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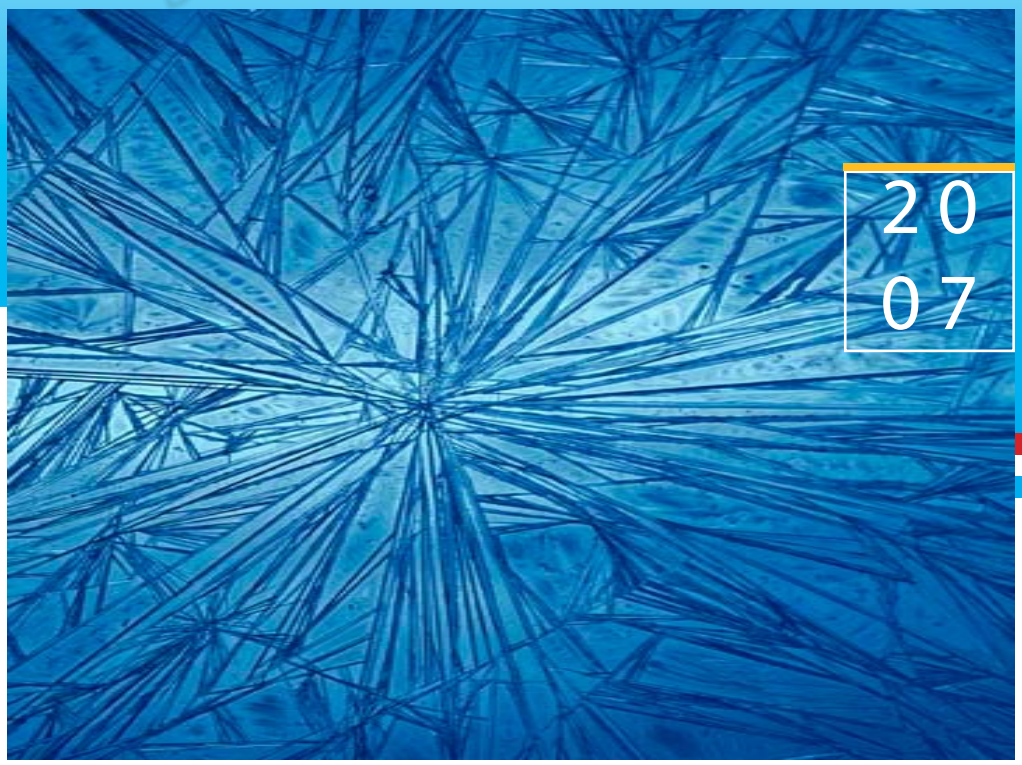

2007

Proceedings from a Project on National Security Reform Conference on Integrating Instruments of National Power in the New Security Environment
July 25–26, 2007

PROJECT ON NATIONAL SECURITY REFORM

TRANSFORMING GOVERNMENT FOR THE 21ST CENTURY

TRANSFORMING GOVERNMENT
FOR THE 21ST CENTURY

PNSR

PROJECT ON NATIONAL SECURITY REFORM

October 5, 2007

Dear Reader,

Winston Churchill famously quipped that "You can always count on Americans to do the right thing—after they've tried everything else." When it comes to reforming our national security system, we must prove we can do the right thing without exhausting all other possibilities. The security environment has changed dramatically since creation of our current national security system in 1947, leaving us with tools designed for a different era and different strategic challenges. We have tinkered with our sixty-year-old national security system almost since its inception but never in a manner sufficient to fix its basic shortcomings.

The Project on National Security Reform and its bipartisan leaders and supporters believe it is time to do the right thing and offer the nation a comprehensive, rigorous, realistic opportunity for reform. The Project benefits from a representative cross-section of our nation's best and most experienced experts on national security, and they overwhelmingly agree that the current national security system no longer is sufficient to our needs. We are determined to act before we suffer another catastrophe such as befell us on September 11, 2001. We will only accept solutions that deal decisively with our core problems.

This report captures the Project on National Security Reform's progress to date, its tentative findings, and how it will chart a way forward to success. It records the results of an historic event that brought together people from all parts of the national security community to discuss how we can adapt our security system to the challenges we face. On behalf of the Project's Guiding Coalition, I express our appreciation to the organizations that supported and made possible the conference.

Sincerely,

James R. Locher III
Executive Director

Center for the Study of the Presidency
1020 19th Street NW, Suite 250
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ACKNOWLEDGMENTS

The Conference and these Conference Proceedings would not have been possible without the financial support provided to the Project by Carnegie Corporation of New York and Atlantic Philanthropies, or without the assistance of the Project on National Security Reform's partnering organizations for the conference:

- Center for Strategic and International Studies
- The Hoover Institution
- The Hudson Institute
- Institute for National Strategic Studies at National Defense University

The Project also gratefully acknowledges the assistance provided by its sponsoring organization, the Center for the Study of the Presidency, and two other partner organizations, SAIC and L-3/MPRI.

Special appreciation is expressed to all the Conference participants, and especially to those making presentations. Their names are recorded in the conference agenda provided in Appendices A and B. These Proceedings could not possibly capture all the rich insights provided during the Conference, but aspires to an accurate general summary of the main points raised. Many individual presentations are available to the public at www.pnsr.org.

Finally, the Project also wishes to acknowledge the stellar efforts made in support of the Conference by its research fellows. They and others from partnering organizations who managed Conference administration and took the copious notes that made this report possible deserve special recognition:

Maj. Stephanie Ahern
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This report was written by Dr. Christopher Lamb, the Project on National Security Reform's Associate Director for Research and Analysis, and Matt Shabat, the Project's Research Fellow Coordinator. The opinions, conclusions, and recommendations contained in this report were drawn from the conference proceedings, and as such should not be taken to necessarily represent the views of partnering organizations or any other agency of the U.S. Government.

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Foreword

GUIDING COALITION OF THE PROJECT ON NATIONAL SECURITY REFORM

David M. Abshire *President and CEO, the Center for the Study of the Presidency*
Norman R. Augustine *Retired Chairman and CEO, Lockheed Martin Corporation*
Dennis C. Blair *former President, Institute for Defense Analyses*
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James B. Steinberg *Dean, Lyndon Johnson School of Public Affairs, University of Texas at Austin*
Kenneth R. Weinstein *CEO, Hudson Institute*

This report summarizes insights from the Project on National Security Reform's July 25-26th Conference on "Integrating Instruments of National Power in the New Security Environment" (the "Conference") held on July 25-26. The purposes of the Conference were to advertise the existence of the Project on National Security Reform (the "Project") and to deepen and share the Project's understanding of our inadequate national security system. This report serves the same purposes.

The Project is a non-partisan initiative sponsored by the non-profit Center for the Study of the Presidency, established to assist the nation in reforming its national security system to meet the challenges of the 21st century. The Project's underlying thesis is that the United States Government cannot integrate and resource the elements of national power sufficiently well to ensure America's security and interests. Presumptive solutions include: (1) changes to the sixty-year-old National Security Act and related statutes; (2) presidential directives to implement other reforms; and (3) new Congressional committee structure and practice.

The Project launched a rigorous study of the interagency process to develop an integrated set of recommendations on how to fix the national security system. Some early insights from the study effort were discussed at the Conference and are highlighted in these Conference Proceedings. To learn more about the Project on National Security Reform, please visit the Project's website at www.pnsr.org.

Executive Summary

The underlying causes of recent failures are not new; they can be traced back to basic characteristics of our national security system.

The National Security Council system was the creation of the early Cold War era. Sixty years later, it has clearly broken down. It is incapable of effectively marshaling and integrating resources across federal agencies to meet critical national security objectives.[1] The lapses that permitted the terror attacks on September 11, 2001, the confused national and local coordination during the Hurricane Katrina disaster, and the system's slow recognition and response to insurgency in Iraq highlight its inadequacies.

As the security environment continues to change, the limitations of our current system are ever more glaring. The present interagency system cannot meet the threat of pandemics and possible terrorist strikes with weapons of mass destruction, and it increasingly seems unlikely that the War on Terror can be won without major reform in the Executive and Congressional branches of government.

The need for change is becoming more apparent, but the underlying causes of recent failures are not new; they can be traced back to basic characteristics of our national security system. Our sixty-year-old National Security Act, which institutionalized major features of our current system, needs major revision if not replacement. A new or revised national security act is one presumptive goal of the Project on National Security Reform, a non-partisan initiative sponsored by the non-profit Center for the Study of the Presidency.

The Project on National Security Reform was established by leaders whose experience and knowledge convince them that the United States government currently cannot integrate and resource the elements of national power sufficiently well to meet our security needs. The Project's Executive Director, who has led several large and successful national security reform efforts, developed an approach to national security reform modeled in part on the historic Goldwater-Nichols legislation, which transformed the American military with an unprecedented world-class capability for joint warfare.

A key portion of this approach is a rigorous study of the interagency process dedicated to an exploration of the problems that impede our ability to integrate and resource the elements of national power well. The Project on National Security Reform's Conference on "Integrating Instruments of National Power in the New Security Environment," held on July 25-26, 2007, was an opportunity to postulate, reconsider and build upon some of the early insights from the study. The first day of the Conference featured eight subject-specific seminars. The next day's Plenary Session, held on the 60th anniversary of President Truman's signing of the 1947 Act, was devoted primarily to broader issues.

These Conference Proceedings capture the results of the Conference presentations and discussions. A summary of the insights generated by the conference would include the following:

There is nearly *unanimous agreement that the United States Government does not integrate and resource the elements of national power sufficiently well.*

This consensus, well documented in the literature on national security, has been growing almost since the 1947 inception of the current system, and is well recognized by both the Legislative and Executive Branches, and by both parties. Executive Branch awareness of the problem and unsuccessful attempts to fix it reached high points during the Clinton and current Bush administrations.

The *problem is complex*, and will not be resolved by a simple and easy solution.

The problem *does not have a single source*. Rather it is composed of numerous interrelated parts. Substantively, we must contend with the need to integrate multiple elements of regional and functional expertise in the context of strategy and planning. Organizationally, there is agreement that better performance requires attention to multiple organizational factors—strategy, structure, process, human resources and knowledge management, for example—that are interrelated.

only a bipartisan, Legislative-Executive branch partnership in support of a rigorously researched reform effort can hope to succeed at comprehensive reform

The problem is *manifest at multiple levels*. It is not true that the national decision making process works well at one level but is flawed at others. Some assert the national level makes good policy that is not implemented well at the regional and country level. Others believe regional and country teams work well but are not given sufficient guidance by the national decision makers. Both are equally deceived as problems exist at the national, regional and country levels.

PNSR Guiding Coalition member and former National Security Advisor General Brent Scowcroft gives conference keynote address on a changed world.

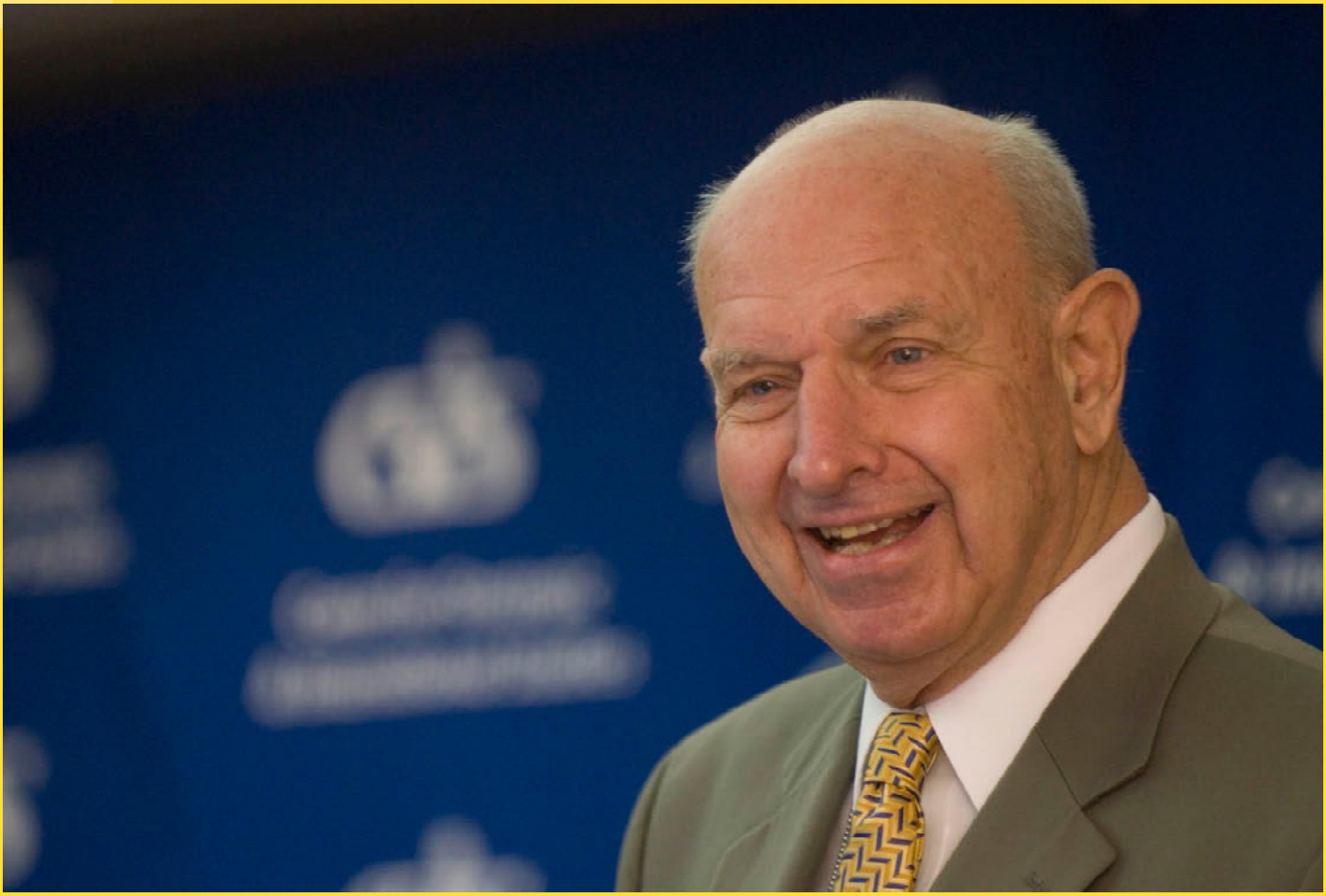
The problem is *complicated by intra-agency differences*. It is a challenge to get an individual agency to agree internally on its own positions. Individual agencies are a collection of competing views, and it often is unclear whether a representative's voice at the interagency table is authoritative.

The *problem is inherent* in the basic national security system established in 1947.

The architects of the National Security Act of 1947 were concerned with diverse elements of national power, but *more focused on their mobilization than integration*. They also wanted to prevent too great a concentration of executive power. One result is that the ability to compel individual cabinet level agencies and departments to collaborate is weak. The ability to reward collaboration or information sharing is even weaker. Only the president can compel interagency collaboration, but his practical means of doing so are limited, and increasingly so as demand for integration grows. As a result, the system errs in favor of independent rather than unified effort.

Not all aspects of the problem are equally important, and one must distinguish core causes from secondary ones.

For example, *one core problem is the issue of delegated authority*. Currently, only the president can effectively direct the individual cabinet-level agencies to collaborate, but the president does not have the time to direct and manage the increasing number of independent departments involved in the growing number



Ambassador Thomas Pickering, former U.S. Ambassador to the United Nations and a member of the PNSR Guiding Coalition.

of national security missions. Therefore the president must delegate authority to direct the performance of multiple agencies pursuing national security missions.

Unfortunately, *no model of delegated authority we have tried to date works*. Under the current national security system, neither lead agencies nor lead individuals, nor committees are effective at integrating the elements of national power routinely.

There is *growing recognition that failure to fix the problem, and fix it correctly, will be disastrous*.

The security environment has changed significantly since 1947. Some security problems are familiar, such as rising regional and potentially global powers or the Israeli-Palestinian conflict. Other new problems increasingly confront us with what are intrinsically interagency problems and thus interagency missions. Examples are combating terrorism, countering the proliferation of weapons of mass destruction, defending cyberspace, and post conflict reconstruction. The real and potential costs of poor performance in these missions, which could include catastrophic attacks on the homeland, are increasing.

The relative means available for dealing with these problems are diminishing as US commitments expand and other international actors increase their geopolitical roles. The global diffusion and transfer of labor, capital and knowledge enable powerful adversaries to better and more rapidly compete with us. These trends make the marriage of terrorism and weapons of mass destruction imminently possible, and collapse the strategic and tactical levels of conflict into a variety of nightmare scenarios that can only be countered with highly efficient and effective interagency collaboration.

In other words, the United States can no longer count on overwhelming adversaries with resources. *We cannot afford to win "ugly."* Winning ugly today increasingly runs the risk of politically unsustainable efforts that cumulatively would spell defeat over the long term. We need to safeguard our security interests with world class performance that is efficient and effective and the sooner the better.

There currently is *no consensus on how to fix the problem*, and anxiety about the possibility of fixing it incorrectly.

Among national security professionals, there is *diverse opinion on what it will take to fix the problem*. There is still much difference of opinion within the Project on National Security Reform on this subject, and conference participants held a wide range of views as well.

Such diverse opinion is healthy and appropriate since the precise impediments to integrating and resourcing national security missions and their relative weight are not yet agreed upon. Research on inadequate integration of the elements of national power tends to be *long on proposals for solutions and short on problem analysis*. Even scholarly research frequently fails to tightly and

the singular priority for the Project is to ensure that its recommendations actually fix the core impediments to U.S. Government unity of effort

logically link proposed solutions to problems. It is common to find lists of more or less plausible options for reform but not compelling analysis that generates high confidence those recommendations will actually solve the problem.

Although there is no consensus on how to fix the problem, there is general agreement that *misdiagnosis and a botched attempt at reform would have dire consequences*. Comprehensive national security reform is akin to open heart surgery on a critical patient—the American government—during a time of war. This surgery must be performed without error, without jeopardizing fundamental civil liberties, and with a high assurance of improved long-term health, or not at all.[2]

Two key issues preventing consensus are the proper scope of national security and the relative significance of individual leaders compared to the rest of the national security system.

As another study effort has concluded, *depictions of scope vary widely and rapidly become defuse and highly controversial*:

The Princeton Project on National Security noted that moving beyond traditional notions of U.S. national security is still quite controversial even though a compelling case can be made for doing so. On the other hand, including non-traditional approaches to national security is challenging. Non-traditional challenges quickly fragment in ways that cannot be easily reconciled and which have no definable parameters to guide a determination of what represents national security threats as opposed to a foreign policy challenges.[3]

Many Conference participants, as well as scholars and practitioners, attest to *the overriding influence of individual leaders in managing the current national security system*. Many conclude that finding good leadership is therefore the solution to poor performance.

The Project, however, accepts the growing body of analysis that supports a different interpretation. Since only the president can compel different agencies and departments to collaborate, subordinate leaders must attempt to capture his attention and assistance, or work around the system to make integration possible. From this fact some conclude that only individual leaders can make integration possible. The larger picture suggests that if we remove the impediments that constrain collaboration in the first place so that it is much more the norm, *leaders could be both more successful in their integration efforts and more accountable for doing so*. Even if good leadership can on occasion make a bad system work, it is not a prescription for an organization's efficiency and effectiveness over the long term.

The Conference reinforced tentative findings from Project research efforts, revealing a growing consensus that the inability of the United States government to integrate and resource the elements of national power well is a *longstanding, increasingly dire, and complex* problem. The Conference

also reinforced the determination of Project leadership to solve this problem. Like pragmatic Americans of previous eras, we must adapt. We must build a better system, the broad characteristics of which are increasingly apparent.

- We need a system that rewards collaboration.
- We need a system that generates competitive courses of action, then enforces disciplined unity of effort when one is chosen.
- We need a system that can match resource allocation with priorities, and quickly amend both when necessary.
- We need a system that does not supplant, but rather supports leaders, enabling their direction of unified efforts rather than constantly thwarting them.

If we do not build such a system, and soon, we will continue to be surprised by our adversaries, we will needlessly squander our resources, and over the long-term, we will see the United States role in the world will decline.

How can we build a new national security system? Only a bipartisan, Legislative-Executive branch partnership in support of a rigorously researched reform effort can hope to succeed at comprehensive reform. The Conference reinforced the determination of Project leadership to pursue this approach, and confirmed the challenge of doing so. To meet the challenge, the Project will pursue its objectives by modeling the very collaboration and information sharing methods that it postulates the federal government needs. It will focus on identifying core problems, and will not accept any solution set that does not deal decisively with those core problems. Solutions to peripheral problems are desirable but can be sacrificed if they impede progress on obtaining solutions to core problems. The singular priority for the Project is to ensure that its recommendations actually fix the core impediments to U.S. government unity of effort. When the Project is complete, it must stand as an example of the benefits of a unified effort, and in that regard, as a model of what the national security system must be capable of producing in the future.

PNSR Deputy Executive Director, Guiding Coalition member and former Commander US Pacific Command Admiral Dennis Blair presents Project's initial findings.

Key Findings

The 1947 national security system is not set up primarily to achieve integration but rather to prevent too great a conception of executive power. It does not routinely support leader efforts to integrate the elements of national power.

As is true of the Project's study effort in general, the focus during the Conference was on problem identification. Key findings from the Conference include the following:

- Diverse case studies over a forty year period clearly indicate the United States government has difficulty integrating the elements of national power although it tends to do better in some circumstances than in others.
- Better integrating the elements of national power is increasingly important and difficult in light of our changing security environment.
- The scope of national security is broadening but still has ill-defined limits. Progress on resolving interagency problems depends in part upon an agreed definition and scope for national security.
- The civilian national security system does not effectively train or cultivate leadership in a sustained and systematic manner.
- Leadership is a critical factor in the performance of the national security system, but not the only nor necessarily dominant factor.
- The system suffers from an interrelated set of problems, including culture, structure, process, resourcing, knowledge management and human capital.

- The organizational cultures that currently prevail in interagency fora do not reward collaboration and information sharing, and in fact militate against such cooperation.
- The lack of strategic planning for human resources needed for national security affairs encourages many departments to outsource work beyond their oversight capacity and beyond what would be considered efficient.
- Most national security organizations are rigidly stovepiped and utilize reward systems that are based on individual success rather than team success. Personnel success is furthered by hoarding rather than sharing information, and so there are few incentives to share information internally, and especially not with other agencies and departments.
- In at least three respects—confused lines of authority, rigid vertical structures and difficulties integrating national, regional, and country-level efforts—current organizational structure impedes interagency collaboration.

- Current process does not adequately integrate non-traditional government departments and agencies into the national security system nor does it provide an effective formal link between strategic policy and operational planning.

- There is no established process to monitor and assess the execution of national security policies and plans.

- There is no common interagency planning process, methodology or lexicon. Strategic planning capabilities and the linkage of strategy to resource allocation decisions remains exceedingly difficult to achieve.

- Government undervalues knowledge (and more generally human capital), and is out of step with both business trends and the global environment in this respect.

- No matter how well we integrate the elements of national power, if we are not able to resource the mission at the right level and with rapid adjustments to account for changing circumstances, we will not succeed.

- There is inadequate capacity in civilian national security organizations, especially but not only for expeditionary and post-conflict operations.

- Currently, there are insufficient mechanisms to reprogram or transfer resources easily and quickly within the national security system.

- The national security system is not alone in having to contend with a perilous, complex and rapidly evolving environment. The massive rigidity of the federal government's national security apparatus stands in stark contrast to successful organizational experience in the private sector. In considering national security reform, we may draw upon a wealth of experience, trial and error, from private and non-profit experience.

government undervalues knowledge and is out of step with both business trends and the global environment

PNSR Guiding Coalition member and president of the Center for a New American Security, Michèle Flournoy, leads panel on lessons from interagency history.

Seminars and Panels

The key underlying thesis is that the United States Government does not integrate and resource all the elements of national power sufficiently well.

The key underlying thesis of the Project on National Security Reform is that the United States government does not integrate and resource all the elements of national power sufficiently well to ensure the security of the American body politic. The Conference seminars and panels were designed to explore this thesis from different angles to generate a comprehensive set of insights on impediments to better performance. Opinions on solutions were often proffered, but the focus of the Conference was on a deeper appreciation of the nature of the problem.

The Conference and the following sections are organized to present issues and insights in a logical sequence and a comprehensive manner. The sections roughly replicate the Project's internal organization (see figure 1). The first three sections consider the problem holistically, at the level of the entire national security system. As its title suggests, the section on "Historical Evidence of the Problem" examines the past to determine evidence for problems and trends in integrating the elements of national power. The section on "Scope and Impact" considers the magnitude and import of the problem. The section on "Origin and Tractability" reviews key variables that help explain the nature of the problem and the extent to which it might be resolvable.

The next four sections are devoted to typical categories of organizational analysis: structure, process, human capital and knowledge management challenges. The final section addresses a foundational, cross-cutting issue: resourcing integrated national security missions. Insights from both Seminars and Plenary Session presentations are integrated into this framework.

Historical Evidence of the Problem

Does historical experience demonstrate a systemic and longstanding problem in integrating the elements of national power and allocating resources accordingly?

To answer this question the Project commissioned a series of more than 25 case studies dating from the influenza pandemic of 1918-1919 to present day operations in Iraq. The Project also undertook extensive reviews of national security literature that analyzed the historical performance of the national security system. Conference presentations highlighted some early returns from these efforts. Overall, the case studies, and reviews of national security reform literature based on historical precedents, suggest that multiple variables impede the integration of elements of national power and effective allocation of resources. These variables include:

- cultural differences between the military and civilian agencies;
- lack of common geographic structures to facilitate collaboration;

- lack of clear lines of authority;
- inconsistent presidential and other high-level leadership;
- over-reliance on presidential leadership and authority;
- absence of sufficient processes to effect coordinated planning and implementation of unified policies;
- insufficient knowledge management, especially with respect to NSC staff turnover between presidential administrations; and
- funding disparities between the military and civilian agencies

Although case study research to date clearly indicates that the United States government has difficulty integrating the elements of national power, this does not appear to be uniformly the case nor are the consequences always the same. Instead, we tend to do better in some circumstances than in others, and we do not always pay a high penalty for inadequate performance.

Max Boot, Council on Foreign Relations Senior Fellow, speaks on PNSR seminar on interagency case studies at the Hudson Institute.

For example, it seems that policy integration and interagency collaboration have been better during crises than for less urgent issues. This may be due to the constriction of decision circles and increased focus during crises. Policy integration and interagency collaboration also appear to work better for initial policy decisions than for their execution, considerably better for military matters compared to diplomatic, economic or informational issues and much better when responding to a challenge rather than undertaking proactive strategies.[4]

However, even during crises there is room for improvement. Case studies regarding Hurricane Katrina, the influenza pandemic of 1918-1919, the Southeast Asian tsunami of 2004, the 1964 Alaskan earthquake and the energy crisis of the 1970s, demonstrate a need for more consistent advance planning and presidential leadership.[5] The importance of presidential leadership for clearly defining a national security policy is actually a major factor in both crises and enduring national security missions. Presumably this is because only the president can impose order on the competing perspectives of the different agencies and departments.[6]

The case studies also tend to substantiate a commonplace observation from national security literature about inadequate continuity in processes. Each new presidential administration implements its own leadership approach and decision making processes, thereby disrupting interagency collaboration between administrations. The case studies indicate other recurring problems, including inadequate institutional capabilities and problems with resource allocation.

On the other hand, the case studies do not yet support definitive conclusions about the adequacy of current organizational structures. They seem to illustrate both positive and negative attributes of the current structure.[7] Among positive attributes is the system's formal and informal flexibility.[8] Amoeba-like, America's interagency coordination structure and process appear endlessly malleable. New organizations rise and fall, and informal groups proliferate to manage problems as they emerge or rise to major-issue status. However, this very flexibility makes it difficult to harness the substantial expertise resident in the bureaucracy as it is not always apparent where the locus of decision making resides. When multiple organizations have overlapping responsibilities but lack authoritative decision

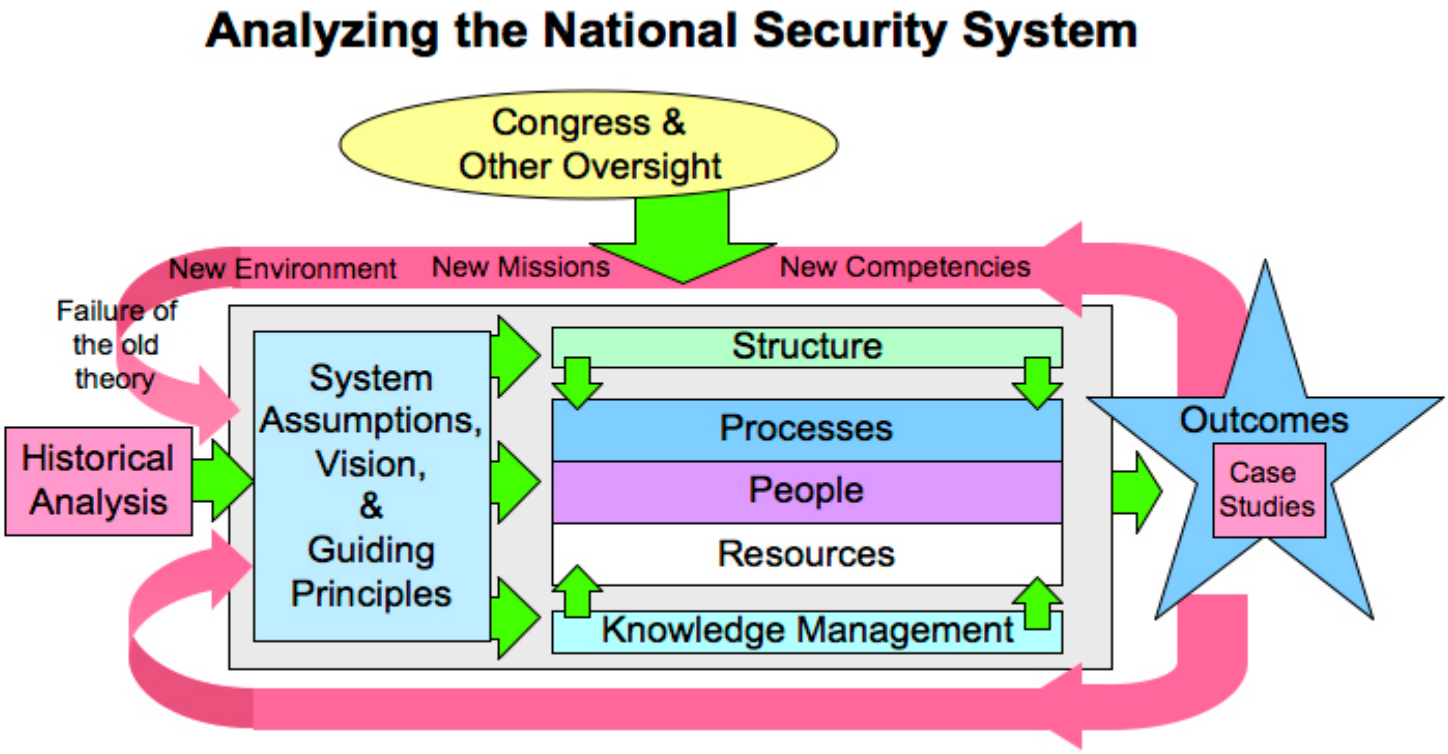


Figure 1

multiple variables impede the integration of elements of national power and the effective allocation of resources

making bodies, it is common to see inefficient cooperation, or worse, multiple groups working at cross purposes. Unclear lines of authority and confused roles for lead agencies appear to proliferate in such circumstances. The case studies reveal other negative system attributes, to include difficulties defining success and the magnitude of a challenge, and the effects of variance in presidential leadership quality.[9]

Another key historical observation made during the Conference concerns changes in the security environment. The United States increasingly is confronted with intrinsically interagency problems and related interagency missions, such as counterterrorism, counter-proliferation, cyber-defense and post-conflict reconstruction. Absent remedial action for the aforementioned impediments to interagency collaboration, it must be assumed that in the future, as in the past, we will fail to sufficiently integrate the elements of national power.

Problem Scope and Impact

To the extent there is a systemic and longstanding problem in integrating the elements of national power, how pervasive and serious is it?

The proper scope of national security received wide-spread attention at the Conference. It was a topic of discussion, either by panelists or audience participants, at six of the eight Seminar Sessions and in three of the eight Plenary Session Panels and presentations. In fact, the scope of national security was perhaps the most dominant cross-cutting theme at the Conference, and understandably so. In any problem solving endeavor it is important to delimit the problem set in order to focus attention and resources on the most important issues. Systemic reform may not be necessary if many national security issues are predominately the focus of a single agency or department, or if integrating the elements of national power is only a significant issue in certain types of cases.

Properly defining the scope of national security is doubly important since the government is typically accorded extra political and legal latitude to address national security issues. It would be easy to abuse the extra authority typically granted to the Executive Branch for dealing with matters of national security. To ensure maximum protection for civil liberties, it is important to define the scope of national security only as broadly as necessary to safeguard the welfare of the body politic.

Many participants observed that the scope of national security is increasing as the set of non-traditional threats with the potential to seriously damage the Republic grows. This broader scope further complicates our ability to achieve U.S. government unity of effort. A broadening scope of national security also suggests how complex and difficult it will be to reform the national security system.[10] The more parts of the government that must be considered in the reform effort, the harder it will be to develop a consensus on action. Perhaps this explains why major national security system reform has been put off for so long. In fact, it was noted that national security process and structural reforms often only emerge following a crisis. Some observed that another 9/11-like event or an advance consensus on the next redefining crisis—based on an existential threat to U.S. security—would likely drive future reforms.[11] As one Department of State representative noted

in a Seminar Session, in the absence of such a consensus, interagency coordination is difficult since agencies do not agree on where to put their collective attention and energies.[12] Similarly, participants noted that the absence of a collective agreement on the scope of national security would render interagency reform impossible.[13]

Some specific scoping challenges emerge from the literature on national security. The historical dichotomy between military and law-enforcement responsibilities is breaking down and raising profound questions about the optimal means of balancing civil liberties and security. Twenty-first century experience also is challenging the historic distinction between foreign affairs and national security and even the long-standing separation of foreign and domestic security issues. In light of the changing security environment, participants questioned the value of separate Homeland Security and National Security Councils.[14]

The Project's Vision and Guiding Principles Working Group directly addressed several assumptions about the scope of national security during its seminar:

- national security includes both threats and opportunities, both of which raise contentious scoping questions;
- the multiplicity of threats and opportunities challenges the United States to adopt a broader scope for the national security domain;
- expanding the national security domain does not require the U.S. government to treat every issue equally;
- each administration will prioritize national security issues; and
- a broader national security domain and resource limitations suggest the need for a wide range of flexible structures to develop, oversee and implement national security policies.[15]

The Vision and Guiding Principles Working Group's proposed definition of national security was quite broad, encompassing any situation, condition or entity that has the potential to enhance or degrade the viability and vitality of the nation. The Processes Working Group's perspective was narrower. The discussion in this seminar focused on "defining thresholds." Key considerations included capabilities (i.e., hard power, soft power), problem origin (domestic

Admiral James Loy, PNSR Guiding Coalition member and former Commandant of the Coast Guard and Deputy Homeland Security Advisor, participates in panel on lessons from interagency history.

issues, foreign issues) and the level of significance necessary to merit inclusion as a national security matter. The working group discussed the merits of defining national security as the continued ability of a country to pursue the development of its internal life without serious disruption. Some participants argued that great powers over the course of history were weakened or disappeared amid external environments that they were unable to address. Often the soft aspects of these external environments were the most challenging and responsible for great power decline. Translated into our current context, soft challenges highlight the importance of issues such as globalization, disease, and environmental change.[16] A participant in the Structure Challenges Seminar raised the point that national security could also be defined in terms of national resilience rather than effective use of traditional hard-power capabilities.[17]

when multiple organizations have overlapping responsibilities but lack authoritative decision making bodies, it is common to see inefficient cooperation, or worse, multiple groups working at cross purposes

The tendency to broaden the scope of national security is consistent with Executive Branch policy trends as well. All administrations since President Reagan have broadened the scope of national security in their congressionally mandated national security strategies, even though they are not fully consistent about which new missions or issues to emphasize. The Conference also revealed a range of opinions on potential new national security issues, including environmental problems, health concerns, terrorism, transnational crime, sub-state violence, economic matters, natural disasters and educational deficits, as well as multiple opportunities to expand U.S. influence and welfare.

Overall, Conference participants clearly recognized that a consensus does not yet exist within the academic community, the United States government or the Project on National Security Reform as to the scope of national security.[18] Participants did agree, however, that achieving some degree of consensus was a prerequisite for successfully reforming the national security system so that it could integrate and better resource national security policies and missions.

There also was greater consensus on the increasingly dire consequences of failing to keep pace with the security environment and improve the nation's ability to integrate the elements of national power. Keynote Speaker General Brent Scowcroft stressed that the world is changing rapidly but the U.S. government's ability to deal with these changes is not keeping pace. General Scowcroft noted the nature of war, a new distribution of power and the impacts of globalization are affecting American security. In his view, continuing to fall behind would lead to deep trouble.[19] Another speaker noted that keeping pace with the environment means performing better against a set of missions that are intrinsically interagency missions, such as counterproliferation and combating terrorism.[20] With this in mind, and given the publicly articulated goals of terrorist leaders to attack the United States with weapons of mass destruction, it was not hard to accept Jim Locher's assertion that interagency reform is essential to the national safety and welfare of the United States.[21]

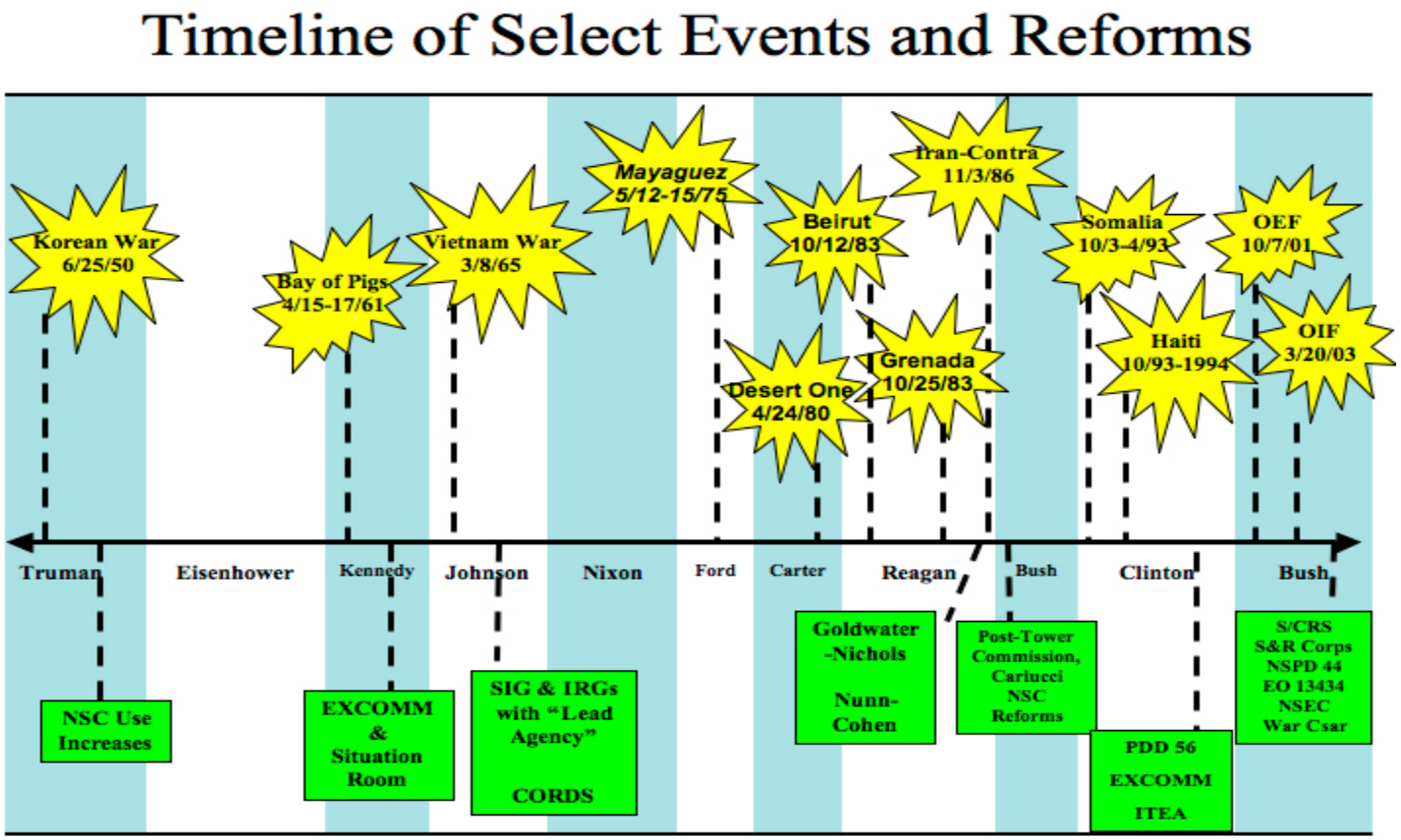
The Plenary Session report on preliminary findings from the Project's research empirically substantiated the growing consensus that the United States will pay a heavy price for not improving interagency collaboration.[22] Even before World War II, both Congress and the Executive Branch demonstrated concern about the lack of cooperation between diplomatic and military leadership. Such concern was also articulated by the authors of the National Security Act of 1947 (the "1947 Act"), and has grown since then.[23] A pattern emerges, wherein administrations that suffer national security setbacks tinker with the system to improve performance. This is especially likely if they enjoy a second term. Much of the concern since World War II has focused on fixing particular mission areas, such as strategic communications, military integration and foreign development assistance, or more recently intelligence and post-conflict capabilities. However, an ever increasing amount of attention has been focused on fixing the entire interagency system, an important point underscored by multiple participants. In particular, there has been a notable increase in interagency reform efforts over the course of the last two presidential administrations (see graphic 1).

These efforts suggest a substantial increase in bipartisan support for interagency reform. By extension, they also suggest a growing bipartisan consensus that failure to achieve interagency reform does not bode well for the United States.

Problem Origin and Tractability

What are the sources of the problem and are they to susceptible to corrective action?

A participant in the Legal Challenges Seminar cautioned that the Project should fully understand why current laws exist in their current form before making recommendations to change the law.[24] This is good advice and applicable to the Project in its entirety. Unless the origins of a problem are well understood, it is unlikely that a set of effective solutions can be devised. In recognition of this fact, Project leadership mandated a study of the current system, its underlying assumptions and the environment that led to its creation. Understanding the forces and rationale



Graphic 1

behind the national security system created in 1947 and its subsequent adjustments will help the Project better assess the utility of the entire system and its component parts in light of current and future security environments.

the U.S. Government continues to use the World War II–inspired system to provide for the Nation's security even though the world has changed dramatically since then

The Conference's Plenary Session was held on the 60th anniversary of President Truman's signing of the 1947 Act. As one keynote speaker emphasized, the U.S. government continues to use the World War II-inspired system to provide for the nation's security even though the world has changed dramatically since then.[25] For example, it was noted that economic issues have changed substantially since World War II. In 1947 the key economic issue was industrial mobilization based on experience in the two world wars. The system that initially emerged from the 1947 Act addressed mobilization but in short order proved insufficient for managing transnational and global economic issues.[26] Despite many subsequent changes to the 1947 system to include an increasingly broad set of economic factors and government agencies, many speakers felt the current system was inadequate for integrating economic considerations in national security matters.

In addition, during the Cold War the United States focused on one primary threat source, which provided the focus for the national security system. Since then, the number and diverse nature of threats has increased, and the system is still trying to adjust accordingly.[27] During the Cold War, intelligence officials were able to ascertain the capabilities of adversaries and potential adversaries, but they had difficulty determining intent. Now, intent is generally known, but capabilities are much more difficult to determine.[28] Other important changes to the security environment have occurred since 1947, including the nature of conflict which now tends to be less state-centric and involve more non-state or intra-state actors.

The distribution of power also has changed. The United States is now the dominant military power in the world, but its relative economic power is decreasing and this will ultimately have military repercussions. Globalization of environment, commerce and health matters and information technology are having a major impact on the security environment as well. It is not just the Executive Branch's national security apparatus that is struggling to adapt to these changes in the security environment. Congressional structures and processes also are not sufficiently adept at responding to the new environment.[29]

On a more general note, the entire concept of "interagency" as a descriptive term now may be somewhat misleading. While it may have been an accurate description in 1947, national security matters are now the subject of a multifaceted process involving many actors, which do not always include U.S. government agencies, but may instead involve the private sector, foreign governments, state and local governments, multilateral organizations and non-governmental organizations.[30] In short, the security environment has changed and it now requires much better integrated national security efforts.

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Finally, it was also noted at the Plenary Session that, compared to the early years of the Cold War, expectations about national security system performance have increased.[31] Perhaps the rising expectations reflect an awareness of the level of effort that will be required to deal effectively with much more diverse and rapidly evolving threats. A panelist in the Structure Challenges Seminar noted that one major preoccupation of the architects of the 1947 national security system was preventing too

great a concentration of power in any particular Executive Branch entity.[32] Sixty years after the signing of the 1947 Act, Conference participants were much more concerned about the inability of the Executive Branch to superimpose unity of purpose and effort on the numerous, powerful and quasi-independent national security agencies and departments.

If the origin of the problem is the inability of a sixty-year-old system to keep pace with the current security environment, how feasible is reform? Some participants noted that it was possible to overestimate the difficulty of reform. Our current system was designed for the president to set national security priorities and serve as the decision maker and enforcer among the different agencies and departments. In such a system there can be no substitute for good leadership. Organizational reforms could help compensate for a less involved or competent leader, but good leadership remains indispensable, and in the opinion of some, subject to the ballot box and not legislative manipulation of organizational structures and leadership oversight. Thus it is possible that instead of wholesale legislative reform, more modest adjustments in budget and resource authorities, incentives for integration, management systems, and training and education programs might be sufficient.

Others worried that the difficulty of implementing necessary reforms might be underestimated if both legal and political impediments to reform were not taken into account sufficiently. Members of the Project's Legal Working Group are currently exploring whether there are any major constitutional impediments to reform, and where Executive and Legislative Branch authorities might enable or impede reform efforts. Politically, one underlying assumption of the Project is that both Legislative and Executive Branch support for reform will be essential. Jim Locher asserted that there is political support for Legislative-Executive Branch collaboration in

Changing congressional approaches to interagency affairs will be vital for addressing national security reforms.

one major preoccupation of the architects of the 1947 national security system was preventing too great a concentration of power in any particular Executive Branch entity. Sixty years after the signing of the 1947 Act, Conference participants were much more concerned about the inability of the Executive Branch to superimpose unity of purpose and effort on the numerous, powerful, and quasi-independent national security agencies and departments

support of national security reform.[33] He argued that the magnitude of recent setbacks in particular has created a broad sense of urgency in support of reform.[34] In his Conference closing remarks, Dr. Steinberg also noted the importance of collaboration between the Executive and Legislative Branches in order to bring about effective reform.[35] No one underestimated the difficulty of the challenge, however. Members of the Congressional Perspectives Panel cautioned that successful reform would require support from the American public that is not yet manifest or marshaled.[36] General Scowcroft probably captured the prevailing sentiment well when he noted that whether or not reform ultimately proves possible, it is well worth attempting.[37]

Structural Challenges

To what extent are organizational structures responsible for inadequate integration of multiple instruments of power, both horizontally across agencies and departments in pursuit of national security missions, and vertically from national through regional and country-level decision making mechanisms?

Some Conference speakers expressed skepticism that adjusting organizational structures could improve integration of elements of power, and instead focused on leadership and process problems and solutions.[38] Other participants thought structural change might be necessary. It was generally acknowledged that there have been numerous structural adjustments to the national security bureaucracy.[39] The creation of the Department of Homeland Security and the Office of the Director of National Intelligence are among the latest. Some even thought that, on balance, more structural consolidation might be necessary (e.g. combining the Homeland Security and National Security Councils). Most agreed, however, that structural reorganizations in the past have failed to solve the basic

problem. Moreover, they invariably entail high administrative and other costs, which perhaps help explain the widespread skepticism about structural changes. In at least three respects, however, the Conference suggested that current organizational structure might constitute a major impediment to interagency collaboration.

First, there is the issue of delegated presidential authority, which is a structural issue. Organizational structure is part composition—who sits where with what responsibilities—but also part authority relationships—who exercises what degree of control over others. Standard block and wiring diagrams imperfectly capture these two dimensions of structure, since they only vaguely communicate levels of authority and the distribution of responsibilities. However, most block and wiring diagrams clearly indicate that integration must occur both vertically (up and down the chain of command), and horizontally across multiple organizational boundaries where participants enjoy roughly the same level of authority. The failure of multiple national security agencies and departments to collaborate on national security missions is in part a function of an inability to find a workable model of delegated presidential authority that clarifies both vertical and horizontal authority and organizational composition.

Our current system implicitly assumes a great deal of hands-on management by the president. The authors of the 1947 Act that created the National Security Council wanted to improve integration of elements of power, but they had other motives as well. They wanted to provide multiple sources of advice to the president without infringing upon his constitutional prerogatives. They also wanted to prevent too great a concentration of power in any particular Executive Branch entity.[40] Thus the president was not compelled to use the new organizational structure (i.e. the National Security Council) created by the 1947 Act.[41] It is simply a committee, supported by staff, available to the president so he can better manage national security problems by hearing from those he has appointed to manage the major instruments of national power. In terms of authority, only the president can effectively direct the performance of individual agencies or command the agencies to work together.

Unfortunately, as noted during one Plenary Session presentation, the president does not have the time to direct and manage the increasing number of organizations involved in the growing number of national security missions. Therefore, the president must delegate authority to direct the performance of multiple agencies pursuing national security missions. Unfortunately, no model of delegated authority utilized thus far seems to work. Lead agencies do not work. As a senior National Security Council official who served in four administrations noted, lead agency really means sole agency as no one will follow the lead agency if its directions substantially affect their organizational equities.[42] Neither do lead individuals work. Underpowered interagency "czars" do not have sufficient delegated authority to compel powerful cabinet level officials to act against their wishes.

Finally, NSC committees do not work. NSC committees are the predominant form of interagency organization, but by general consensus, they perform poorly. If they develop a consensus to act, they often do so at the expense of substance and clarity, which makes implementation and accountability difficult. More often, they do not produce a consensus for action, so inaction is the norm. On occasion, they will elevate an issue to higher authority, but all concerned are reluctant to do so given the pressing duties of the next higher official, particularly the president. According to some, NSC committees do not even do a good job of getting all the relevant views on the table for the president, as Cabinet officials often prefer to make their case directly and in private.

> **unfortunately, the President does not have the time to direct and manage the increasing number of organizations involved in the growng number of national security missions [and] no model of delegated authority utilized thus far seems to work**

Sometimes a mixed model is advocated, such as NSC committees with strong lead-agency leadership. In this regard, the Ambassador and the country team are often cited in literature on NSC reform as a model for emulation.[43] Those who have looked closely at the country-team model, however, realize it is not without its own limitations. Despite the apparently clear *de jure* authorities of the ambassador, he or she is not typically able to secure unity of effort. The Ambassador is not seen as the dominant and legitimate U.S. leader by other members of the country team, but rather as a representative of Department of State views and equities.[44] Thus other members of the country team frequently feel free to pursue their own agencies objectives irrespective of the Ambassador's preferences.

Second, and related to the first point, the basic organizational structure of the national security apparatus remains rigidly vertical, with each department or agency exercising independent authority. Also, as more than one speaker pointed out, agencies and departments generally have rigid vertical internal structures as well. This complicates interagency coordination as it is always difficult to know which component of another federal agency can speak and negotiate with authority. Military and civilian, as well as diverse functional and regional offices, refuse to cooperate, and in so doing make interagency collaboration all the more difficult.

The private sector, however, has long experimented and successfully employed a range of horizontal organizations that might offer better models of delegated presidential authority. Speakers at both the Structure Challenges Seminar and the Plenary Session noted that horizontal organizations are difficult to implement successfully, and not without liabilities, but properly implemented can certainly achieve major advances in the more rapid and complex integration of diverse organizational skills and problem-solving capacities. One downside to horizontal organizations is that they are much more personnel and management intensive. A point made repeatedly was that horizontal organizations will certainly fail without due attention to other components of organizational performance, particularly shared values, common cultures and personnel policies and incentives.

Third, vertical integration is as important as horizontal integration. In other words, there must be consistency and collaboration between national, regional and country-level national security structures and decision-making mechanisms. While at least one participant argued that the national level does an acceptably good job of making national security policy and that the bulk of problem resides in implementation at lower levels, others emphatically disagreed. They noted that the regional and country-level entities frequently cannot discern any national policy or strategy, much less derive sufficient guidance to act upon it.

Michael Donley, the Pentagon's Director of Administration and Management, listens as Dr. Jay Galbraith, Center for Effective Organizations, University of Southern California and Institute for Management Development, explains lateral organizational performance at one of the conference seminars.

In fact, three excellent presentations at the Structure Challenges Seminar, rich in anecdote and wisdom born from long careers, made clear that vertical integration from the national to local level is at best an infrequent success. Terrorists have been allowed to cross multiple national boundaries with impunity and country teams have been left feuding and working at cross purposes, in part for lack of national and regional policy, strategy and guidance. Vertical integration works better when the problem is solvable with a single agency approach (the example of some types of multilateral negotiations was mentioned). However, this observation offers scant reassurance when one considers the growing list of national security missions that are inherently interagency matters.

Despite these three structural problems, it must be emphasized that no one asserted that structure is the singular impediment to integrating the elements of power. On the contrary, many noted that structural reform alone was certainly not the solution. It was also often noted that powerfully effective individuals, particularly those with access to the president, can overcome all of these structural impediments and successfully formulate and execute strategy and policy. Such individuals tend not to be collaborative, but some are. In any case, as one participant noted, it would be a mistake to conclude capable leaders are the solution to the interagency integration problem. They and their informal methods are rather a symptom of how dysfunctional the current system is. We have a system that cannot routinely integrate elements of power, and which must be manipulated by extraordinary efforts on the part of extraordinary individuals to achieve even limited success.

Former Acting Director, CIA, and PNSR Guiding Coalition member John McLaughlin

Process Challenges

To what extent are organizational processes responsible for inadequate integration of multiple instruments of power?

One participant suggested that we could compensate for a particularly rigid national security organizational structure by creating more fluid processes.[45] Of course, fluid rather than well-established and understood processes also have disadvantages. In this regard, more than one participant noted that the predilection of each new administration to redefine basic interagency coordination processes is not helpful. It takes time for the bureaucracy to assess and understand how the new leadership team wants to do business. Since it can take up to a year for new leadership to be confirmed and appointed, the lag time involved in getting new leaders and their process preferences established is a considerable impediment to a smoothly functioning national security system. Other process problems were identified and discussed at the Conference as well.

The current process does not adequately integrate departments and agencies with roles in non-traditional national security missions. More generally, there is no common interagency planning process, methodology or lexicon. The system also lacks an overall formalized link between strategic policy and operational planning. This results in limited coordination and synchronization among the system participants. From an execution and evaluation perspective, there is no established process to monitor and assess the execution of national security policies and plans. The system also lacks mechanisms to ensure that either organizations or people learn from policy implementation and history.[46]

Seminar participants discussed the need for reforms to facilitate better governance of national security priorities. They postulated a process to oversee a continuous, non-linear cycle of decision, execution and assessment that takes account of key stakeholders. Such a process, it was noted, would need to address the concerns of the process beneficiaries. It also would need to determine which national security system participants establish priorities.[47] Process Challenges Seminar participants also discussed a series of attributes that could be used to measure the success of a national security process. These included whether:

- Decisions are made;
- Principals understand the president's priorities and understand their roles and responsibilities in support of these priorities;
- The president and principals feel well prepared to make a decision;
- There exists a high degree of flexibility in decision making;
- Groupthink is avoided;
- Communication between agencies is effective;
- Congress and other key stakeholders feel involved;
- There exists a capability to plan "beyond the latest crisis;"
- An "end point" for reform is identified;

- Transparency is maximized, within security constraints; and

- Decisions/priorities are implemented and assessed with feedback provided to the principals.[48]

The general consensus was that these criteria for success are not being met. It was also agreed by most that process reform in these areas would improve the chance of effective integration of national elements of power.

However, at least some participants noted there were limits to the efficacy of process reform. Some participants argued process cannot change the underlying culture to promote common interests over agency parochialism. In fact, one participant seemed to speak for many when he argued that leadership and personality will always trump structure and process. In this person's estimation, developing competent leaders through Goldwater-Nichols style legislative reforms was the key to success. The rejoinder was that it is much more possible to exercise control over structure and process than leadership and personality. For example, qualifications for presidential appointments would be difficult to regulate through legislation. The exchange highlighted the relative importance of human capital compared to other organizational factors, an issue raised frequently throughout the Conference and considered at length in the Human Capital Challenges Seminar.

Human Capital & Resources Challenges

To what extent are individual leaders and their supporting staff responsible for inadequate integration of multiple instruments of power?

The importance of people was another "mega theme" of the Conference, perhaps only rivaled by the importance of determining the scope of national security. Numerous Conference participants emphasized the importance of people, both leaders and rank-and-file members of the bureaucracy who support them—sometimes to the exclusion of other factors. Yet, as noted in one presentation, Project research to date does not support the widely-held view in Washington that only people and not other organizational factors matter.[49] It is easy to focus on both good and bad leadership and lose sight of the fact that leaders operate under organizational constraints. Case studies and the general literature demonstrate that insufficient integration of national elements of power persists across a wide range of leaders, leader styles and capabilities. The system responds to leader preferences, particularly the president's, but also constrains leadership. Many presidents have lamented their inability to make the bureaucracy responsive to need, and many senior cabinet-level leaders are on record about the dysfunctional interagency conflicts that typify the Washington decision making landscape.

Why, then, do so many scholars and accomplished practitioners emphasize the central role of individual leadership? One speaker answered this question by noting the focus on leaders is simply an accurate empirical observation about the limitations of the current national security system. Our current system is not set up primarily to achieve integration but rather to prevent too great a concentration of executive power. Thus leaders must work around the system to make integration possible, and their successes and failures in doing so loom large as explanatory variables for what historically takes place. In this regard, a powerful individual leader or combination of leaders (e.g. the Nixon-Kissinger team) that can superimpose an integrated effort on the diverse national security bureaucracy is the exception that proves the rule: the national security system does not routinely support leader efforts to integrate the elements of national power.

Noting leaders are neither the sole problem nor solution for integrating the elements of power is not to say they do not play a critical role. Conference participants often made the point that even the best organization still requires effective leaders. Organizational redesign experts emphasized that visionary leadership is essential for reform and effective management of any organizational system. And all concerned agreed that staff must be rewarded and prepared for the collaboration and information sharing that are essential for integrated interagency national security missions.

Greater depth of insight on the extent to which leaders and staff could be responsible for inadequate integration of multiple instruments of power emerged

from the Human Capital Challenges Seminar. The problems and solutions identified in the seminar fell within four general areas: leadership and management; organizational culture and styles; personnel policy and incentives; and skills, education, training, recruiting and evaluation.

With respect to leadership and management, it was observed that the national security system does not train or cultivate leadership. Instead, it transfers individuals into leadership positions and generally waits for their performance to bear testimony to their competence. Several problems with this approach were noted. First, the best subject or technical experts do not always make great leaders, managers or supervisors. In cases where the subject matter expert is not a good leader or manager, it is difficult to conclusively demonstrate and take corrective action. Qualifications for management positions within and across agencies currently are not defined, and performance evaluations are not necessarily accurate. Standard qualifications and accurate evaluations would provide a better and more comprehensive understanding of an employee's strengths and weaknesses. The leadership could then capitalize on strengths and minimize the impact of weaknesses.

leaders must work around the system to make integration possible, and their successes and failures in doing so loom large as explanatory variables for what historically takes place

Participants noted several possible solutions to the problem of inadequately qualified personnel. One possible solution is a dual track personnel development model that would recognize specialist and practitioner positions as well as manager or supervisor positions. For top executives of an organization, technical competence and leadership skills are necessary to effectively manage and motivate employees. Accordingly, leadership education and training is necessary, as is access to the broader leadership pools that exist in domestic and international non-governmental organizations. Management would also benefit from strategic plans for

participants noted a lack of incentives for sharing knowledge and resources across agencies and departments; in fact, current organization cultures and styles militate against such behavior with disincentives for personnel who support interagency collaboration

each agency and the national security establishment as a whole that identify goals and outcomes, as well as the specific cadre of competencies necessary to achieve those goals and outcomes.[50]

With respect to organizational culture, participants noted a lack of incentives for sharing knowledge and resources across agencies and departments. In fact, current organizational cultures and styles militate against such behavior with disincentives for personnel who support interagency collaboration. There is no legal mandate requiring interagency experience for promotions and appointments, and when assignments to other agencies do occur, they are not sufficiently rewarded or considered career enhancing. Similarly, there are insufficient rewards for service in international and other organizations that play an important role in U.S. security affairs. Anecdotal evidence even suggests that such cross-agency assignments have declined in recent years due to budget and manpower limitations. Those who do benefit from experience in other agencies return to organizations where all the incentives are aligned to protect organizational equities in interagency deliberations, and they quickly respond to those incentives. Short rotational assignments with an eye on the next job do not overcome primary identity with a home organization. The luncheon presentation by the Director of National Intelligence emphasized these types of limitations and how they undermine collaboration among intelligence agencies. His reform strategy for improved intelligence is largely built around an action plan to reverse incentives for personnel to collaborate and share information.[51]

Contributions from organizational experts at the Conference suggest the Director of National Intelligence is on the right track. They emphasized that successful horizontal organizations must provide common values and incentives for collaboration, for example, by using rotational assignments and evaluating personnel on some aspect of cross-organization performance.[52] Knowledge management experts also emphasized the importance of organizational culture. If personnel are not trained, encouraged and rewarded for information development and sharing, it will not occur.[53] Another interesting cultural issue raised at the Conference was bimodal age distribution patterns. Many agencies have a gap between entry/mid-level positions and executive position work-styles and values that can negatively affect analytic and/or operational behaviors. Possible remedies to these types of problems include mandatory

rotational assignments within and across agencies, incentives and rewards within individual organizations that recognize and encourage interagency cooperation, and requiring interagency assignments as prerequisites to senior positions.[54]

Concerning personnel policies, the Conference highlighted several particular problems. Expanding and unregulated schedule-C appointments and inefficient and slow hiring practices were considered major impediments. In addition, inadequate or misaligned incentives were again discussed. It was noted that existing legal frameworks—namely precedence from the civil service code—impede flexible incentives and disincentives, and thus the ability of leaders to maximize human capital's potential. The Departments of Homeland Security and Defense are attempting to implement new national security personnel policies, but their efforts have sparked several legal challenges. The merits of wholesale removal of prior administration NSC staff members following a new president's inauguration was also generally considered unhelpful. It essentially amounts to the discarding of knowledge and experience.[55]

Director of National Intelligence Mike McConnell delivers luncheon address on interagency reform and the intelligence community.

Also, outsourcing within the national security system presents problems since some departments have engaged in outsourcing beyond their oversight capacity, and beyond what would be considered efficient. Extensive outsourcing also creates a problem of retaining and recruiting qualified individuals to work for the national security system and exacerbates management challenges. A number of solutions to these issues were discussed, including the refinement of schedule-C appointment criteria or requiring that either a division head or its deputy not be political appointees. The use of outsourcing oversight tools and linking organizational and individual performance evaluations were also considered.[56]

Finally, Human Capital Challenges Seminar participants considered how to recruit, improve and retain sufficient human capital. Some argued that a negative image of public service exists and that bureaucracy further impedes recruitment efforts. It is also difficult to retain qualified people, a problem compounded by demographics, as retiring baby boomers are expected to leave government en masse, taking much institutional knowledge out of circulation.[57] For those successfully recruited and retained, the national security system has too many education and training facilities. These institutions are overly decentralized and isolated from one another. Moreover, current training programs do not prepare people to work in an interagency context. It was noted that the importance of better training extends even to high-level officials, such as Ambassadors, who need to be educated on how to function as an Ambassador and country-team coordinator rather than as a representative of the State Department.[58] Another training problem concerns proper use of evaluations. Organizations often focus training on correcting an individual's weaknesses rather than capitalizing on strengths. Studies show, however, that training is more effective if it focuses on enhancing strengths rather than correcting weaknesses.

A number of potential solutions to these problems were identified by Human Capital Challenges Seminar participants. Some encouraged teaching national security and U.S. government with a "joint" attitude emphasizing cultural understanding, foreign language training and geography skills, rather than just military or diplomatic skills. The rationalization and consolidation of all training and education programs for national security purposes (e.g. language training) were considered. One proposal was for a "National Security Council professional track" as part of each agency's professional development program. The objective would be to ensure that those assigned to the NSC have the requisite skills and prior assignments in interagency policy development. Finally, the establishment of a mandatory national service requirement was suggested along with the creation of a national service academy.[59]

Knowledge Management Challenges

To what extent is the lack of effective knowledge management an explanation for inadequate integration of multiple instruments of power?

Knowledge management is often misconstrued as information technology. It is better understood as actions and programs designed to mobilize an organization's intellectual capital in order to improve organizational effectiveness. In turn, intellectual capital can be thought of as data, information, knowledge and wisdom. Data are facts which, when structured, become information. Knowledge is the application of information and wisdom is the application of knowledge. In essence, the question posed by knowledge management is how to work smarter.

Steve Flanagan, who hosted the conference as a representative of the Center for Strategic and International Studies, listens to a point from James Schear, Director of Research at the Institute for National Strategic Studies, National Defense University, another co-sponsor of the conference.

Knowledge Management Challenges Seminar participants agreed that government undervalues knowledge (and more generally human capital), and is completely out of step with both business trends and the global environment in this respect. Over the last 50 years, government departments and agencies generally organized along specific functional silos with little cooperation or coordination between them. That worked for problems that could be handled within a specific silo. The organizational problems in the 20th century were those of production, but today's problems cut across organizational silos, and even across entire agencies. Optimizing production within silos will not handle those problems.

Why doesn't government pay more attention to knowledge management? As one speaker noted, whereas companies understand that knowledge (or intellectual capital) is an asset—in many cases, the most critical asset—for accomplishing corporate goals, government has a harder time reaching this conclusion.[60] A notable exception like NASA notwithstanding,[61] government rarely has a burning, immediate reason

to apply knowledge management to national secrity, solutions that cut across enterprises are needed

to implement knowledge management. To begin with, in the rigidly stovepiped organizations that prevail in the national security apparatus, reward systems are still based on individual success rather than team success. Personnel success is furthered by hoarding rather than sharing information, and so there are few incentives to share information. Moreover, highly talented political leaders may conclude that the knowledge most essential to success is their own; so general knowledge management within the organization is often underappreciated. Even if politically appointed leaders come to their jobs believing in the value of knowledge management, they have limited time to make an impact. They often conclude there is little incentive to fight the bureaucracy and its basic incentive patterns. As a result, government agencies are often reluctant to make the kinds of changes needed to successfully implement knowledge management programs. The perceived reward doesn't justify the time, effort and cost associated with changing an agency's culture.

Participants identified other major barriers to information sharing and effective knowledge management. One fundamental challenge is awareness of whether a piece of information exists and, if so, where it is located. This becomes increasingly difficult as the amount of available information increases exponentially. A related problem is getting the right information to the right people at the right time. For example, Katrina demonstrated such a lack of interoperability, where what some people already knew was not transferred to people who needed to know it. Unfortunately, information can get lost in the system. It can be misclassified, mislabeled, put in the wrong location or possibly even destroyed.

Another challenge is that the urgent often drives out the important. The strain of a crisis exhausts people with its day-to-day pressures, and information sharing can become a low priority. This tendency is reinforced when, as noted previously, national security organizations do not reward information sharing. The military, one of the more successful individual national security organizations, has carefully managed apprenticeship programs that provide lessons-learned from senior officers. However, such techniques are generally not found in other parts of the national security system.

Most large organizations develop informal bartering systems for the exchange of tacit information. Tacit information is non-articulated information that individuals within the organization have, but the organization as a whole does not know that it has. However, such approaches to information exchange often depend on personal interactions and have not been turned into predictable, repeatable processes. The ability to capture tacit knowledge and transfer it must be learned and encouraged. Culture and funding are currently the biggest problems in developing a working system of information sharing. We tend to focus on technology instead of organizational cultures that support "knowledge workers." So much is this the case that knowledge management is often considered synonymous with information technology. As one participant noted, it would be more accurate to say knowledge management is roughly 80% people, 10% process and 10% information technology.[62]

One guest speaker offered up lessons from knowledge management in the military intelligence community.[63] Increased connectivity and vast amounts of information flow have overwhelmed and rendered obsolete previous processes. It is getting harder for intelligence officers to rely on intuition because their clients want to see data that justifies the officers' views. With easy access to information, everybody considers themselves an "expert." They think that having access to information is equivalent to many years of experience in a given area. These trends have increased friction between the intelligence community and its clients, devalued tacit knowledge and experience and not improved overall intelligence support.

The information glut also can delay decision-making. People want to wait for more information to come in, or else they need to assess which pieces of information to believe or weight more heavily. There is a tendency to postpone decision. This tendency is compounded when increasing numbers of people with access to information enter the decision-making process as "experts." The hope is that more information and expertise will reduce uncertainty or confusion, but delaying decisions until the perfect answer is attained is often counterproductive. Instead of simply saying what he wants, a commander may ask for a series of plans or analytic product in hopes of reducing uncertainty, and keep doing so until he is satisfied or runs out of time.

The cautionary example of military intelligence was used by some Seminar participants to underscore the necessity of a holistic understanding of knowledge management. Data absent knowledge and even wisdom is not useful, which is why knowledge management requires far more than just new information tools. An organization determined to make knowledge management a priority cannot successfully deploy technologies without knowing what skills and behaviors users need in order to use those tools effectively.

One panelist argued that the "4 T's" of knowledge management—tools, technology, trust, and transparency—must be informed and integrated in the context of a clear mission.[64] This key point is often ignored. As a further complication, many technologies deployed to support knowledge management are "enterprise" solutions designed to work within an organization. National security, however, is not a single enterprise. Rather, to apply knowledge management to national security, solutions that cut across enterprises are needed. This is a huge challenge when there is no basic agreement on the scope, goals, missions and means of national security.

In sum, a number of key themes arose throughout the Knowledge Management Challenges Seminar that are worthy of note:

Knowledge management is primarily a people problem. While it is important to have processes and technology infrastructures in place, the primary challenges involve organizational culture and human resource policies.

Knowledge management must be tied to the mission of the organization. It must contribute value to the organization. Because implementing knowledge management practices requires time, money and effort, it works best when there is perceived urgency driving change.

Knowledge management cannot be treated as a stand-alone project or forced on people from above. It must be ingrained into the way an organization does business. People should be doing knowledge management without knowing they are doing it.

Finally, large knowledge management changes cannot be made all at once. Instead, it is better to take smaller steps, trying things out and celebrating little victories. Experimentation is good.

if we are not able to resource the mission at the right level and with rapid adjustments to account for changing circumstances, we will not succeed

Resource Management Challenges

Even if integration of multiple instruments of power for national security missions was the norm, could they be appropriately resourced?

The Conference did not dedicate any of its eight seminars to resource questions, but the subject was frequently addressed in both the seminars and Plenary Session. In general, resource management challenges raised at the Conference fell into three categories: (1) the need to operate in an environment of limited resources; (2) the existence of resource disparities within the national security system; and (3) the lack of current flexibility to transfer resources within the national security system as events dictate.

PNSR Guiding Coalition member and former Deputy National Security Advisor James Steinberg delivers closing address.

Although spending levels over the past few years might suggest a "whatever it takes" approach to funding national security, Conference participants generally agreed the end of free-wheeling spending was at hand. One speaker even suggested that the next great crisis the United States would face is limited resources.[65] He believed the War on Terror and America's energy problems will combine to force changes in congressional budgeting practices that will affect how we resource national security missions. Others saw the need for reform of congressional resource management practices as a national imperative more generally. Their point was that no matter how well we integrate the elements of national power, if we are not able to resource the mission at the right level and with rapid adjustments to account for changing circumstances, we will not succeed.[66]

Conference participants identified two major impediments to appropriate resourcing of national security missions. They are both well known to the national security community. First, Congress is much more inclined to resource military programs than other elements of national power. Literature on the national security system repeatedly emphasizes the great disparity in resources provided to the Department of Defense compared to that received by the Department of State and other national security institutions, and overwhelmingly laments this trend.[67] There is less consensus on why the disparity exists. Some argue it is a question of domestic political constituencies who benefit from defense spending trumping the small and politically less influential groups supporting diplomacy and foreign aid. Others argue the Department of State is not as adept at working Congress and the Executive Branch resource allocation process.[68]

One Plenary Session speaker helped substantiate this latter point of view when he noted that although the Department of Defense's process for allocating resources to missions is flawed, at least it exists and is understood by Congress.[69] The same is not true of the other national security departments and agencies. The Department of State's resource allocation process is focused on the short-term and not integrated; the accounts for diplomacy and foreign assistance are separated. More to the point, there is no "interagency" resource account. Almost by default, the Department of Defense is asked to manage emerging missions that are not simply or even primarily military matters.[70]

One participant elaborated on the tendency to default to the Department of Defense by highlighting what he referred to as the "Matthew Effect," a reference to a passage from the Gospel of Matthew: "For everyone who has will be given more, and he will have an abundance. Whoever does not have, even what he has will be taken from him." In other words, the Department of Defense undertakes what should be a civilian agency's project because the military has available resources, and in the next budget cycle the Department of Defense receives increased resources to cover its broader role, while the civilian agency that could not undertake the mission will either receive the same or less resources for projects that were originally its responsibility.[71]

The "Matthew Effect" highlights the link between resource allocation and the scope of national security. A broader scope increases the number of missions which must be resourced. Some were hopeful that building a consensus on a broader definition of national security might secure broad political support for higher levels of resources, and actually enable a more efficient allocation of resources.[72] Others believed the absolute level of resources would remain static.

Finally, the current inability to easily reprogram or transfer resources within the national security system as circumstances seem to dictate was frequently decried. This problem is manifest at the national level where interagency missions are not managed and resourced as such, but also at the regional and country levels where congressional earmarks severely limit the ability of commanders and ambassadors to apply security assistance in light of rapidly evolving policies and political developments.[73] However, altering authorities for reprogramming and transfer of funds potentially raises Constitutional questions concerning the proper balance between Congressional and Executive Branch control over governmental resources.

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The Way Ahead

Comprehensive national security reform is akin to open heart surgery on a critical patient—the American government—during a time of war. This surgery must be performed without error, without jeopardizing fundamental civil liberties, and with a high assurance of improved long-term health, or not at all.

Project on National Security Reform leadership derived numerous insights and drew several conclusions from the Conference. First, the Conference successfully advertised the Project and its objectives to a larger audience and generated numerous offers of assistance. A top priority for Project leadership in the near future is to fully utilize the diverse expertise being offered. The Conference also reinforced the magnitude of the challenge confronting those who believe the national security system must be reformed to better integrate and resource the elements of national power. In particular, Project leaders took to heart the admonitions from congressional representatives to stress public outreach more and help motivate Congress to take on the task of comprehensive national security reform. The Conference also reinforced several other conclusions that will guide the Project as it moves forward with its agenda of problem identification and subsequent solution analysis.

Comprehensive Approach

The conference underscored the importance of a comprehensive approach to overcoming impediments to integrating and resourcing instruments of national power. Since the Project's inception, its leadership has sought support from both the Executive and Legislative Branches of the U.S. government while providing them with information on preliminary findings. It will continue to do so. As various Conference discussions suggested, the Executive Branch will be unable to execute the full range of necessary reforms without congressional collaboration. Similarly, some needed reforms may be achievable without statute, and Congress will look to the Executive Branch to help define these areas. In particular, the Project will take the advice of congressional staff panelists who urged the Project to engage both members of Congress and congressional staffs with more information on the Project and its problem analyses.

the overwhelming consensus from the Conference was that trying to improve the output of the national security system by reforming only one element of the organizational puzzle is not the recipe for success

The Project will also continue to emphasize integrated problem analysis. Preliminary Project assumptions were confirmed by pre-Conference research and Conference discussions—any attempt to reform the national security system will need to address a variety of organizational concepts, including structure (which the Project defines to include lines of authority), processes, people, leadership, culture, resources and knowledge management. These components of organization interact with one another, as numerous Conference presentations illustrated. In one of the many cross-linkages among organizational components, keynote speaker Brent Scowcroft observed good organizational structures cannot supplant good leadership, but they can make good leadership even better. Similarly, a panelist argued that structural changes cannot insulate the system from bad leadership, although organizational reforms can mitigate vulnerability to varying leadership

capabilities and minimize the amount of effort required from management.[74] The Director of National Intelligence noted that personnel policies can change incentives and organizational culture, making new approaches to knowledge management possible. The Knowledge Management Seminar argued that good knowledge management requires leadership attention to culture, and can enable alternative structures. Participants in several seminars noted that different leadership styles will influence interagency processes.[75] And so on. The overwhelming consensus from the Conference was that trying to improve the output of the national security system by reforming only one element of the organizational puzzle is not the recipe for success.

As part of its comprehensive approach to reform, the Project will continue to collaborate with experts from the private sector. While recognizing that business practices translate imperfectly into lessons for government and the national security system in particular, Conference presentations made clear there is much to consider and perhaps emulate in non-government experience. The rapidly evolving and uncertain global environment that confronts private sector leaders presents similar challenges to government leaders. The Project leaders intend to carefully consider the lessons offered by the panel on private sector organizational experience:

- Organizations must be able to move quickly in their market niches (mission areas) and collaborate with inter-organizational communities of interest.

- A good company requires a standing capacity to adjust its business design in order to keep pace with the environment, which is marked by greater information capabilities, more exacting standards and greater resource demands.

Leading management consulting experts discuss the application of horizontal organizational principles to the national security system.

- Organizational transformation is based on "hard" and "soft" factors; the former are easier to change, the latter are harder to change, but both are needed to effect transformation.

- Horizontal organizations are more effective than vertical organizations when objectives or missions require quick, responsive, integrated, decentralized and efficient actions and when sequential actions are not needed.

- Vertical organizations should not be transformed into horizontal organizations until organizational objectives or missions are determined and it is clear they require horizontal organization. Many change efforts fail by losing sight of the fact that horizontal organization is merely a means toward the end, which is improving mission performance.

- Few, if any, organizations are completely horizontal—instead, only the parts necessary to improve mission performance need transformation. In the end, most organizations require a hybrid horizontal and vertical structure.

- Organizational transformation requires reformers to rally stakeholders to the cause through both top-down and bottom-up efforts.

- Organizational transformation most certainly cannot focus on structure alone—people, processes, technology and incentives adjustments are important.[76]

Finally, as part of its comprehensive approach, the Project's Legal Working Group will continue to research overarching national security legal issues and specific issues raised by the Project's other working groups. Typical legal issues raised at the Conference included the legal relationship between the NSC and the HSC, the malleability of interagency personnel policies, the legal framework for information sharing and provisions in law regarding the integration of public diplomacy across the national security system. However, as is the case with the horizontal

James Locher, the Executive Director of PNSR, was a key architect of the 1986 Goldwater-Nichols reforms.

organization alternatives raised at the Conference, the Project understands that the law is a necessary means to achieve Project objectives and not an end in itself. The Project will use the law to empower and facilitate identified goals. Until Project recommendations are final, the Legal Working Group will continuously examine current law to determine potential impediments to Project objectives.[77]

Project Vision

The Conference also underscored the need for an alternative vision for America's national security system. The underlying assumptions of our current system no longer meet the requirements imposed by our security environment. The 1947 national security system is not set up primarily to achieve integration but rather to prevent too great a concentration of executive power. The decision making system tends to default toward inaction or letting one "lead" agency or leader go it alone. To achieve integration, leaders must work around the system.[78] A powerful individual leader or combination of leaders (e.g. the Nixon-Kissinger team) that can superimpose an integrated effort on the diverse national security bureaucracy is the exception that proves the rule: the current national security system does not routinely support leader efforts to integrate the elements of national power. As a result, the frequent focus on leaders is simply an accurate empirical observation about the limitations of the current national security system, not a prescription for what would best serve us in the future.

the Project faces the same integration problems that bedevil the national security system. . . . Integration cannot be achieved by ignoring tough problems, adopting a path of least resistance, or watering down conclusions

Some cannot see beyond the reality of the current system and envision a future national security system that routinely supports senior leader efforts to integrate the elements of national power. But many Conference participants could, and certainly the Project's leadership does. Project leaders must communicate this vision to a larger audience, and indeed, must repeatedly communicate it within the Project as well, not only to keep Project supporters focused, but because in many respects, the Project faces the same integration problems that bedevil the national security system.

The Project has multiple working groups focused on discrete parts of the complex problem set reviewed in these Conference Proceedings. The Project's working and sub-working groups and their inclusive membership help ensure a comprehensive problem assessment and a wide-ranging investigation of solutions. Each group is led by experienced leaders dedicated to fulfilling their group's mandate and objectives, but as often is the case with diverse national security organizations, the work and recommendations of all working groups must be integrated to be effective. It will be difficult to ensure that the various working groups benefit from each other's labors. Internally, it will also be difficult for the groups to sort through diverse opinions that must be treated as hypotheses before arriving at the most objective possible conclusions. Integration cannot be achieved by ignoring tough problems, adopting a path of least resistance, or watering down conclusions. The Project, in some respects, presents a microcosm of the integration problems facing the national security system and it needs a dedicated approach to successful integration.

For this reason, the Project adopted a general approach and a specific study methodology to meet the integration challenge. The Project's activities are marked by an emphasis on transparency, collaboration and information-sharing among component parts. Collaboration between component parts is facilitated by networking through an internal website where working group products are posted and made available for comment. Backbone resources such as bibliographical material and previous studies are maintained on the website for easy access by all working groups. Teleconferencing is encouraged, and resources permitting, the Project hopes to employ distance conferencing facilities to further encourage collaboration within and between groups. Moreover, each working group is identifying issues that link its efforts to other working groups, and cross-working group collaboration is encouraged.

A Leadership Team consisting of working group leaders and senior advisors resolve differences that arise during cross-working group collaboration. The Leadership Team integrate the study and its recommendations through an "empowered team" approach to decision making. This approach seeks to balance strong leadership with effective team deliberations. The empowered Leadership Team approach differs from typical Washington task forces, committees and working groups in the following respects:

- The team leader is hand-picked based on past accomplishments and expertise and understands that failure to perform can lead to selection of an alternative leader.
- The team leader selects team members based on the need for certain types of expertise that were identified prior to recruiting the membership. Team members who are insufficiently collaborative may be asked to step down.
- The team has a clear mandate from higher authority that identifies its authority, working assumptions, objectives, and standards of performance, products to be produced, and resources available to be controlled by the team.
- The team devises its own clear metrics (qualitative and quantitative) to measure progress and creates associated feedback mechanisms for submission to the next higher authority.
- All teams will receive some standard operating procedures for conflict resolution and will endeavor to operate according to those principles.

If the Leadership Team cannot agree on the way ahead the issue is referred to the Project's Guiding Coalition.

The expectation of Project leadership is that this approach to integration will produce better results that the typical study group or commission. The Project's two metrics for analytic success are whether the Project (1) succeeds in identifying core problems rather than peripheral impediments or mere symptoms of problems, and (2) is able to produce solutions that are tightly and logically linked to those problems rather than just a list of plausible but not compelling options for reform. In this respect, the vision of the Project's Guiding Coalition is that the Project's explicit methods to ensure integration will model the collaboration that is increasingly necessary to safeguard the nation's security.

Appendix A

Seminar Session Agenda

Day 1: July 25, 2007

Seminar Sessions at The Hudson Institute

9:00AM TO NOON: HISTORICAL CHALLENGES

Does historical experience demonstrate a systemic and longstanding problem in integrating the elements of national power?

Panel One: Insights from Scholarship

- Dr. Richard Weitz, Senior Fellow and Director, Program Management, The Hudson Institute
- David Rothkopf, Visiting Scholar, Carnegie Endowment for International Peace Author, "Running the World: The Inside Story of the NSC and the Architects of American Power"
- Richard Best, Congressional Research Service

Panel Two: Insights from the Project's Case Studies

- Alex Douville, Director of Policy Studies, Center for the Study of the Presidency
- Carnes Lord, Professor of Military and Naval Strategy, U.S. Naval War College
- Max Boot, Senior Fellow for National Security Studies, Council on Foreign Relations

1:00PM TO 4:00PM: LEGAL CHALLENGES

Introduction

- Gordon Lederman, Former Counsel, Special Bipartisan Staff, Senate Committee on Homeland Security and Governmental Affairs Member, Council on Foreign Relations

Keynote addresses

- **Harvey Rishikof,** Professor, National Defense University
- **Suzanne Spaulding,** Chair, Advisory Committee, American Bar Association Standing Committee on Law and National Security
- **Gerry Gingrich**, Professor, National Defense University

Presentations by Researchers

- **Cody Brown**, **Stephen Landman**, **Craig Berry**, **Alexandra Harrington, Garrett Artz, Sukhdip Brar**

- Congressional v. Presidential authority to restructure the Executive Branch
- The seam between the Executive Office of the President and the departments
- Bridging the foreign/domestic divide
- The "chief of mission" authority
- Authorities of the cabinet secretaries
- The vertical "chain of command" v. horizontal cross-cutting authorities
- Foreign aid, personnel, security classification, and public diplomacy authorities

Discussion

- Review of scenarios of interagency integration in 2020 to 'spot' legal issues

Seminar Sessions at The Hoover Institution

9:00AM TO NOON: OVERARCHING CHALLENGES

Is the 1947 National Security Act still sufficient for our changing security environment?

Panelists

- Carlos Pascual, Vice President and Director, Foreign Policy Studies, The Brookings Institution
- Major General David A. Fastabend
- Nora Bensahel, Senior Political Scientist, RAND

1:00PM TO 4:00PM: VISION AND GUIDING PRINCIPLE CHALLENGES

What is the definition of a successful national security apparatus in 2030?

Presentation One

- Sheila Ronis, "What is a vision? How can we develop national security models of success in 2030?"

Presentation Two

- **Patti Benner** and Robert Polk, "Other models of reform efforts and lessons learned."

Facilitated Discussion

- A Suggested Vision of Success for 2030: Key Issues and Recommendations"

Seminar Sessions at The Institute for National Strategic Studies

9:00AM TO NOON: STRUCTURE CHALLENGES

Does Current Organizational Structure Preclude Collaboration?

Panel One: Distinctions Between Vertical and Horizontal National Security Organizations

- Dr. Charles Stevenson, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University

- Jay R. Galbraith, Center for Effective Organizations, University of Southern California; Institute for Management Development, Lausanne, Switzerland

- Michael B. Donley, Director, Administration and Management, Department of Defense

Panel Two: Critiques of Existing Interagency Structures at the Country, Regional and National Levels

- Ambassador Robert Oakley, Distinguished Research Fellow, Institute for National Strategic Studies, National Defense University

- Admiral Dennis Blair, Former Combatant Commander, US Pacific Command; Former President, Institute for Defense Analyses

- Rand Beers, President, National Security Network, Former Senior Director and Special Assistant to the President, National Security Council

1:00PM TO 4:00PM: KNOWLEDGE MANAGEMENT CHALLENGES

How can Knowledge Management best practices improve national security outcomes?

- To what extent do good knowledge management practices facilitate leaner and more collaborative organizational structure?

- What are the major organizational barriers to information sharing and effective knowledge management? Are any constitutional or otherwise insurmountable?

• How have other major organizational reform efforts addressed these barriers and were they successful?

• What examples exist of knowledge management reforms that produced order of magnitude increases in organization effectiveness? What were the key circumstances that help explain these successes?

Introduction

• Dr. Irving Lachow, Information Resources Management College, National Defense University

Panel One: Major Barriers to Information Sharing and Effective Knowledge Management

• Dr. Robert Miller, Information Resources Management College, National Defense University

• Admiral Dennis Blair, Former Combatant Commander, US Pacific Command; Former President, Institute for Defense Analyses

Panel Two: Overcome Barriers to Achieve Significant Improvements in Organizational Effectiveness

• Dr. John Bordeaux, Director, Knowledge Management, SRA International, Inc.

• Greg Gardner, Vice President, Government and Homeland Security Solutions, Oracle Corporation

• Laura Moore, Director, Knowledge Management Division, Office of Applied Science, General Services Administration

• David Lengyel, Risk & Knowledge Management Officer, Exploration Systems Mission Directorate, NASA

Closing Remarks

• David Gompert, Emeritus Vice President, RAND

Seminar Sessions at The Center for Strategic and International Studies

9:00AM TO NOON: HUMAN CAPITAL CHALLENGES

What is the role of human capital in integrating elements of national power?

- Ambassador Robert L. Barry, Former U.S. Ambassador to Indonesia and Bulgaria
- Ambassador Donald Hays, Chief Operating Officer, Business Executives for National Security, Former United Nations Principal Deputy High Representative in Bosnia Herzegovina
- Myra Shiplett, President, RandolphMorgan Consulting LLC
- Ambassador Pamela H. Smith, Former U.S. Ambassador to the Republic of Moldova
- Dr. Jessica Glicken Turnley, President, Galisteo Consulting Group, Inc.

Panel One: The Importance of Personnel/HR Reform to a Better Functioning Interagency System

- Multilateral Dimensions
- Jointness/Assignment Ethos
- People/Processes/Structure Triad

Panel Two: The 21st Century National Security Professional: Recruitment, Training, Evaluation & Management

- Recruitment and Training (National Service)
- Management/Performance Evaluation and Metrics

1:00PM TO 4:00PM: PROCESS CHALLENGES

How can process best practices improve national security outcomes?

Presentation One

- Kathleen Hicks, "Can Process Make a Difference: the Business Case for Process Re-engineering."

Presentation Two

- Dan Gerstein, "Lessons Learned in National Security Strategy, Plans, & Assessment"

Facilitated Discussion

- Key Issues and Recommended Solutions in US National Security Process

Appendix B

Plenary Session Agenda

Day 2: July 26, 2007

Sponsored by
The CSIS Beyond Goldwater-Nichols Project

Center for the Strategic & International Studies

MORNING SESSION

Welcome Remarks (8:00 am–8:10 am)

Dr. Stephen Flanagan, Senior Vice President
Henry A. Kissinger Chair in National Security and Director of International Security Program, Center for Strategic & International Studies

Introduction to a Project on National Security Reform (8:10 am–8:30 am)

James R. Locher III, Executive Director, Project on National Security Reform

Keynote: Why Reform is Necessary (8:30 am–9:15 am)

General Brent Scowcroft, Former Assistant to the President for National Security Affairs; President/Founder, The Scowcroft Group

Introduction Thomas R. Pickering

Break (9:15 am–9:30 am)

Lessons from Interagency History (9:30 am–10:45 am)

Moderator Michèle Flournoy, President/Co-Founder, Center for a New American Security

- Kori Schake, Former Director for Defense Strategy and Requirements, National Security Council
- Admiral James Loy, Senior Counselor, The Cohen Group; Former Deputy Secretary of Homeland Security

• Dr. Gordon Adams, Professor of International Relations, The Elliott School of International Affairs, George Washington University

Break (10:45 am–11:00 am)

Any Lessons from Business? (11:00 am–12:15 pm)

Moderator Jonathan Breul, Partner, IBM Global Business Services; Executive Director, IBM Center for The Business of Government; Professor, Georgetown Public Policy Institute

• Zachary Tumin, Executive Director, Leadership for a Networked World, Harvard University

• Vasco Fernandes, Ostroff & Associates

• Frank Ostroff, Managing Partner, Ostroff & Associates, LLC

AFTERNOON SESSION

Lunch (12:15 pm–1:30 pm)

Luncheon Presentation: interagency collaboration in the intelligence community (12:45 pm)

• John M. McConnell, Director of National Intelligence

Introduction Kenneth R. Weinstein

Break (1:30 pm–1:45 pm)

Insights from Preliminary Work (1:45 pm–3:00 pm)

Moderator Admiral Dennis C. Blair, former Combatant Commander, US Pacific Command; Former President, Institute for Defense Analyses

• **Case Studies** Dr. Richard Weitz, Senior Fellow and Director, Program Management, The Hudson Institute

• **Research** Dr. Christopher J. Lamb, Senior Research Fellow, Institute for National Strategic Studies, National Defense University

• **Legal Impediments and Issues:** Wendy Reid, Deputy Operations Manager, National Security Solutions, Science Applications International Corporation

Break (3:00 pm–3:15 pm)

Congressional Perspective (3:15 pm–4:30 pm)

Moderator Dr. Thomas Mann, Senior Fellow & W. Averell Harriman Chair, Governance Studies, The Brookings Institution

- Congressman John F. Tierney (D-MA), Chairman, Subcommittee on National Security and Foreign Affairs, House Committee on Oversight and Government Reform

- Congressman Christopher Shays (R-CT), Ranking Member, Subcommittee on National Security and Foreign Affairs, House Committee on Oversight and Government Reform

- David M. Walker (by video), Comptroller General of the United States

- **J. Christopher Mihm**, Managing Director, Strategic Issues, Government Accountability Office

Closing Remarks (4:30 pm–5:00 pm)

Dr. James B. Steinberg, Dean and J.J. "Jake" Pickle Regents Chair in Public Affairs, Lyndon Johnson School of Public Affairs, University of Texas at Austin; Former Assistant to the President and Deputy National Security Advisor

Introduction Jeffrey H. Smith

Appendix C

Hyperlinks to Conference Presentations

Project participants will periodically post articles, papers and other materials to the Project's website at http://www.pnsr.org/products/. In addition to such products, the following presentations from the Conference are posted on the Project's website:

Sheila Ronis, Patti Benner and Bob Polk, "Preliminary Findings: "Quick-look/Head-start," Vision and Guiding Principle Challenges Seminar

Dr. Christopher J. Lamb, "Insights from Structure Research" Structure Challenges Seminar

Jay R. Galbraith, "Lateral Organizations" Structure Challenges Seminar

COL Greg Gardner (U.S. Army, Retired), "How Military Organizations Overcome Barriers to Achieve Significant Improvements in Organizational Effectiveness: Western Iraq Case Study," drawn from a MITRE Study in support of OSD - Office of Force Transformation. Knowledge Management Challenges Seminar

Dr. Robert Miller, "Knowledge Management Challenges: Issues, Concepts, Approaches" Knowledge Management Challenges Seminar

Laura Moore, "Project On National Security Reform Knowledge Management Challenges Solutions Panel" Knowledge Management Challenges Seminar

David M. Lengyel, "Integrated Risk and Knowledge Management for Exploration" Knowledge Management Challenges Seminar

John Bordeaux, Ph.D., "KM Toys^D^Dools" Knowledge Management Challenges Seminar

Kathleen Hicks, "Can Process Make a Difference: the Business Case for Process Re-engineering" Process Challenges Seminar

Dan Gerstein, "Lessons Learned in National Security Strategy, Plans, & Assessment" Process Challenges Seminar

James R. Locher III, "Introduction to Project on National Security Reform" Plenary Session, Introduction to a Project on National Security Reform

John M. McConnell, "Interagency Collaboration in the Intelligence Community" Plenary Session, Luncheon Presentation

Dr. Christopher J. Lamb, "Insights from Preliminary Research" (Speaking Notes) and "Insights from Structure Research" (Slides) Plenary Session, Insights from Preliminary Work Panel

Notes

1 The Project maintains an extensive list of senior leader attestations to this effect.
2 Conference Seminar Session, "Overarching Challenges" (July 25, 2007).
3 The Princeton Project on National Security, "Forging A World of Liberty Under Law: U.S. National Security in the 21st Century." Princeton, NJ: The Princeton Project Papers, The Woodrow Wilson School of Public and International Affairs, 2006. p. 66.
4 Conference Seminar Session, "Structure Challenges" (July 25, 2007) and Plenary Session Panel, "Lessons from Interagency History" (July 26, 2007).
5 Conference Seminar Session, "Historical Challenges," Panel Two (July 25, 2007).
6 Dr. Nora Bensahel, "Overarching Challenges."
7 This observation is consistent with insights gathered from the Structure Working Group's Literature Review (available at http://www.pnsr.org/pdf/Organizational_Structure_Literature_Review_draft.pdf).
8 Ambassador Carlos Pascual, "Overarching Challenges."
9 "Historical Challenges," Panel Two; Plenary Session Panel, "Insights from Preliminary Work" (July 26, 2007)
10 Professor Gerry Gingrich, Conference Seminar Session, "Legal Challenges" (July 25, 2007).
11 David Rothkopf, "Historical Challenges," Panel One.
12 Audience comment, "Structure Challenges."
13 "Legal Challenges."
14 "Historical Challenges" and "Legal Challenges."
15 Conference Seminar Session, "Vision and Guiding Principle Challenges" (July 25, 2007).
16 Conference Seminar Session, "Process Challenges" (July 25, 2007).
17 Discussion period, "Structure Challenges."
18 "Process Challenges," "Structure Challenges," Conference Seminar Session, "Human Capital Challenges" (July 25, 2007), Plenary Session Panel, "Congressional Perspectives" (July 26, 2007) and Plenary Session, "Closing Remarks" (July 26, 2007).
19 General Brent Scowcroft, Plenary Session Keynote, "Why Reform is Necessary" (July 26, 2007).
20 "Insights from Preliminary Work."
21 James R. Locher III, Plenary Session, "Introduction to a Project on National Security Reform" (July 26, 2007).
22 Christopher Lamb, "Insights from Preliminary Work."
23 For examples of reform efforts over the last century, see the current working draft of "PNSR Chronology of National Security Structures" (available at http://www.pnsr.org/pdf/Structure_Chronology_Draft.pdf).
24 Suzanne Spaulding, "Legal Challenges."
25 Locher, "Introduction to a Project on National Security Reform" and Dr. James B. Steinberg, Plenary Session, "Closing Remarks" (July 26, 2007).
26 Dr. Charles A. Stevenson, "Structure Challenges," Panel One.
27 Scowcroft, "Why Reform is Necessary" and Dr. Gordon Adams, "Lessons from Interagency History."

28 John M. McConnell, Director of National Intelligence, Plenary Session, "Interagency Collaboration in the Intelligence Community" (July 26, 2007).
29 Scowcroft, "Why Reform is Necessary" and Maj. Gen. David Fastabend, "Overarching Challenges."
30 "Process Challenges" and Steinberg, "Closing Remarks."
31 Dr. Kori Schake, "Lessons from Interagency History."
32 Charlie Stevenson, "Structure Challenges." Dr. Nora Bensahel, "Overarching Challenges" made the same point.
33 Locher, "Introduction to a Project on National Security Reform."
34 Id.
35 Steinberg, "Closing Remarks."
36 Rep. Christopher Shays (R-CT), "Congressional Perspectives."
37 Question and Answer session following Scowcroft, "Why Reform is Necessary."
38 Overarching Challenges Seminar.
39 Matthew Shabat, "PNSR Chronology of National Security Structures," (available at http://www.pnsr.org/pdf/Structure_Chronology_Draft.pdf).
40 Stevenson, "Structure Challenges," and Dr. Nora Bensahel, "Overarching Challenges."
See also Charles A. Stevenson, "Underlying Assumptions of the National Security Act of 1947" (available at http://www.pnsr.org/pdf/Underlying_Assumptions_of_Act_of_1947_DRAFT.pdf.).
41 A statutory requirement compelling the President to consult with the NSC would have triggered significant constitutional challenges, and likely would have been ignored in practice.
42 Rand Beers, Structure Challenges Seminar, 1st Panel.
43 Structure Working Group's Literature Review (available at http://www.pnsr.org/pdf/Organizational_Structure_Literature_Review_draft.pdf).
44 Ambassador Robert B. Oakley, "Structure Challenges," Panel Two, and Ambassador Robert B Oakley and Michael Casey, Jr., "The U.S. Country Team: Strengthening America's First Line of Engagement," *Strategic Forum*, No. 227 (Washington, D.C.: National Defense University Press, 2007) [forthcoming].
45 Gingrich, "Legal Challenges."
46 "Process Challenges."
47 Id.
48 Id.
49 Chris Lamb, "Insights from Preliminary Research."
50 "Human Capital Challenges."
51 McConnell, "Interagency Collaboration in the Intelligence Community."
52 "Structure Challenges."
53 Conference Seminar Session, "Knowledge Management Challenges" (July 25, 2007)
54 "Human Capital Challenges," "Legal Challenges" and "Historical Challenges."
55 "Historical Challenges."
56 "Human Capital Challenges."
57 "Lessons from Interagency History."
58 AMB. Oakley, "Structure Challenges," Panel Two, and "Process Challenges."
59 "Human Capital Challenges."
60 "Knowledge Management Challenges."
61 Dave Lengyel, "Knowledge Management Challenges," Panel Two.
62 Laura Moore, "Knowledge Management Challenges," Panel Two.
63 Admiral Dennis Blair, "Knowledge Management Challenges," Panel One.
64 Greg Gardner, "Knowledge Management Challenges," Panel Two.
65 Rothkopf, "Historical Challenges," Panel One.
66 "Process Challenges" and "Overarching Challenges."
67 Numerous Conference participants made this point, including Carlos Pascual, "Overarching Challenges."
68 "Historical Challenges."
69 Adams, "Lessons from Interagency History."
70 Id.

71 Dr. Richard Weitz, “Insights from Case Studies,” Panel on Insights from Preliminary Work.
72 “Process Challenges.”
73 Ambassador Robert B. Oakley, “Structure Challenges,” Panel Two.
74 Ambassador Carlos Pascual, “Overarching Challenges.”
75 “Human Capital Challenges” and “Historical Challenges.”
76 Plenary Session, “Any Lessons from Business?” (July 26, 2007).
77 “Legal Challenges.”
78 In doing so, they are sometimes charged with subverting the system which, it is assumed, would otherwise work properly. This point was made in the Overarching Challenges Seminar.

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