

CNO and OPNAV Reorganization

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Captain Lynn Stull reflected on the changes he'd seen at the Naval Operations Staff (OPNAV) since reporting in the summer of 2000. One thing that was certain, 11 September 2001 had wrought the most abrupt and traumatic of changes. The Navy Plans, Policy and Operations Directorate (N-3/5) had been devastated by the terrorist attack on the Pentagon. But, life had gone on and despite the gaping hole in the Pentagon. The Navy had picked up and was back up to full speed helping fight the nation's war on terrorism. While the fleet was doing a great job carrying out its role in combat operations, the Navy staff was struggling with two key problems: defining the Navy's role in homeland security and implementing organizational changes directed by the chief of naval operations (CNO) nearly two years earlier. Although separated in time, they were interwoven. Both required not just new skill sets, but new ways of thinking and doing business.

The United States Navy, perhaps the most tradition-bound of all of the services, was grappling mightily with these changes. The new administration's efforts to start a "revolutionary transformation" of the Defense Department undeniably had altered the staff's focus from internal process changes to issues about the role of the Navy in the future of military operations. The issues had ultimately boiled down to a debate about the utility of aircraft carrier battle groups in future warfare. The greater national debate, however, resided in how to achieve a more affordable, yet still powerful military that better fit the nation's security needs. Inherent in that debate was the clearly indicated challenge issued by the Bush administration for the services to get smaller and more agile while remaining as lethal as the current force. The events of 11 September also added the requirement for all services to better provide for Homeland Security.

All of this had led to an uncomfortable discussion with the Chief of Naval Operations this morning. The CNO had left no doubt in Lynn's mind that he wanted him to rekindle the staff's efforts in implementing the changes he directed some eighteen months earlier. Current readiness was still a major priority for the CNO and the latest Navy program submission had shown there were substantive problems with the way the Navy identified its requirements and developed its programs. The CNO was getting more and more frustrated with the lack of progress that the OPNAV staff had shown in implementing the changes he'd directed upon assuming command of the Navy.

Lynn remembered his first days upon returning to OPNAV. He had recently left his major command and had embarked on his biggest professional challenge ever, Executive Assistant to the CNO. While this assignment portended great things personally, the

magnitude of the job was daunting and recent changes to the Navy Staff had promised to make the job even more exciting. Admiral Vern Clark had just taken over as Chief of Naval Operations (CNO) and had placed fleet readiness at the top of his priority list. In support of that priority, one of his first official acts was to order a major change to the organization of the Naval Operations Staff OPNAV staff.

In his first conversation with the CNO, Admiral Clark had come right to the point explaining that the major organizational changes he'd made to the Navy staff were intended to achieve a better focus on the fleet's current needs. He felt strongly that the Navy staff absolutely had to get a better grip on the fleet's readiness posture and the Navy's war fighting requirements. He also made it clear that he was going to demand a greater emphasis on those elements because they'd been shortchanged in the past and were hurting the fleet. The CNO felt that if the Navy staff did its job right, we'd see a marked improvement in fleet readiness. He was, however, very concerned that his intent was not well understood and expected significant resistance from the organization. He knew the building was infamous for its ability to delay, derail or wait out real change and was intent that did not happen to him. Admiral Clark had then handed Lynn a short note that succinctly outlined his thoughts on how he viewed the Navy and where he intended to take it:

My vision for our Navy is simple. We are the greatest navy in the world, and we are going to get even better. . . . To focus our efforts, we must keep in mind, the Navy starts with the Fleet. Although there is more to the Navy than the Fleet, the Fleet must be the center of our thinking and action. . . . That forces us to think about alignment.¹

The note had continued,

OPNAV will be realigned to provide a strong advocate for war fighting and readiness. I want a formal and open decision making methodology that provides clear and unambiguous results, so that our people can see the results and make our direction clear to all. To help achieve better Navy-wide alignment the OPNAV staff will be reorganized to:²

- Establish a strong advocate for fleet readiness;
- Increase visibility of warfare programs, while acknowledging resource constraints;
- Provide the CNO a "Navy-wide corporate perspective" vice a series of parochial views;
- Better integrate Navy training with Fleet Readiness and Manpower requirements.

Concern for future readiness cannot distract us from current readiness. We must take care of the Navy that our nation has already invested in. We need to know what our readiness requirements really are and make strategic decisions that support those requirements, not just react to fiscal constraints . . . we need to get this right!³

The CNO's emphasis on fleet readiness had come as no surprise to Lynn. He'd also experienced personnel and materiel shortages first hand in his last assignment. It wasn't just the Navy either. Every *Early Bird* had carried a slew of articles that essentially said the same thing—the U.S. military was running out of parts, people and money. The Office of the

Navy Inspector General's September 2000 report on the status of naval aviation had been particularly telling. It pointed out in bleak terms that "the Navy was wearing out its aviation fleet. . . . airplane inventory was older than at any other time in the history of naval aviation. . . . Budget cuts had decimated the logistics needed to sustain aging aircraft. Aviation safety was on the ragged edge and the thresholds of acceptable risk had been exceeded."⁴ Although the report spoke specifically to naval aviation, it had echoed what Lynn knew to be true in the surface navy and probably in the other services as well.

Lynn remembered his thoughts when he'd finished reading the CNO's note. He'd realized that nothing had been said about the demands being placed on the Navy prior to "9-11" by the National Command Authority. He'd felt strongly at the time that non-essential missions were causing a killer operations tempo that was wearing out the Navy. The real impact and cost of the current war on terror were yet to be fully understood, but it was clear to him that things hadn't gotten better. The Defense Department was looking at all the services to come up with funds to pay for current combat operations and the most likely source was going to be from modernization and future requirements.

Lynn had taken his concerns to the officer he was replacing. He'd listened to his concerns and given his personal opinion about what he thought was driving the changes directed by the CNO. He was convinced that the changes were an effort by Admiral Clark to take back the strategic leadership of the Navy. Over the past several years, that role has been surrendered, in large part, not to another individual or office, but to the Navy's programming and resource allocation process. In the CNO's eyes, that process had usurped the prerogatives of the Navy's senior leadership and was largely responsible for many of the Navy's current readiness problems. His predecessor was also sure that was why he intended to exert much greater influence on where and how the Navy directs its resources.

Given that insight, Lynn had decided to visit a few "wise old hands" in the building. He'd started with a visit to his old buddy, Captain "Whispering Jack" Carson, a helo pilot and an old hand in OPNAV. Carson saw the changes as a clear attempt to separate the development of warfare requirements from concerns about how to pay for them. He saw the CNO's changes as a way to establish "constructive tension" between the operating fleet and those who managed the Navy's resources.⁵ Carson had further opined that the Navy's programs are driven mostly by budgetary bottom lines imposed by "bean-counters" rather than the fleet which focused on combat capability. Carson had also explained what the changes really meant to the organization. Under the old organization:

- N-8 (a three-star billet) was responsible both for making the threat and capability assessments that defined the Navy's warfare requirements and then for deciding how the Navy's resources would be allocated to meet those requirements. While consolidation of those two roles under one hat may have made some sense in theory, the process had left much to be desired in practice.
- Under the old system, the "warfare barons," who represented the interests of the surface, submarine and aviation communities, wielded immense power and influence. They had a good understanding of the fiscal constraints that defined what was

achievable and what was not. They also kept a sharp parochial and highly protective eye on their respective platforms (ships, subs and aircraft) and made sure they got their share of the Navy's budget.

With the three-star, the barons had dominated the Navy's budget process. It left the operating forces without a strong voice and skewed the process in favor of future requirements at the expense of current readiness. While the Navy staff didn't blatantly ignore fleet readiness, when push came to shove, they defaulted in favor of protecting future requirements. There simply wasn't a balanced exchange between the requirements generators and those who had to make hard allocation choices forced by our limited resources. Many believed that process was largely responsible for the crisis in current readiness.

Captain Carson had further explained that Admiral Clark had decided that in order to redress those problems he would divide requirements generation and resource allocation responsibilities among three separate OPNAV directorates that:⁶

- Refocused the Navy's logistics directorate (N4) to be an advocate for fleet readiness as well as logistics. N4 will also define all warfare area (air, surface, and sub-surface) readiness requirements (less manpower & training). In effect, N4 is to be the "strong advocate or shrill voice" for fleet readiness that "vectors" problems to "solution makers" within the Navy staff.
- Established a Warfare Requirements and Programs Directorate (N7), also led by a three-star, that focuses on warfare requirements. The warfare barons (air, surface, submarine, etc.) were moved here from N-8 and will continue to: define and develop warfare requirements, recommend what and how many platforms and systems the Navy will need; recommend program priorities; and advise the CNO on resource allocation decisions for warfare areas.
- Refocused the Resources, Requirements and Assessments Directorate (N8) on its role as the honest broker in deciding where to allocate the Navy's limited resources based on *their* assessment of current and future warfare requirements.

The revised organization (see Appendix 2) was intended to create a natural tension between the people who defined and developed current and future Navy warfare requirements (N4 and N7) and those who had to balance the competing requirements (N8) given the limited resources available to the Navy. Said more simply, N4 and N7 would identify what the Navy needed, but N8 was responsible for telling the CNO what the Navy can afford.

According to Carson, these changes were also an effort to generate greater horizontal integration at lower levels within the Navy staff. By encouraging more horizontal integration at lower levels, the CNO hoped to create greater permeability between the various warfare stovepipes that had grown up over the years in OPNAV. He wanted a process that identified warfare requirements and solutions that focused on warfare functions and not on platforms or systems. His challenge was to find the right "carrots" and "sticks" to make this new approach work.

Lynn had immediately recognized that this “tension” would lead inevitably to issues that couldn’t be resolved at the lower levels of the organization. There simply weren’t enough resources to cover all of the requirements the fleet and OPNAV would identify. Plus there would be honest differences of opinion about what was needed. He saw a new version of the same old fights that had always plagued the process.

Carson had responded that the CNO had already thought of that and had made allowances. The reorganization made the vice-CNO (VCNO) the final arbiter responsible for reconciling the differences between the requirements generators and the resource providers. To help him tackle this extremely complex job, the CNO resurrected the CNO’s Executive Board (CEB), comprised of senior officers from the various directorates. Their job was to advise the VCNO on the key issues of requirements and funding. The CEB got its technical support from another new group called the Naval Requirements Oversight Council (NROC). Their role was analogous to the role played by the Joint Requirements Oversight Council (JROC) that assisted the chairman of the Joint Chiefs of Staff in evaluating DoD programs.⁷

In order to assist them in their decision making, the NROC uses a cross-cutting assessment process called the “integrated warfare architecture,” or IWARs for short. N-8 programmers use this process to evaluate Navy warfare and support requirements with a *functional* focus, vice the traditional platform-based one. In simpler terms, the IWARs attempt to answer the question, how much is enough, both in terms of quantity and quality, today and in the future, for all Navy systems and programs?

Captain Carson had also pointed out that by emphasizing horizontal integration at lower levels in OPNAV, the CNO was trying to streamline the process so that it pushed the really big issues up to his level early enough so that he could make a difference. Too often in the past, his predecessors had been presented with a *fait accompli* or too few options. Streamlining the process was something the warfare barons and others were likely to resist because it took away a great deal of the power they’d traditionally wielded over the process. The CNO’s changes directly threatened their ability to protect parochial platform interests. The warfare specialties, represented by the Barons, measured the worth of their communities directly by the capability of their platforms. That was why aviators fought so tenaciously for the next generation of aircraft and the other guys fought hard for their next class of ship or sub.

Carson had finished his tutorial by warning Jack that OPNAV and the Pentagon had seen a lot of changes over the years. Most of them felt this latest list of changes was either going to end up as cosmetic change or that they would simply manipulate the changes in such a way as to have no real impact.

That last statement had made a lasting impression on Lynn and he’d decided to see his old civilian buddy, Jeff Welker, who’d worked for years on the Navy staff. He valued his opinion because he’d seen a lot of changes over the years in the way the Navy staff did business. If anyone could offer insight into the way things worked, it would be Jeff. Lynn had

gotten right to the point and Welker had been characteristically blunt. He felt the CNO was facing an uphill battle given the number of nasty issues he faced. Current readiness problem was an immediate problem, but he also had to maintain current force levels. The Congressional Budget Office had just produced a report that stated DoD's FY2000 budget required an additional \$51 billion annually just to maintain the current force levels. The Navy's share was around \$23 billion annually.⁸ None of that, however, even began to address the big-ticket items that lurked just around the corner such as the new generation of destroyers, submarines, aircraft carriers, and the Joint Strike Fighter. In Welker's opinion, the CNO couldn't afford to focus solely on current fleet readiness and personnel shortages no matter how important they were.

As for the reorganization of the Navy Staff, Welker felt the changes the CNO had made to the Navy staff weren't going to work. The political reality of the defense budget process was that hard choices were deferred to the last possible moment. There were myriad reasons, not the least of which, was waiting for SecDef's people to make up their minds about the priorities. There was also the other Navy four-stars who wielded incredible influence inside and outside of the Navy. Welker admonished Jack not to make the mistake of thinking that they were all pulling in the same direction as the CNO. Keeping them aligned had frustrated many a CNO. They had their own personal perspectives on how the Navy fit into the larger national security picture and, despite their best efforts, were not immune to their warfare community biases.

Welker also reminded Jack that there were many players outside the Navy that impacted its requirements and resource decisions. The Joint Staff was assuming an ever greater role in helping the Navy to define its requirements. Although the Navy had managed to keep *Joint Vision 2020* relatively toothless, that was going to change. Congress was also getting more impatient with DoD's progress towards jointness and the Navy was seen as being the worst offender. To make matters even more complicated, Congress had its own ideas about requirements that were based, at least in part, on where platforms and systems were built. If that didn't muddy up the waters enough, the whole debate on readiness was now clouded by questions like, "Ready for What?" and "Ready for Whom?"⁹ The attack on USS *Cole* in Yemen had added further fuel to debate about asymmetric threats. Jack realized that the events of "9-11" had not yet caused much debate in Congress, but hard questions lay ahead about the Navy's vision of a high-tech, highly capable and hugely expensive Navy with the reality of elusive and dedicated enemies that use simple means to kill thousands and nearly sink a billion-dollar ship.

Welker had continued, pointing out that the CNO faced significant challenges in meeting the requirements of the Marine Corps. The Navy had a proclivity to sacrifice Marine Corps high-interest programs in order to keep other Navy programs healthy. He also reminded Jack about the tremendous influence exercised by the "beltway" on all defense resource allocation decisions. Admiral Clark also received a lot of unsolicited advice from the retired four-star community who now work for the defense industry and cannot be ignored. And finally, there was intense resource competition coming from the other services that

were going through their own transformations and working hard to stave off their own train wrecks.

Welker had concluded that by reorganizing the Navy staff, the CNO made a strategic bet that he could gain control of the issues driving current and future readiness of the Navy by changing the process that works them. On the one hand, if he were to actually be successful in creating a staff with new competencies, he'd achieve the agility and responsiveness he sought to implement through his vision for the Navy. On the other hand, if he was unable to fundamentally change the process, he risked wasting a great deal of time and energy to the possible detriment of the very goals he was attempting to achieve.

Welker's final words had been more prophetic than he'd feared. The reorganization of OPNAV had not gone smoothly, not that it was expected to. The requirements generation process was becoming mired in a turf war between the old N-8 and the new N-7. It was no secret that N-8 had run roughshod over the rest of the Navy staff in formulating the Navy's submission. N-7 was still seriously undermanned and working hard to put in place the processes that would (in N-7's opinion) achieve the changes sought by the CNO. Lynn knew most of the issues but decided it was time to call in a trusted confidant, and current OPNAV warrior to review the problems that had plagued the last budget cycle. If he was going to get the reorganization project back on track, he needed a better appreciation of what had happened over the past year and a half.

Commander Jill McClendon had been part of the OPNAV reorganization from the beginning. She had been one of the small cadre of officers who had been assigned to the new N-7 organization and experienced first hand the resistance to the CNO's changes. She'd also served as one of Lynn's executive officers in his previous command. He knew she'd be candid as well as professional and that's what he needed at the moment.

When Jill arrived, Lynn quickly explained why she'd been summoned. He briefly described his concerns about his perceived lack of progress in making real change to the way the Navy staff was doing business as evidenced by the Navy's latest budget submission. "Jill," he finished, "it's pretty apparent that while a lot of good people have put a great amount of effort into the changes directed by the CNO, we are still a long way from his vision of a quick and agile staff that has got a real handle on our real warfare requirements. What do *you* think is wrong?"

After hearing why she'd been summoned to the executive assistant's office, Jill came directly to the point. "Captain, if I understand what you've just asked, you're asking for my *personal* opinion about the OPNAV changes based on my experience in N-7. That's important for both of us to understand, because my professional opinion may or may not reflect the perceptions of my superiors. Although, I'm pretty sure they'd agree with what I have to say." Lynn confirmed for Jill that was what he was looking for. She responded, "Ok, sir, you've got it. Where do you want to begin?"

"Let's start with what's wrong with the process," he answered. Jill replied, "I'm sure you've heard this before, but it's worth repeating because it goes to the heart of the

problem. OPNAV faces a basic dilemma. We're trying to build a complex, highly networked, integrated, joint, multi-platform, multi-system Navy without a top-level design within a patchwork of stove piped, non-integrated processes. By that I mean, we have a process that:

- Still focuses on platforms and systems instead of capabilities,
- Is uncoordinated and not synchronized, and employs inconsistent analytical frameworks and metrics,
- Uses different or inconsistent information sources, data bases, and produces differing decision products,
- There's confusion over 'who's in charge' and many of the key stakeholders are not linked to or involved in key processes and decisions.¹⁰

All of which has led to confusion, delayed or errant decisions, longer not shorter planning cycles and execution timelines, and a great deal of consternation about what really are the Navy's warfare requirements.

"Captain, N-7 looks at warfare requirements," she continued, "from a mission-driven perspective in an effort to determine what is required for *war fighting wholeness*. We view the requirements generation process as a holistic endeavor that looks at capability packages not single systems or platforms. By war fighting wholeness, we mean a product where no one owns any one program, where good enough is good enough and we have an end state in mind. We feel that a *Single Program Proposal* (SPP) should be submitted to N-8 that provides a balanced requirements package across all mission areas. Our counterparts in N-8, however, have not bought into this concept and prefer to remain focused on individual programs. From their viewpoint, the SPP is too confining when they have to make quick budget decisions or respond to last minute DoD directives or cuts.

"N-7's dilemma is how to 'get traction' with N-8 and the CNO in accepting this alternative view of the programming and budgeting process. That they don't buy it was made abundantly clear when N-8 made substantive changes to programs in the last budget cycle without even consulting N-7 on the rationale behind the requirements we identified. From our perspective, N-8 made some bad calls in the final budget submission. Until we resolve this basic difference in perspective about how the Navy's program is put together, the organizational changes that the CNO directed when he arrived won't get him where he wants to go."

"Okay Commander," Lynn responded, "what would you suggest we do to get this process working the way that the CNO originally intended?"

Notes

1. NAVOP 009/00, July 2000.
2. NAVOP 010/00, August 2000.
3. CNO Personal For Message to Senior Naval Leadership, August 2000.
4. Robert J. Caldwell, "Navy's Woes Reflect Risks of Years of Underfunding Defense," *San Diego Union-Tribune*, 24 September 2000, available at <<http://www.infowar.com/>>

- mil_c4i/00/mil_c4i_092900a_j.shtml>, [accessed: 7 January 2002].
5. Hunter Keeter, "Navy Alignment to Foster Tension Among Requirements, Resources," *Defense Daily*, 29 September 2000, p.8, available from <<http://ebird.dtic.mil/Sep2000/s20000929alignment.htm>>, [accessed: 2 October 2000].
 6. OPNAV Alignment Working Group Report to CNO, 17 August 2000.
 7. Dale Eisman, "Navy Reassigns Top Duties, Cites Need for Fleet Readiness," *The Virginian-Pilot*, 2 September 2000.
 8. Congressional Budget Office, "Budgeting for Defense: Maintaining Today's Forces," September 2000.
 9. Tom Allen, "Ask Right Questions About Military Readiness," *Bangor Daily News*, 30 September 2000, available from <http://web.lexis-nexis.com/universe/document?_anasset=GeHauKO-EWERMSEW...>, [accessed: 3 January 2002].
 10. OPNAV - N70 Briefing "Battle Force Capability/Mission Capabilities Packages", 28 March 2000, available from <<http://www.dtic.mil/ndia/2001/yurchak.pdf>> [accessed: 6 January 2002].



APPENDIX ONE

ADMIRAL VERN CLARK, U.S. NAVY

CHIEF OF NAVAL OPERATIONS

Born in Sioux City, Iowa, and raised in the midwestern states of Nebraska, Missouri and Illinois, Admiral Clark graduated from Evangel College and earned a master's degree in business administration (MBA) from the University of Arkansas. He attended Officer Candidate School and received his commission in August 1968.

Admiral Clark served aboard the destroyers USS *John W. Weeks* (DD 701) and USS *Gearing* (DD 710). As a lieutenant, he commanded USS *Grand Rapids* (PG 98). He subsequently commanded USS *McCloy* (FF 1038), USS *Spruance* (DD 963), the Atlantic Fleet's Anti-Submarine Warfare Training Center, Destroyer Squadron Seventeen, and Destroyer Squadron Five. After being selected for flag rank, Admiral Clark commanded the *Carl Vinson* Battle Group/Cruiser Destroyer Group Three, the Second Fleet, and the United States Atlantic Fleet.

Ashore, Admiral Clark first served as special assistant to the director of the Systems Analysis Division in the Office of the Chief of Naval Operations. He later completed assignments as the administrative assistant to the deputy chief of Naval Operations (Surface Warfare) and as the administrative aide to the vice chief of Naval Operations. He served as head of the Cruiser-Destroyer Combat Systems Requirements Section, and Force Anti-Submarine Warfare Officer for the commander, Naval Surface Force, U.S. Atlantic Fleet, and he directed the Joint Staff's crisis action (CAT) teams for Desert Shield and Desert Storm.

Admiral Clark's first flag assignment was at the U.S. Transportation Command where he was director of both Plans and Policy (J5), and Financial Management and Analysis (J8). While commanding the *Carl Vinson* Battle Group, he deployed to the Arabian Gulf and later served as the deputy commander, Joint Task Force Southwest Asia. Admiral Clark has also served as the deputy and chief of staff, United States Atlantic Fleet; the director of operations (J3), and subsequently director (DJS), of the Joint Staff.

Admiral Clark became the 27th Chief of Naval Operations on 21 July 2000.

REVISED NAVY STAFF ORGANIZATION

N4-N7-N8 ONLY

