

Vago Muradian Interview with Secretary of the Navy Richard V. Spencer
Defense Aerospace Report
Monday, November 06, 2017

VAGO MURADIAN: – the Defense & Aerospace Report. I'm Vago Muradian here at the Pentagon, where we are interviewing the 76th secretary of the United States Navy, Secretary Richard Spencer – the Honorable Richard Spencer. Former Marine, former investment banker, and now leading the world's most powerful Navy. Sir, thanks very much for your time.

SECRETARY RICHARD V. SPENCER: Great to be here, Vago. Thank you.

MR. MURADIAN: A pleasure to talk to you. A tough question to start out with. Admiral Davidson has completed his 177-page report on the four accidents, two of which claimed the lives of 17 sailors in the Pacific. You've taken a look at those findings, obviously, with the entire leadership team. Gary Roughead, former CNO, and the chairman of the Defense Business Board, Mike Bayer, are also looking at their own assessment—sort of a system-wide assessment, an independent, external assessment, if you will. Talk to us about whether or not you think this is a 7th Fleet problem, is it a Navy-wide problem? What were some of the key takeaways that you walked away with in reading that report that will inform the decisions you and Admiral Richardson will be making?

SEC. SPENCER: The comprehensive review, Vago, done by Admiral Davidson was really to focus on what was going on with the 7th Fleet. But the impact that the study has transcends the 7th Fleet, and it really applies to the whole surface fleet. The study that is underway that we launched from my office, which is the Michael Bayer and Admiral Roughead study, which is called the strategic review, really addressed root causes and how we can address the larger issue for the whole enterprise Navy.

And what I mean by that, is if you look at the comprehensive review, it's tactical in nature. And it needs to be done. And those are some quick fixes, some intermediate fixes, and, in some cases, some long-term fixes. What you'll see coming out of Michael Bayer's and Gary Roughead's study is 30,000 feet. And I'm going to make this quick, but as an example we circled up some of the industry who would be normal of thought – Maersk, Crowley Marine, Boeing – industrial folks who deal with, quote, unquote, “safety issues” and the safety mentality.

We then reached outside and talked to some other folks, as an example Mayo Clinic. John Noseworthy, who's the CEO there, had done some studies with certain areas in his hospital that he wanted better outcomes or thought he could get better outcomes. As an example, long-duration, high-intensity operations. Seven-hour organ transplant where you had in the traditional sense the surgeon who said, here we go, picked up the knife, and everyone's off to the races.

And you might have had a situation where a pulmonary technologist or an anesthesiologist might not be exactly in step, and was there the atmosphere to say, doc, I need a minute here to catch up, or whatever the case may be? They basically compressed that, or decompressed – deconstructed that environment into an environment where the surgeon is constantly going: Is everybody with me? There is an environment, and the open-door ability, to say: Need a minute here to do something to catch up. Now we're all on the same page.

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And I was thinking, wow, is that not a bridge? Is that not an engineering department? Is that now many different structures we have, not only in the surface Navy, but across, again, the Navy enterprise? So we've involved those people. And our job – our outcomes there, in concert with the comprehensive review, are really going to be to change the culture, modify the culture Navy-wide, as far as it comes to sustainable performance, which the underlying word there is safety.

MR. MURADIAN: The assessment did look at some systemwide problems. Admiral Davidson did flag up the fact that the watch team was not entirely joined up, that there was poor seamanship capabilities, that some standards had lagged. There has always been a little bit of a suggestion of gundecking sometimes that's happened in the force, and that maintenance and training have been short-sheeted in a very, very high op-tempo environment. From your standpoint right now, what are some of the things that – you know, I took us a long time to get here. How long do you think it's going to take to get out of this in terms of time, money, focus and some specific actions?

SEC. SPENCER: Sixteen years to get here, Vago, it certainly is not going to happen overnight. When we finally rollout, I think, the tactical issues that we're going to address, and also the cultural issues that we address, tactical will be forefront. We want to get those out to the fleet. As we speak some are being rolled out right now. As we look at the comprehensive review, I think you'll see some changes immediately. Strategic review, it's going to be a year-plus, because it's a cultural issue. And those don't happen overnight.

MR. MURADIAN: Let me take you to the question of discipline. There are some leaders who have been disciplined – Admiral Aucoin being the lead one, the 7th Fleet commander. But there have been other ones that were early retirement otherwise. Do you think that there'll be more people who will be disciplined? As a friend of mine put it, now that fatalities have happened, especially in peacetime, somebody ought to be held accountable. Do you – do you think that that's something that could happen?

SEC. SPENCER: Well, we have done our immediate assessment as far as removing those where there was a lack of trust and confidence. We have a convening authority set up to review – to make sure that all the I's are dotted and all the T's are crossed and we have actually explored all avenues of responsibility.

MR. MURADIAN: Let me take you to the question of responsibility. Nobody in the United States military has more authority than the commanding officer of a U.S. Navy warship. And nobody within the U.S. Navy has more authority than an FDNF ship. And an FDNF ship in Japan has even more authority, in terms of having training time to be able to do those extra evolutions before getting underway. As you look at these actions, there are some who suggest that it's a budgetary challenge, or others look at it as a leadership issue – that all of those botched standards were certified by the commanding officer to hold those positions. How much of this do you think is a leadership problem and how much of this is a resources problem?

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SEC. SPENCER: I think a lot of this really does go back to resources. And there's also a leadership issue. And let me explain what I mean by that. Obviously, op tempo and the application of resources have a direct impact on the situations we had on both the Fitzgerald and the McCain. I received some great input. The great thing about the Navy is there's great alumni out there. And they always have your address. And they'll always send in your thoughts. I had one retired admiral who said: Here is a letter that you, as the secretary of the Navy, should send to every newly minted commander of a ship. And it's a fascinating letter. It addresses the responsibilities. Do we have to really probably prune and glean and impart some more strength of the responsibility in the system? It couldn't hurt, that's for sure. So that onus is on us and that is leadership.

MR. MURADIAN: Are we promoting the right people? Some folks are asking that question, about whether the automatic fleet up of XO's to CO's – somebody may make a great XO but not necessarily a great commanding officer. Are we promoting the right people to command?

SEC. SPENCER: I look forward to the strategic review, because I think they're addressing that.

MR. MURADIAN: Let me ask you a resources question, though, and you touched on that. There are those who also say that the services themselves have caused some of these problems in the choices that they've made – that they tend to budget and plan and spend for what they want to get as opposed to what they're likely to get, and ultimately then money runs out and training dollars and steaming dollars run out. Do the services, and does your service in particular – seeing as how you're leading only one of them at the moment – has to do a better job of more realistically planning, and not optimistically planning, that it's going to get more money from Congress than it is, given that you have so many challenges from modernization to operations to, you know, other priorities around the world.

SEC. SPENCER: We have a very unique situation right now. And this is what makes the job really quite exciting. Let's take the Hill, who I refer to as my board of directors and the resource allocators. Just having been around the system for the past 10 years, I've never seen the stars aligned and I've never seen all four committees leaning in to see how they can help the Department of Defense. On the other side of the coin, we do have to sharpen our pencil, and we have to really get our planning cycle down to normalized cycles where we have budgets we can deal with. The CR really has been a detrimental gut punch to the services, both in the ability to perform and the ability to plan.

If we can move on from that, and lift the Budget Control Act, the BCA, I think we have great steps in the right direction which allow us to plan in a more focused and sober manner so we get what we need. At the end of the day, I truly believe it's the civilian members who control the Title X responsibilities that should be guiding the process.

MR. MURADIAN: Let me ask you, you were a Marine. You were a Marine aviator. You served in uniform before going onto a successful career on the street and in industry. Now you're back in this job.

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What do you think the Navy does right and what do you think the Navy is doing wrong, or the naval – that the sea services are doing right and wrong, because we have to include the Marine Corps as part of that?

But more specifically, on the Navy side of things, does the Navy in its image of itself think of itself better than it actually operationally is right now, after a decade and a half of financial challenges, focused – you know, you could – you could look at it and say that, you know, the Air Force has been operationally engaged in challenging environments. The Army and the Marine Corps certainly were. But the Navy hasn't traded steel – this comes from a very good Navy friend of mine – hasn't traded steel since 1945, effectively. And he's worried about the culture of the service, whether or not it would be ready at a time of rising challenges. From your standpoint, does that concern you? What do you do right? Where do you think we need more work?

SEC. SPENCER: A great question, and great time for the question. First, let me talk about what we do right. Go out to Great Lakes, go down to Parris Island, I would like anyone to come with me on those trips. Where we find these great young men and women to take the uniform continues to awe me. They're just absolutely spectacular. That's what we're doing right. And we're doing a lot of things right. The Navy-Marine Corps team is the United States' forward-deployed power. We're a presence that keeps peace. And if needed, we have the ability to bring the fight tonight.

Do we need to toughen ourselves up, is your base question? We have not swapped steel on the high seas since World War II in a meaningful manner. If you look at the National Defense Strategy as it kind of takes position – takes form, I think what you're seeing is that when we look east – or, west, in our case, to the east, it is a maritime strategy. The CNO and I have talked. Do we start toughening things up right from boot camp on through? I think it is – the attitude now is, and if you listen to any of my presentations, any of my speeches, we are warriors. And we have to get back to the warrior mentality.

And what I mean by that, I talk about the tip of the spear. And there are those that everyone knows are on the tip of the spear. But a good spear has a shaft. And everybody involved in the Navy is either part of the tip of the spear or the shaft. And we have to be aligned. We are warriors at the end of the day.

MR. MURADIAN: Let me take you to the question of 355 ships, or 309 ships, or 350 ships, depending on – you know, the president during the campaign talked 350. The Navy in its own assessment was talking 355, 309 is where your predecessor – the course that he put the Navy on. But he was criticized, to a degree, for expending too many resources on just shipbuilding, that – focusing more on the capacity than on the capability, and resulting in gaps in training and weapons and other sort of shortfalls. The last administration worked hard in the end to try to remedy some of that. Talk to us a little bit, as you're looking at this, what's the case you're making for more – what is the case for more ships? And are you concerned that by going after more ships, given that you have a finite amount of resources, you're going to let capability flag? What's your mental calculus as you go through this process?

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SEC. SPENCER: The most important part of your question, Vago, is the balance between ships at the expense of anything else. What I found very interesting about this job and the Title X responsibilities, it is no different than running any company. You have limited resources and you have multiple needs. And you have to keep them balanced, because the sustainability of the Marine Corps team has many mouths to feed. That being said, the 355-ship goal is a goal that we're focused on. It's a long-term capital build asset that takes time, five to seven years. We have to start laying the cornerstones now.

Do I know what the 355th ship looks like? I have no idea, because we should be harvesting technology. That should be our friend. And what we know today and what we know in five years is going to be totally different. But the fact of the matter is, we need more capacity and we need more capability. And those together are going to get us to punch above our weight. And that's the focus.

MR. MURADIAN: You talked about bringing 10 Perry-class frigates back from a drug interdiction capability. You've talked about surface life extending Ticonderoga-class cruisers, some of which have been laid up, much to the consternation of some lawmakers. You've also talked about surface life extending Los Angeles-class submarines that were supposed to go the way of the dodo as they were being replaced on a regular basis by the Virginia-class boats. Have you done a cost assessment of each one of those reactivation surface-life extension programs to be able to make a sound decision about whether or not that makes sense, or is something that's going to rob resources whether your shipbuilding account, whether in terms of people, whether in terms of steaming costs?

SEC. SPENCER: The question at hand: Let's talk about the Perry-class. There are 10 that are actually in the neighborhood – in the zone to be retrofitted. When we talk about taking the Perry-class out of mothballs as far as the Navy is concerned, we're building the business case as to what it would cost right now. And it would not be the full 10. It would be some subset of that. And the concept is to kind of approach it in a different manner. Let's mark our assets against the threat. So would we up-arm the Perry to have complete interchange – data interchange with the rest of the fleet, as we do with ballistic missile? No. We'd give it some good guns. We'd give it some air, maybe, and we'd give it some ribs. And it would be geared to the threat of drug interdiction.

That is the business case we're looking at. In every single case, as I go back to what I stated earlier about running a business, you have to weigh the return on investment with every single thing we do. The Ticonderogas, the extension of the submarine – of all our submarine classes we're looking at, any extension. We have to look at operational, safety, and return on investment.

MR. MURADIAN: For the frigate version of littoral combat ship, that program is moving ahead. Do you have any strong views about what you want that ship ultimately to look like? Do you think that it should be a different ship, with a heck of a lot more legs and offensive capabilities?

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SEC. SPENCER: One of the most exciting things about the frigate class, the new one that we're releasing the RFI, I believe, this week, possibly, is that this is probably the widest aperture we've put on any acquisition program in a class. And what I mean by that is that we're going to entertain foreign design – be U.S. built, but foreign designed. We're going to entertain white sheet. We're going to entertain existing platforms. So I hope we're going to have a very frothy, deep competition.

MR. MURADIAN: And can you be a little bit specific on what the RFI's going to include?

SEC. SPENCER: It is. It's going to be the fast frigate, as you might envision it. We're looking forward to what the suppliers are going to have up their sleeve, but the FREMM is a very interesting design. We have the LCS basis on which you can build on. Obviously, armor and ability to speed, and how they fit into the strike force is going to be a very important factor also in the RFI.

MR. MURADIAN: And would the Danish design – there are a lot of fans of that out there, as well as some people in the National Security Cutter. Those in there too?

SEC. SPENCER: Exactly. They will look – we will look at everything that fills the RFI.

MR. MURADIAN: Let me ask you something which you've talked about, unmanned systems. And you became, I think, the first Navy secretary to say unmanned systems could count toward end strength because if you look at ultra-large diameter underwater vehicles, those are actually the size of small conventionally powered submarines. If you look at air systems as well, you get to some very large – X-47 is not a small aircraft. To what point – you know, the Navy has a tradition of looking at assets as manned assets. How does that change the equation if you're bringing into service a whole series of unmanned systems that actually give you a lot more range and punch? And how do those count toward your end strength numbers?

SEC. SPENCER: I am a firm believer, Vago, that the unmanned – whether undersea, on-sea, or in the air – is going – the biggest force multiplier we have to date when it comes to capacity and the ability to punch above our weight. It's something that we are looking at, obviously, but I would hope under my tenure we're going to take a very serious look and deep dive into all aspects of this, because that will give us the biggest multiplier yet.

MR. MURADIAN: Somebody told me when I said I was coming over here that it's like, well, Richard, it's a little home alone over there. The role of the under is a very, very important job in the Navy, as are the assistant secretaries, as is the case for the department, but also for the department writ large. Is that a challenge, and how soon before some – you have the rest of your board room all filled out here to be able to deliver on a very challenging portfolio?

SEC. SPENCER: It's very meaningful and we need to get the team here. I have no one in my ASNs, I don't have my general counsel, I don't have my under. I do want to let America know they can breathe a sigh of relief, there are some excellent, excellent people who are in the acting position. But we need to get these people confirmed and in place as soon as possible.

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MR. MURADIAN: The Honorable Richard Spencer, 76th secretary of the United States Navy, sir, thanks very much for all your time.

SEC. SPENCER: Thank you, Vago. It was a pleasure.