainty brought about by the Budget Control Act and almost a decade of Continuing Resolutions.

The challenges of time and our operational footprint also drive our readiness issues. The world isn’t getting smaller. Our commitments aren’t decreasing. Every day, our leaders are forced to make difficult decisions for their Sailors and Marines. It’s a zero-sum challenge.
All too often they’re forced to choose: operational mission accomplishment or training or maintenance. Selecting one comes at the expense of the others – and many times it puts them in an unacceptable yet unavoidable quandary.

Being America’s best and brightest, our Sailors and Marines approach the challenges with a “can do” attitude and work miracles. It’s hard to imagine just how much of our readiness issues are compensated for by their efforts alone. We are organizations biased for action. But now we must balance that bias in the context of sustainability. Our Sailors and Marines are part of the solution set, and I am dedicated to working with all of our partners to deliver sustainable solutions.

Despite all of this, our warfighting capability is still unparalleled in the world. But our advantages – especially on the technological front – are shrinking. You can be sure that our adversaries are working hard to catch up to us – and it is my goal to never send our troops into a fair fight.

I’ve learned from the world of business that when you’re facing competition, you need to have the resources and processes in place to innovate, compete and win – and to stay ahead of the competition at all times. It’s when you take your hand off the throttle that the competition starts to close. It’s bad enough in the business world to not attain your goals, but the stakes are so much higher when it comes to our national security. I can assure you that our adversaries aren’t treading water – they are full throttle and catching up quickly in developing lethal capabilities to challenge ours.

We must respond on all fronts: internal research and development, rapid prototyping, accelerated learning, and by partnering with industry. I’m talking about a true partnership based upon the concept of shared risks producing shared rewards – a partnership in which we provide industry a clear line of sight to our needs and resources. This will allow them to invest in the necessary research and development to provide solutions to challenges with the right capabilities for good value.
But these efforts must be made with full awareness of the fact that the operational demand signal on our Naval forces is only going to increase. As that demand increases we need the physical presence in order to satisfy it. That means building more: ships, planes, submarines, tanks, tactical vehicles, and munitions. And not only do we need the equipment, we need the manpower and the infrastructure to employ and support them.

From my time in the private sector, I learned that no organization can succeed in a vacuum – we cannot do this alone. We need the support of Congress and industry if we’re going to restore readiness and meet the operational demand signal of today and tomorrow. We need to be more efficient in how we conduct our business in order to strike the balance between sustainability for industry and value for the taxpayers. We are determined to work with our industry partners so we may implement their lessons learned in order to be better informed customers for our suppliers. Just as they need to know my needs and requirements, I must know theirs.

This will require a tremendous amount of effort. The place we can make the most progress in the near term within the Navy – Marine Corps team is by changing our processes – the way we do business.

Everyone is limited by money and time. We understand this and need to become more efficient if we are going to maximize the impact of the resources entrusted to us. We owe that to the American taxpayer. And we owe it to them in a timely fashion. We simply cannot buy back time. We can’t afford to wait to start building ships or facilities in 5 years.

As in business, every minute we’re not growing, we’re getting smaller. And as in business, seizing the moment is critical. This, my friends, is the moment - our moment. In order to grow, we need to streamline our acquisitions process and working with our Congressional partners to secure steady funding commitments, which will serve to encourage innovation and provide for efficient procurement.
When our suppliers and partners in industry have stability in demand and funding, they can and will deliver the capabilities we need at a value price.

If my message seems a little urgent, that’s because it is. Urgency is the battlecry for the Department of the Navy. This is opportunity. We have a chance here to realign ourselves with our warfighting priorities and realign our processes at the same time. This morning I swore in a new Undersecretary and tomorrow I will welcome a new Assistant Secretary for Research Development and Acquisition. With my team in place, we will restore readiness to the Fleet and define the path to building the Navy and Marine Corps of the future.

I know many of you here tonight appreciate the complexity and urgency of the situation. Thank you for the opportunity to share my thoughts and I look forward to seeing the solutions and innovations that this group will continue to champion for our nation. Working across the aisle, across the government and industry, and with our international partners, is going to allow us to create the synergy and conditions where 1 + 1 can equal 3. I ask your help to find ways to meet the challenges of today and tomorrow.