MODERATOR: OK. Let me start my introduction as Secretary Spencer comes across. Very short introductory remarks, as requested. Secretary Spencer was sworn in as the 76th secretary of the Navy in August of 2017. Last year he was our SNA banquet keynote speaker. We’re honored that he made time this year to keynote at the symposium. As a military veteran, Secretary Spencer brings a special perspective leading our Navy and Marine Corps. Although he never worked on a Navy ship during his years as a Marine 46 pilot, as SecNav he’s visited dozens of fleet units, seeking input from deck plate sailors and Marines wherever he can. Secretary Spencer believes problems are often best-solved by local solutions. So today is a chance for our SNA audience to hear where he believes the challenges lie and offer our own local solutions.

So take note of the electronic Q&A. Write your questions down as we go. And let’s have a vibrant, relevant, exchange of views. Mr. Secretary, the floor is yours. Thank you, sir. (Applause.)

SECRETARY RICHARD V. SPENCER: Admiral, thank you very much. Appreciate it. Yeah. It’s great to be here and see familiar faces across the board, because it was a year ago that I was still drinking out of the fire hydrant. Although it’s still a fire hydrant. I just know how to drink better is what the difference is now. (Laughter.)

What I’d love to do today, folks, is just some prepared remarks to kind of frame thoughts. But more importantly, I want to open this up to questions and answers, because that’s when you can find out what I’m thinking, and I can find out what you’re thinking. And we have to have this exchange. So I look forward to it.

I want to step back and kind of talk about the big picture. You’ve had some great presentations. I’ve been following them from back in the office. Admiral Brown, going after it. Swapping paint. There we go. (Laughter.) And that’s the mindset we have to have, ladies and gentlemen.

Thanks to the hard work of many of you inside this room and around the world, we can honestly say the foundation for restoring readiness and increasing lethality has been set. People ask me, what was some of the biggest surprises I had taking the office of the secretary of the Navy. And I can truly say that having hung around the hoop for 10 years, I kind of thought I knew the shape of both our naval services, the shape that they are in. But I had no idea the readiness hole that we were in. The RAA ’17 helped us tremendously. The two-year budget is obviously helping us along. The foundation has been set.

But – and there’s always a but – the arrows are pointing in the right direction, but the rate of change must increase. We need to do this. We need to deliver the Navy the nation needs with a true sense of urgency. And I mean that. We have a very dangerous world out there, a world that’s changing dramatically. We cannot operate under the old adage of business and usual. It will not work. We must be accountable for how we invest.
And we must understand the return we are getting for that investment as it pertains to readiness and lethality. And we must be disciplined – truly disciplined – on our focus on people, capabilities, and process.

Last year when I spoke to this gathering, we were in the process of examining how we had sometimes fallen short in that discipline. Our people were not receiving the training, leadership, and opportunities they needed to be effective. Our capabilities were being sapped by a culture that prioritized immediate needs rather than what I call risk-adjusted portfolio management. Our processes were degraded by what the Strategic Readiness Review described as the normalization of deviation. That review, along with the CNO’s comprehensive review, found that no single action or decision led to the situation that we are in, but that it was a culmination of well-intentioned decisions made in the spirit of doing more with less, produced unintended but yet completely unacceptable consequences.

We’ve changed that course. From the E-Ring to the deck plates, we’ve committed ourselves as a department to restoring readiness and lethality across the force. We started migrating to a true continual learning organization. And we continue that migration, as we will for the foreseeable future. We prioritized problem-solving at every level, examined best practices inside and outside the building. We changed the way we met the demands of the force. These efforts are being effected enterprise-wide. We’ve had immediate positive reactions in some areas. And, ladies and gentlemen, it will take more time to yield in other areas. We have to manage expectations. Our own, and those that look over our shoulder.

While we have much to do, I look forward to this posture season because, ladies and gentlemen, the naval services are well underway to becoming strong yet again. Over the past year, the Readiness Reform and Oversight Council has examined 111 recommendations from the two studies. Eighty-two of them have been implemented. Some of these changes had immediate safety concerns in their focus. Others advanced our current readiness and lethality. And the rest are focused on long-term remediate corrective actions for the enterprise.

Over the past year, the surface warfare community has led the way, implementing these recommendations across the surface fleet, resulting in improved readiness, efficiency, effectiveness, and lethality – which all comes from our people, capabilities, and process. And we will continually be adjusting these goals because we are a continual learning organization. If our goal for readiness is 70 percent this week, and we reach 70 percent, we’ll move it to 75 percent next week. That is the enterprise of a continuous learning organization. We will improve our people through changes like the live fire with a purpose exercise, that exposes junior officers to war-like and realistic conditions, and new mission certification procedures to entrust commanding officers to build a culture of excellence at the ship level.

We’re improving our capabilities through uniform readiness assessment and certification process that can be followed before a ship can be certified to return to the fleet. Finally, we’re improving our processes, including changes to tour lengths, the shipboard scheduling process to manage fatigue and enhance productivity fleet-wide. We’ve eliminated ramps and other shortcuts that degraded readiness.
And we’re now attacking scheduling and resource issues that contributed to the growth of some of these practices, which were not that beneficial to the organization in the long run.

We’ve also completed the first comprehensive Manpower Requirement Study, that takes into account the true workload of our ships – both underway and at port. And my only regret here is that I truly wish Senator McCain was around, so we could finally bury the argument of what goes on in the hundred-hour work week. This study’s already being used to improve the Manning on our ships, including the addition of personnel to our DDGs, on first stop, with plans for implementing staffing changes for all other class ships in the near, near future.

These are just a few of the many changes taking place across the fleet as we move from immediate safety fixes, to effective operations, to the ultimate goal which is enhancing our culture of operational excellence. We must continue to build that culture, a culture that empowers commanders to recognize and respect the operating limits of their platforms while effectively fighting the ship. We must continue to improve the way we equip and maintain our force. And we will continue building the skills and experiences of all those who stand the watch.

We must continue to improve our capabilities, people and processes because we must own the fight. No matter what tribe we come from, we must own the fight. The monies from 2017, as I referenced earlier, the RAA, the two-year budget, have enabled us to set the environment for change. We have the money, ladies and gentlemen. One thing that money can’t buy is time. And we don’t have time to do business as usual. We now must increase the velocity of change, increase the sets and reps, and increase the muscle mass that produces the sets and reps. At every level, the Navy and Marine Corps team must be a continual learning organization, constantly challenging the assumptions to find ways to increase our readiness and increase our lethality.

It sounds easy to say, but this has to come from the deck plates all the way to the top and back down again. We have to provide an environment where if someone can think of a better process or a better way to do something that is welcomed, tried, challenged, rejected or accepted. But that environment of exploration and experimentation must exist. When we all move forward with a sense of urgency and personal accountability, we will become stronger on the other side.

I testified 19 months ago, 20 months ago. And one of the statements I made was: I will come before you with skinned knees. I will have fallen off the bicycle. And I will have an answer as to why I feel off the bicycle and what I learned. What you, my overseers, want to make sure is that I come with skinned knees. Because if I’m not, I’m not pedaling the bike fast enough. Experiment, explore. We have to rub the rails now and then to find out what we’re made of.

The American taxpayers provide us with their treasure and trust to protect them in this world that we live in today. We owe it to them to ensure that every dollar is invested in the most effective manner possible. I know you know that. But I want you to think about that and use the tools that are now available to you – the audit. It’s not about dollars and cents on a page. It’s a management tool to find out how effectively and efficiently we can invest those dollars that I’m referring to. We owe it to them. We owe it to the taxpayer, every single dollar. We owe them our fiduciary responsibility to do it the best.
And we owe it to ensure them that when their loved ones step forward they’re equipped, trained, and commanded to the maximum of their ability and capability. Because if the history of the United States Navy has taught us anything, it’s that the finest generation can always be counted on to forge the next link in the chain. And it’s up to us to ensure our surface warriors have that training, have the equipment, and have the leadership they’ll need to confront the dangers of this ever-changing world.

To all of our partners who have served, I truly say thank you. And I thank you for your continued for what are the finest sailors in the world, and the finest Marines in the world. And for those of you who continue the watch today in the uniform, I want to thank you, and I want to thank your families, because you wouldn’t be here without them.

I look forward to your questions. Thank you very much. (Applause.)

MODERATOR: Mr. Secretary, I’ll get us started with some questions from the web that have come in from the audience, and then others will come up to the mics and have questions as well.

SEC. SPENCER: Certainly.

MODERATOR: Please discuss the proposed standup of a new ASN for information management.

SEC. SPENCER: Right now, one of the things that you should expect out of your secretariat is to continually explore different ways to maximize the way we manage the Department of the Navy. One of the things that we are exploring right now is how do we put the focus and the talent to address information management within the Department of the Navy? And when I talk about information management, that ranges from what the traditional job of a chief investment officer and a chief technology officer might be – which is everything from cloud management, to data readiness, to data management, all the way through cybersecurity and data hygiene. When we look at something like that and we look at the importance of that, we have to balance that with a portfolio of non-management assets. And right now, that is what we’re exploring.

OK. Here we go.

MODERATOR: I’ve got a list. Please come on up. I’ll ask this as he’s walking up. In your view, sir, does industry have the capacity to both maintain our fleet and build the Navy the nation needs?

SEC. SPENCER: So I think last time I was with you all I talked about kind of changing the dialogue we have with our suppliers to become more of a partnership – where we have shared risk equals shared return. There might have been a little disbalance here and there, but I truly think in the last year we’ve aligned and are, in some other cases, aligning ourselves to that type of a relationship. We have too many issues. We have too many threats. We have many, many sharp edges to just figure this out ourselves. We need our traditional and our nontraditional industrial base to work with us on solutions.
As it comes to capacity, I think – I think I’m comfortable with the capacity I see for the bill. We continually get asked, at least I do, why aren’t we at 355 ships. And if we look at the physics of it, you don’t want to all of a sudden have a spike of 355 ships because sometime down the road you’re going to lose of a chunk of 355 ships as they reach service life. I truly believe this is portfolio management. You’ve heard me say that before, but that is sharing – understanding the risks that we’re facing and the resources that we have and applying that across our whole portfolio.

When it comes to maintenance and maintaining the ships, I do have concerns. I want to see who we can get above and beyond our traditional suppliers – possibly in to the marketplace – because as we grow our fleet in both surface ships, undersea, and in the air, we’re going to need to have the capacity to maintain. Because as we’re finding out right now – and we’re doing a terrific job, ladies and gentlemen, in understanding what the true cost of maintaining our assets really is. We have performance to plan being rolled out. A tool so all the managers – everybody in this room – understands what it takes to maintain our ship, both in resource dollars, manpower hours, and availabilities.

We have to understand this. And you have to have the tools to be able to understand that. And that’s what I’m providing to you now. The Navy’s sustainment system, the same thing. We have to be able to really understand industrial flow, maximize it, and have partners we can work with on a flexible basis to put through those platforms we need to have maintained, and get them back out to the fleet as quickly as possible. We’re healthy. Can we improve? I think we can improve with a little more capacity in certain areas. Those partners that we’re working with, we are working on this. Am I concerned? No, because I think we have a good plan in place. We need to just make sure that we continually focus on it and try to continually improve it.

Sir.

Q: Yes, sir. My name is Hank Giffin (sp). I’m an old, retired SWO. We thank you for bringing your enthusiasm and your energy to the job. And it’s very refreshing to see that. We had two incidents, obviously, last year that brought a lot of attention, spotlight to the surface Navy. We had conditions that most – not most – but some of the leaders probably knew were in trouble. And you mentioned, you know, trying to do too much with too little. Do you – based on where you are now, based on where you were before this happened, do you feel the surface Navy would have gotten the resources and gotten the attention, and maybe the scrutiny that it’s received since those incidents, if it – if they didn’t happen?

SEC. SPENCER: That’s a multiprong question, so let me give it just a singular answer. (Laughs.) I don’t like to look backwards, to be very frank with you. And I’ll answer the question this way: The more that I understand my job and what Title 10 is, the civilian leadership of the military should be the circuit breaker. While we were being asked to do more, with whether you want to look at it with a constant base of assets or to be asked to do more with less as op tempo increased, that civilian circuit breaker system should have said: Whoa, something has to give. And there was no circuit breaker. And that’s all I’ll say.
We now have the resources. And we have everything in place. And I think that’s the best way that I can frame it.

Q: Yes, sir. A follow-on. How do you know there’s enough electricity going to the circuit breaker? What kind of metrics or things do you feel – you visit the fleet, obviously. That’s a –

SEC. SPENCER: Yeah. That’s a great question. I mean, we sit here, with a conversation I was having with some of my overseers up on the Hill. And if I was to put the whole Navy wish list of what we’d like, we could consume a tremendous amount of the budget, just due to our capital assets that we have. So I can consume almost unlimited electricity. What we have to make sure is the electricity that we have is equally spread across the portfolio to manage all the risks that we have. I believe we’re in the best position we can be with the electricity we’re getting.

Q: Thank you, sir.

SEC. SPENCER: Yeah.

Q: Good afternoon, sir. My name is Mike Mann (sp). I’m a younger, older SWO. (Laughter.) Retired.

You said some words today that I think are very encouraging – we have the resources. And I will tell you that the underlying murmur going on around here is the concern about the resources, and do we really have enough to do what we need to do. And my question is – and I know this is early in the current Congress – but do you feel like there’s sufficient political will across the aisle to build and sustain the Navy the nation needs?

SEC. SPENCER: So if I’m to take last year as an example, I could answer the question very easily and say yes. Because when it comes to national security what we really saw in both the Senate Armed Service Committee, the House Armed Service Committee, the two appropriations committees, was people checking their politics outside the door and really focusing on national security. I don’t think that’s going to change dramatically amongst and within the committees themselves. The question is what happens ex to those committees. And this is where I look out into the whole room right now and ask you to help and charge you to help.

The story has to be spread out there, when it comes to our portfolio what your Navy does for your country. When I go outside the Armed Services Committee, it really is, for whatever reason, eye-opening for me, first time, to realize how many of our overseers don’t truly understand what our mission is and what we do. When I say deterrence through presence or peace through presence, a puzzled look comes on their face. When I say we keep the arteries – 87 percent of the arteries of trade open at all times, even to the benefit of our competitors because the seas are open to everybody, there’s a puzzled look on their face.

We have to make sure we get the story out there to the American public what the Navy does. We’re working on this as we go, but you all can help in any conversation you have with your neighbor, with people who aren’t wearing the uniform.
Because when you talk to them and spend five minutes with someone who might really not understand what the Navy does, the takeaway is stunning. They all of a sudden realize the breadth and depth of the portfolio of responsibilities we have in peacetime and if, in fact, there’s a threat.

MODERATOR: Sir, from the audience: Your efforts to evolve the Navy culture to that of a learning culture are greatly commendable. What do you envision being your biggest challenge in successfully implementing this paradigm shift more quickly than these types of generational mindset changes typically take?

SEC. SPENCER: So we just finished – primarily spearheaded, and I give full credit to, my Undersecretary Tom Modly – E4S, which is Education for Seapower. The whole way that I grew up in business was if in fact there was a problem, I had mentors who said the problem’s not the issue, the cause of the problem is the issue. Go to the root cause. I can’t think of any situation where education is not somewhere in the root stabilization of any sort of system – whether it’s sexual abuse, sexual harassment, whether it’s learning how to fight a ship, whether it’s an ethical issue. Education always fits in there.

We have always been an intelligent corporate body, as the naval services. We need to enhance that. Many of you who are alumni, many of you who are active duty now, I think you would agree with me that – and I’ve talked with the CNO about this and the vice about this also – we are working within the Navy confines to actually fold in professional education in a much more meaningful manner. It’s only going to help us. And when I talk about education, it’s going to be education that we need as a naval force. I really don’t care about someone, to be very frank with you, going off and getting an art history major. I’m being totally selfish. But if these are my dollars, I want you to be learning something that’s going to help this institution.

The focus that you’ll see going forward – whether it’s the Naval War College, whether it’s the U.S. Naval Academy, whether it’s the Naval Postgraduate School, whether it’s the Marine Corps University, is a focus on professional management for enlisted and for the officer corps that will benefit the corporate body.

MODERATOR: I’m going to ask my own question, sir. (Laughs.) I have others from the audience as well. In this morning’s Washington Post, there was an article about DIA releasing their first public report on Chinese military capabilities and assessing that we’re not moving quickly enough to respond to the threat. Acting Secretary of Defense Shanahan was quoted as calling the pending DOD 2020 budget request a masterpiece designed to reorient our military to counter these threats. Could you offer some color to his comment?

SEC. SPENCER: Having worked with now-Secretary – or, Acting Secretary Shanahan for the past year and half, I think we’ve done – and he has been a primary catalyst of this – a great job of hipping and dovetailing a budget to support the National Defense Strategy. It had always kind of intrigued me, for lack of any other word, looking from the outside in, the way we budgeted and funded as far as the DOD went, compared to a strategy or lack thereof. I think we’re very well-aligned right now.
For those of you who have been on the receiving end of it, you’ve heard modernization is a key component of what we’re doing with our installed base. What we now also really want to pay focus to, the force 2.0, which are the developmental platforms and weapons that we are working on. There’s rhyme and reason to it all. One of the things that I want to make sure that we as the naval services focused on is a balanced understanding of the risk. The fact that China is producing X missiles is of risk. But let us focus into that as to how we’re going to react to that in a balanced manner, because the fact of the matter is if we start chasing our tail we’re not going to be spending the dollars in the right now.

And I want to pause there for a second and talk about the resources, because along with changing our mindset of business as usual, and it’s been a drum that’s been beat, I know, for years, which is spend that dollar most effectively and most efficiently. We have to start thinking differently on how we spend the money. There are multiple cases that I come in – and I believe in sampling. So I’ll get involved in a project just to see what’s going on, to learn. That we don’t approach it with what it should cost. We don’t get on the web and google: What is the price of a 737? Why are we paying $78 million when Delta pays $38 million? We’ve got to start thinking and learning and working with our partners on the other side of the wire to have them help us spend the money.

Sometimes I think we have too much money, because money makes it easy. Money is a lubricant. It truly is. And if you don’t want to work that hard, you just put a little more lubricant on it. We have to start working harder and thinking better to really effectively put these resources to place, because you know what? We do have a national debt issue. If we think we’re going to get increasing dollars ad infinitum, folks, rethink again. We have to think better, because that is not a sustainable path. We need a sustainable path to support the way we’re going to grow. And a lot of that’s going to have to come from us. It’s not just going to come from Congress.

If that didn’t stir a question – oh, it did. (Laughter.)

Q: Related, but not exactly. Thank you for making the time today, Mr. Secretary. My name is Captain Mark Vandroff. I’m the commanding officer at Naval Surface Warfare Center at Carderock.

My command spent a fair amount of effort this year with the audit. And I was hoping you’d give your perspective. What benefits do you see accruing to the Navy for the effort that we put in the audit this last year, and as we continue to make improvements and head towards a passable audit in the future? What tangible benefit do you see the Navy gaining by reaching that audit goal?

SEC. SPENCER: So without geeking out on the audit, and putting on my CFO’s hat, and getting really excited about qualified statements, it is an amazing management tool. And what we have now been presented with – here’s a fine example. I think I’m going to get the number partially right. Five hundred and twenty distribution centers the Navy has. Google does it with 25 globally. Do you think we have something to learn? I think we do. We look at the way that we send money around to each other – NIPRs, whatever the case may be. Auditors went: My God, this thing is an obfuscation of accountability. Do we have something to learn there? Yeah.
All these issues that the audit is bringing up is not about dollars and cents, as I said earlier in a column. It’s how do we get the management tools? And how do we – how do we have these corrective actions put in front of us, or discoveries as I call them, put in front of us where we can find a solution to do it better. Or, more importantly, we can go: Wow. I didn’t even – 522 centers? I bet you we can get on that and shrink that down dramatically and make ourselves more efficient. So the way to view the audit is truly a management tool for what you’re managing, to know where the resources and assets are.

There’s a fascinating – as we rolled out the Naval Sustainment System which, for those of you who don’t know, we piloted it with the Super Hornets out in the West Coast. And this is where we brought in fellow whose background was working at the maintenance department of Northwest and Southwest Airlines. And as we worked our way through one part and tried to maximize the throughput of that part, it was a fascinating exercise – I’m still on the audit here, so bear with me – in what had to be done to get that part through the system faster. And it wasn’t to have more hands touch it. It wasn’t to hire more mechanics. It ranged from getting the part – the internal repair part there quicker. To get it quicker, the funds had to flow. They funds didn’t flow that way. Can’t do, sir. Let’s redo the way we fund it.

We were going back to structurally changing how we do business in fundamental resource-support manners. People in at the right time, part in at the right time, money in at the right time. It sounds easy, but we’ve done some – we’ve done some real adjustments to it. And what drove it in many ways was the fact that we had to do it in an auditable manner, because we knew we were going to have to pay the piper down the road. So why not correct it now?

In that exercise of making sure we did it in an auditable manner, we went and saw how we did it. And we found more weaknesses that we could correct. And it was constantly peeling back an onion going, oh, wow, we can actually fix that. That’s going to be tough. Here’s a big rock in the road. Let’s lift it. It’s an ever-evolving situation. So to answer your question, the audit really is a management tool. And that’s how we should look at it. You should actually get excited – well, not everybody – (laughter) – but you should get excited about what the outcome is, because it’s going to help us figure out how we can do things more efficiently and effectively, let alone what we own and what we don’t own.

I mean, there’s some simple things that came out. I mean, real estate, we were missing buildings. Full buildings. Was supposed to be on the lot here. Oh, no lot. No building. (Laughter.) That’s kind of a learning curve we like to know about too. (Laughter.)

**MODERATOR:** Sir, along those same lines, and after a panel we just had on accelerated acquisition, a question from the audience. How do we empower DOD civilians, especially the engineering, science and technology communities, to be able to compete with or augment industry to drive innovation, such as being able to easily access the right software tools, take the necessary risks, without the red tape?
SEC. SPENCER: So that is actually a multipronged question that deserves a multipronged answer. I talked about the partnership. This is a true example of where we’re going to have to have a partnership. We talk about software technology, innovation. I’m a firm believer that—and if you’ve heard this story before, please forgive me. But it truly does frame the concept of innovation inside the DOD. I was involved with a program at CSIS called JSID, which was a junior officer program that was set up where four-stars could ask junior officers a question and find out what might really be happening through the eyes of an O3 and an O4, which when I had the opportunity to be involved with that I pulled out my checkbook and wrote a nice check.

I got to meet the first class. And as we were going around I said: Could you tell me where you’re from, what your command is, and why you’re here? And we came around to an Army major, who gave his bona fides, his fairly impressive educational background. And he was obviously a fast-riser and was working for a one-star. And he stopped. And I said, well, you didn’t tell me why you’re here. And he said, well, my one-star had just gotten Secretary Carter’s message on innovation. And he told me to go up to Washington and get me a slice. (Laughter.) And I laughed. And then I kind of went, whoa, that’s probably how it’s really thought. I mean, that speaks volumes right there.

You can’t sit in your cube, and you can’t sit in your office, or on your ship, and sit there and bang your head going: I got to innovate. I got to innovate. Innovating is also going, hey, XYZ organization has an amazing process that I can bring in here to help me. And as Secretary Shanahan and I both coined it, R&D – because we called it R&D in our organization too – rip it off and deploy it. (Laughter.) You can innovate by going and getting someone else’s innovation and bring it into your organization. That is innovation. We don’t have to self-develop everything. That’s – I think that’s expecting way too much. And that’s not an expectation that I want to have, because I don’t expect it.

But I do expect everybody to pay attention to what’s going on in nontraditional areas, and traditional areas, and see how you can help traditional areas, and possibly inculcate nontraditional solutions inside your organization. I will tell you one thing right now that I have learned over the past 10 years – 13 years on the Defense Business Board, on the CNO’s Executive Panel, and now in this job. And this is one of the things I really love about this job. I can pick up the phone and call the CEO of Delta Airlines. I can pick up the phone and call Eric Schmidt, the former chairman of Alphabet.

I can pick up the phone to almost any corporate executive in this country and get advice and ask questions. And they will turn around and provide answer and resources in spades. Do not be afraid to do that. I don’t know if everyone will get through the CEO but call someone you know there. (Laughter.) And if you have any issues, call me. I’ll try to get you in. (Laughter.)

MODERATOR: Maybe one more if you’ve got time.

SEC. SPENCER: I got plenty of time.
Q: Thank you, Mr. Secretary. Dr. Stan Weeks. Former Navy strategist and destroyer commander. Is there the danger – do you see the danger of a strategy force, or force capabilities and capacity, mismatch? After the two fat years of resources here, you’re sort of optimistic. But then you noted but there’s a debt and a lot of people in Congress, I think, are going to note that. And a lot of people aren’t as optimistic, perhaps, as a result. So does that put us back in this spiral of doing more with less, and at the end the picture’s not pretty? So how great a danger is this?

SEC. SPENCER: It’s a very good observation in the following way: So I talked about – a little earlier about having almost too much money. An analogy I like to use is we were a little anemic, maybe a lot anemic, three years ago. We’ve come to the buffet table – the sports buffet table. And we’re eating. But if we just sit there and eat, we’re going to get fat. We have to sit there and eat, and exercise, and experiment, and do the sets and reps we need to do to build the whole body out – to continue the analogy. One of the things that I had to focus on, and I know that people who look over my shoulder – the alumni, think tanks, and I’ve gotten prodding, and I deserve the prodding – is Mr. Secretary, we’re not hearing the fine-tuning of strategy. We’re not hearing you address what we might consider more of a strategic focus.

I will take full blame for that. And I will tell you that this year that’s something I have to focus on. Ladies and gentlemen, we had to have the submarines going out the gate. We have to have the ships on the sea and the planes flying first, I believe, in my job, before I can sit and spend too much time on strategy. We have a strategy that works. But do we start thinking five years out the line, 10 years out the line, 15 years out the line? That is the job of the CNO, the commandant, and myself. And we are at it. Have I been at it at full force? No, I haven’t, to be very frank with you, because I’ve been trying to make sure we can get the infrastructure up and running.

We have to make sure we don’t get fat, because when the buffet table closes, or they put out the diet plate, we can’t have a wild contraction. We have to be able to be nimble, agile, and be prepared for exactly that.

Yes, sir.

Q: Sir, hi. I’m a retired Navy captain. Still plugging away, getting a lot of satisfaction out of being involved with helping support your mission and your goals. First of all, I basically will tell it like it is from my perspective. First of all, you’re still doing what you’re doing in this political wacky world that we’re living in. I salute, and I appreciate that.

SEC. SPENCER: Thank you. (Applause.) Thank you.

Q: Now, what’s my reason for coming up here? It wasn’t to say that. But you’ll get this. And I want everyone else to hear this. My base, my involvement of focus over my non-military life, has been involved with technology and technology development with small companies, small organizations. And, yes, you have to have a mixture of primes and subs and majors and all this business.
How, with all on your plate, can we improve the process – and I mean, really improve it. I don’t – I don’t want to hear anymore, oh, yeah we’re listening to small business. And I’m not saying you’re doing that, don’t get me wrong.

How – maybe you’re making some efforts – how can you best tap those innovative organizations that maybe you can still bring in, who haven’t already made the decision: I don’t want to get involved with the government. It’s too much BS. How could we – are there any new efforts to really capture and harvest? Because I don’t see it from the – at least my perspective – there are – and we’re seeing the advances in the world of IT, and all that business, right? But what about the other aspects of supporting our troops that are tech oriented? I can speak with authority about that.

What can we do to be more creative to help those leaders that are in place and acknowledge the importance every day of the small business idea and the way of doing things faster, better? Because, as you know, when you’re out to make money in a business, there’s no room – especially because of the metrics and everything else – to get head. It’s rock and roll. It’s street savvy to get to the bottom line and continue to grow in your business. How can we better focus that, because the world is there?

And if there’s one thing America has been seen as an example time and time again is we can bring technology – I won’t say so much to the military faster than anyone else – but as far as business, bring it on. And we can beat the Russians, and we can beat the Chinese, and any other threats by just better focusing. And I’m all open to help. But I can only do so much. I mean, but this thing about – let’s show some constructive efforts. Let’s experiment better. And maybe you’re already doing that. I’m too busy coordinating things at my level to get the jobs done. Thank you.

SEC. SPENCER: I’ll send you your $20 in the mail for that perfect question. (Laughter.) And I’m serious. That frames exactly what I’m talking about, and I’m addressing primarily at my uniformed people right now. That frames exactly what I’m talking about, about reaching outside the building to nontraditional solutions. There are small companies. There are people with ideas. And, yes, we have to experiment. And, yes, some of this will fail. But we will learn from it. But there’s no way we’re going to learn unless we go outside our comfort zone, to be very frank with you.

A line that I like to use is break glass but not laws. I was just down at CNATRA at Kingsville and – I can say this as a Marine – there were two Marines at the bottom of their class. And they were basically getting the message: O3, O2, looks like infantry. (Laughter.) And they said – they both got together, and they found a lieutenant who was a code writer. They went to Office Depot and got an office chair and cut a V in it like that. Went to a gaming company – you know, a little gaming store and got a stick and a throttle and rudders and virtual reality glasses. And they created, for $8,000, a virtual reality trainer that I flew last Thursday. And then went into our $22 million fully encased environment trainer, and there wasn’t that much difference. These kids – I’m sorry, not kids. These Marines and Navy team reached out to nontraditional and came up with a solution.
Bottom line, folks, you know who graduated number one and number two in their class last month? Those two Marines. No mud for them. They’re going to be flying. (Laughter.)

This is what we’re trying to instill across the board – across the board. No more business as usual. Think differently. I’d love to say that I’ll give air cover to anyone who screws up, but I guess by edict I can. So try. Don’t do something stupid, but let’s try. We can’t just sit there and go, OK, the acquisition pipeline or the FAR say this, and I’m just looking for a solution, and it’s sitting in front of me right now. If the solution’s there, try it. And we’ll try to get you the tools to accommodate that. But we have to have the discussion. You have to try it. Push the limits. Admiral Brown will give you a blank check. I know he will. (Laughter.)

MODERATOR: All right, sir. I think that’s it.

SEC. SPENCER: It’s been great to be with all of you. And I tell you what, I hope you can feel the energy here. I truly mean we got to get after this. Urgency is the key. We have the dough. We got the resources. Let’s just bang away on how we can do this faster, how we can learn quicker, how we can push the envelope, within reason, to get the job done. Because we’re in a hay day right now. And as I said earlier, let’s bulk up. But let’s do it smartly, because we might be on the diet plate. But let’s have the body that can keep doing the sets and reps going forward. I know you can do it. You have done in the past historically. We can do this together more. I need to hear the rocks in the road, so we can move them. So does Admiral Brown. So does the whole chain of command. We’re about moving rocks.

Thank you all very much and carry on. (Applause.)

(END)