



June 2018

# DEFENSE MANAGEMENT

## DOD Senior Leadership Has Not Fully Implemented Statutory Requirements to Promote Department- Wide Collaboration

# GAO Highlights

Highlights of [GAO-18-513](#), a report to congressional committees

## Why GAO Did This Study

DOD continues to confront organizational challenges that hinder collaboration. To address these challenges, section 911 of the NDAA for FY 2017 directed the Secretary of Defense to issue an organizational strategy that identifies critical objectives that span multiple functional boundaries and would benefit from the use of cross-functional teams. Additionally, DOD is to establish cross-functional teams to support this strategy, issue guidance on these teams, and provide training to team members and civilian leaders in the Office of the Secretary of Defense.

The NDAA also included a provision for GAO to periodically assess DOD's actions in response to section 911. This is GAO's third report on the implementation of section 911. It assesses the status of DOD's efforts to (1) establish cross-functional teams, (2) issue an organizational strategy, and (3) issue guidance on cross-functional teams and provide training to team members and Office of the Secretary of Defense leaders.

GAO reviewed documentation on DOD's implementation of its cross-functional teams and DOD's draft organizational strategy, draft guidance on establishing cross-functional teams, and draft training curricula. GAO also interviewed DOD officials on efforts to implement section 911.

GAO is not making new recommendations in this report. DOD concurred and is taking actions to address GAO's previous recommendations on DOD's implementation of section 911. DOD also concurred with the findings in a draft of this report.

View [GAO-18-513](#). For more information, contact Elizabeth Field at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov).

June 2018

## DEFENSE MANAGEMENT

### DOD Senior Leadership Has Not Fully Implemented Statutory Requirements to Promote Department-Wide Collaboration

#### What GAO Found

The Department of Defense (DOD) has implemented some statutory requirements in section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, enacted in December 2016, to address organizational challenges. However, senior leadership has not implemented several requirements intended to support cross-functional teams and promote department-wide collaboration (see table).

#### Status of DOD's Implementation of Requirements in Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017, as of May 2018

Section 911 requirement	Statutory due date	Status
Award contract for a study on cross-functional teams	March 15, 2017	Completed
Provide the results of the study to Congress	July 15, 2017	Completed
Establish cross-functional teams	September 30, 2017	Completed
Develop and issue an organizational strategy	September 1, 2017	Not completed
Issue guidance on cross-functional teams	September 30, 2017	Not completed
Provide training to cross-functional team members and their supervisors	Not specified	Not completed
Provide training to presidential appointees	Within 3 months of appointment	Not completed

Source: GAO analysis of the NDAA for Fiscal Year 2017 and Department of Defense information. | [GAO-18-513](#)

DOD has established 10 cross-functional teams, which are in various stages of implementation. Specifically, DOD is in the early stages of establishing one cross-functional team to address the backlog of the department's personnel security clearance background investigations and has assigned an interim leader and seven members to this team. In addition, DOD established 9 cross-functional teams to implement reform initiatives intended to improve the efficiency of the department's business operations. DOD generally appointed senior department officials to lead these teams, and the size of the teams, as of May 2018, ranged from 5 to 12 members.

DOD has drafted, but not issued, an organizational strategy. DOD officials stated that they have not completed the strategy because they want to align it with two department-wide strategy documents—the National Defense Strategy, which was issued in January 2018, and the National Defense Business Operations Plan, which was issued in May 2018.

DOD also has not fulfilled three statutory requirements related to guidance and training for cross-functional teams and civilian leaders in the Office of the Secretary of Defense. Specifically, DOD has not (1) provided training to cross-functional team members, (2) issued guidance on cross-functional teams, or (3) provided training to presidential appointees in the Office of the Secretary of Defense. DOD officials stated that they plan to send the guidance and training curricula to the Secretary of Defense for review and approval after DOD issues the organizational strategy. Fully implementing these requirements and GAO's prior recommendations related to the organizational strategy, guidance, and training, will better position DOD to effectively implement its cross-functional teams and advance a collaborative culture as required by the NDAA.

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**Abbreviations**

CMO	Chief Management Officer
DOD	Department of Defense
NDAA	National Defense Authorization Act
OCMO	Office of the Chief Management Officer

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June 25, 2018

The Honorable John McCain  
Chairman  
The Honorable Jack Reed  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Mac Thornberry  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Department of Defense (DOD) maintains military forces with unparalleled capabilities, but continues to confront organizational and management challenges that hinder collaboration and integration across the department. In particular, DOD’s military departments and functional organizations have not always worked well together to accomplish departmental objectives.<sup>1</sup> For example, in our prior work, we found that DOD’s efforts to implement a hierarchical, portfolio-based approach to strategically acquire contracted services had not been successful. In part, we found that the cultural barriers and military commanders’ reluctance to give up certain responsibilities for determining how and which services were needed to meet their missions hindered DOD’s efforts.<sup>2</sup> We have also highlighted these challenges in our High-Risk List, which calls attention to agencies and program areas that are high risk because of their vulnerabilities to fraud, waste, abuse, and mismanagement, or are

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<sup>1</sup>DOD’s functional organizations include those responsible for financial management, acquisition, defense security enterprise, installations and environment, logistics and materiel readiness, security cooperation, enterprise information technology infrastructure, and human resources management.

<sup>2</sup>GAO, *Defense Contracted Services: DOD Needs to Reassess Key Leadership Roles and Clarify Policies for Requirements Review Boards*, [GAO-17-482](#) (Washington, D.C.: Aug. 31, 2017). In this report, we recommended, and DOD concurred, that it needed to reassess the roles, responsibilities, authorities, and organizational placement of key leadership that had been established at the DOD and military department levels to lead this transformation.

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most in need of transformation.<sup>3</sup> Our criteria for removal from the High-Risk List underscore the importance of a demonstrated strong commitment and top leadership support to address the risks.

To help advance a more collaborative culture within the department, section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 directs the Secretary of Defense to, among other things, formulate and issue an organizational strategy for DOD.<sup>4</sup> The organizational strategy, the act states, should identify the critical objectives and other organizational outputs that span multiple functional boundaries and would benefit from the use of cross-functional teams to ensure collaboration and integration across the department. The act also requires DOD to establish cross-functional teams whose leaders report directly to the Secretary of Defense and that, among other things, address the critical objectives and outputs outlined in the department's organizational strategy. The act further requires DOD to issue guidance on cross-functional teams and to provide training to members of those established teams and their supervisors on elements of successful cross-functional teams. Under the act, DOD is also required to provide training on leadership, modern organizational practice, collaboration, and the operation of cross-functional teams to individuals—within 3 months of their appointment—who have been appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense. DOD can request waivers from the President for this requirement. The Chief Management Officer (CMO) is leading the department's efforts to implement section 911.<sup>5</sup>

Section 911 of the NDAA for Fiscal Year 2017 also included a provision for us—every 6 months after the date of enactment on December 23,

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<sup>3</sup>GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017). DOD currently manages seven of the areas we have designated as high risk: (1) weapons systems acquisition, (2) supply chain management, (3) contract management, (4) financial management, (5) business systems modernization, (6) support infrastructure management, and (7) approach to business transformation.

<sup>4</sup>Pub. L. No. 114-328, § 911 (2016).

<sup>5</sup>Prior to February 2018, the Deputy Chief Management Officer led the department's efforts to implement section 911 of the NDAA for Fiscal Year 2017. The CMO assumed these responsibilities effective February 1, 2018, in accordance with section 910 of the NDAA for Fiscal Year 2018, which disestablished the position of the Deputy Chief Management Officer and established the CMO position.

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2016, through December 31, 2019—to submit to the defense committees a report setting forth a comprehensive assessment of the actions that DOD has taken pursuant to section 911 during each 6-month period and cumulatively since the NDAA’s enactment. In June 2017, we issued our first report and found that DOD had taken steps in several areas to begin implementing the requirements of section 911.<sup>6</sup> In February 2018, we issued our second report and found that DOD had implemented some of the statutory requirements outlined in section 911, but could do more to promote department-wide collaboration, as required under the statute.<sup>7</sup> We recommended, and DOD concurred, that the CMO take four actions to improve the department’s implementation of section 911. Appendix I identifies the four recommendations from our February 2018 report and the status of DOD’s implementation.

This is our third report on DOD’s implementation of section 911. In this report, we assess the status of DOD’s efforts to (1) establish cross-functional teams, (2) issue an organizational strategy to advance a collaborative culture, and (3) issue guidance on cross-functional teams and provide training to cross-functional team members and senior civilian leaders in the Office of the Secretary of Defense. Appendix II lists the requirements of section 911 of the NDAA for Fiscal Year 2017, the corresponding due date, and the date completed, if applicable, for each requirement as of May 2018.

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<sup>6</sup>GAO, *Defense Management: DOD Has Taken Initial Steps to Formulate an Organizational Strategy, but These Efforts Are Not Complete*, [GAO-17-523R](#) (Washington, D.C.: June 23, 2017). Among other things, we reported that DOD had begun exploring options for providing the required training to individuals who have been appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense. We also reported that DOD was taking initial steps to develop an organizational strategy for the department and expected this strategy to be completed by September 1, 2017. We did not make recommendations in this 2017 report.

<sup>7</sup>GAO, *Defense Management: DOD Needs to Take Additional Actions to Promote Department-Wide Collaboration*, [GAO-18-194](#) (Washington, D.C.: Feb. 28, 2018). First, we found that DOD had drafted an organizational strategy that included the two required statutory elements, but did not outline how DOD would advance a more collaborative culture, as required by statute. Second, we found that DOD had established one cross-functional team that reported directly to the Secretary of Defense, and that draft team guidance addressed most statutory elements and leading practices for implementing effective cross-functional teams. Finally, we found that DOD had developed, but not provided, training for its presidential appointees and cross-functional team members and their supervisors, but the training for the presidential appointees did not address all statutory requirements.

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For the first objective, we reviewed documentation and interviewed Office of the CMO (OCMO) officials and other DOD officials on the department's steps to establish cross-functional teams. Based on discussions with OCMO officials, we included 10 cross-functional teams in the scope of our review because the officials consider these teams to be responsive to section 911.<sup>8</sup>

For the second objective, we reviewed the most recent version of DOD's draft organizational strategy, dated February 2018. In addition, we interviewed OCMO officials on their efforts to collaborate with key stakeholders, such as the Secretary of Defense, the military departments, the combatant commands, and defense agencies, during development of the organizational strategy. We evaluated DOD's efforts to issue an organizational strategy against the requirements in section 911, as well as leading practices from our prior work on mergers and organizational transformations.<sup>9</sup>

For the third objective, we reviewed DOD's draft guidance on cross-functional teams and draft training curriculum for cross-functional team members and their supervisors. Further, we reviewed documentation on the number of individuals appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense as of May 2018—the latest month available at the time of our review—and DOD's efforts to provide the required training or to develop criteria for requesting waivers for these individuals. Lastly, we interviewed OCMO

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<sup>8</sup>In our February 2018 report, we found that DOD had established 1 cross-functional team whose leader reported directly to the Secretary of Defense and that DOD officials stated was established pursuant to section 911. See [GAO-18-194](#). During our current review, OCMO officials identified 9 additional cross-functional teams whose leaders report to the CMO and that the officials consider responsive to section 911. We did not include these teams in our prior report because section 911 requires the team leaders to report directly to the Secretary of Defense, and during our last review DOD officials stated that these teams were not "Secretary of Defense-empowered." However, in March 2018, the Assistant Deputy Chief Management Officer stated that the 9 teams meet the intent of this requirement because the CMO is responsible for managing DOD's business operations on behalf of the Secretary of Defense, pursuant to section 910 of the NDAA for Fiscal Year 2018.

<sup>9</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (July 2, 2003). In 2002, we convened a forum of leaders who had experience managing large-scale organizational mergers, acquisitions, and transformations, as well as academics and others who have studied these efforts. We subsequently reported the key practices that were consistently identified from successful organizational changes and transformations.



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officials on DOD's efforts to finalize the guidance and training required by section 911.

We conducted this performance audit from December 2017 to June 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## DOD Has Established 10 Cross-Functional Teams That Are in Various Stages of Implementation

DOD has established 10 cross-functional teams that OCMO officials consider responsive to section 911, and these teams are in various stages of implementation. The Secretary of Defense established a cross-functional team to manage the transfer of background investigations for DOD personnel security clearances from the Office of Personnel Management to DOD. This team is required to report directly to the Secretary. In addition, the Deputy Secretary of Defense established 9 additional cross-functional teams to implement reform initiatives for improving DOD's business operations. These teams report to the CMO.

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## DOD Is in the Early Stages of Establishing a Cross-Functional Team to Manage the Transfer of Background Investigations to DOD

In August 2017, the Secretary of Defense issued a memorandum authorizing its first cross-functional team in response to section 911 to address challenges with personnel vetting and background investigation programs.<sup>10</sup> The memorandum notes that a backlog of background investigations affects DOD's mission readiness, critical programs, and operations. According to the memorandum, this cross-functional team will conduct a full review of current personnel vetting processes to identify a redesigned process for DOD's security, suitability and fitness, and credential vetting. The cross-functional team's objectives are to develop options and recommendations to mitigate shortcomings, ensure necessary resourcing, and transform the personnel vetting enterprise. The Office of the Under Secretary of Defense for Intelligence and the Defense Security Service are leading the efforts to establish the team.

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<sup>10</sup>Secretary of Defense Memorandum, *Establishing a Cross-Functional Team for Personnel Vetting Transformation* (Aug. 25, 2017) (U/FOUO). Section 925 of the NDAA for Fiscal Year 2018 requires DOD to implement a phased transition plan to transfer the conduct of background investigations of DOD personnel from the Office of Personnel Management to DOD.

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Since we last reported on DOD's efforts to establish the team, DOD has taken some steps, such as assigning some team members, but has not completed other key steps to staff and establish a direction for the team. In February 2018, we reported that DOD had selected an interim leader for the team.<sup>11</sup> As of May 2018, this person, a non-Senior Executive Service individual from the Defense Security Service, was still serving as the interim leader. Section 911 requires DOD to assign a senior qualified and experienced individual as the leader of the team. According to Office of the Under Secretary of Defense for Intelligence officials, the department plans to seek nominations from DOD components for a permanent leader from the Senior Executive Service, but does not have a specific timeframe for doing so. DOD also assigned seven full-time personnel to the team, who are now co-located, in accordance with requirements under section 911. These personnel are from the Army, Defense Civilian Personnel Advisory Service, DOD Consolidated Adjudications Facility, OCMO, Office of the Under Secretary of Defense for Intelligence, and MITRE Corporation. Office of the Under Secretary of Defense for Intelligence officials estimated that the team may have 20 members when it is fully staffed, but they did not have an estimate of when DOD will assign the remaining team members.

In addition, the Office of the Under Secretary of Defense for Intelligence has established priorities for the cross-functional team. For example, the team is required to prepare a project plan incorporating all key components for a DOD enterprise vetting mission—including key milestones, specific objectives, performance metrics, a resourcing plan, and an action plan for tracking key initiatives—which are key steps for establishing the team's direction. According to Office of the Under Secretary of Defense for Intelligence officials, as of May 2018, the interim leader was outlining a project plan. Filling key leadership and staff positions will be important for ensuring that the team has the knowledge and expertise from components across the department to effectively develop and implement the plan.

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<sup>11</sup>[GAO-18-194](#).

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## DOD Has Established 9 Cross-Functional Teams to Improve DOD's Business Operations

The Deputy Secretary of Defense has established 9 additional cross-functional teams since October 2017 to implement reform initiatives intended to improve the quality and productivity of the department's business operations, including moving toward more use of enterprise services.<sup>12</sup> According to the memoranda appointing the team leaders, these teams support the Secretary of Defense's focus on creating a more lethal and effective force by allowing the department to reallocate resources from business operations to readiness and to recapitalization of the combat force. OCMO officials stated that they consider these teams to be responsive to section 911 of the NDAA for Fiscal Year 2017.



























Section 911 requires DOD to assign senior qualified and experienced individuals to lead the teams, and the Deputy Secretary of Defense generally appointed senior DOD officials as leaders.<sup>13</sup> Seven leaders were appointed in October 2017, one in November 2017, and one in January 2018. According to OCMO officials, these leaders report to the CMO. As of May 2018, the size of the teams ranged from 5 to 12 members; OCMO officials stated that the size of the teams can vary based on the knowledge and expertise the team needs to implement its initiatives. The teams include representatives from the military departments, functional organizations relevant to the reform topic, and external experts. According to OCMO officials, the team leaders chose their team members from candidates proposed by the military departments and functional organizations. In addition, the members may be assigned on a full-time or part-time basis, and all of the teams have co-located space. Figure 1 provides additional details on the structure of these 9 teams.

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<sup>12</sup>The Director of the Office of Management and Budget directed federal agencies to develop comprehensive plans for reforming the federal government, reducing federal civilian workforces, and maximizing employee performance. See Office of Management and Budget, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, M-17-22 (Washington, D.C.: Apr. 12, 2017). In response, DOD proposed reform initiatives to identify efficiencies in the department's business operations and to inform DOD's plan for reforming the department. DOD submitted its agency reform plan to the Office of Management and Budget in September 2017, as directed. Proposed agency reform plans were to be part of each agency's fiscal year 2019 budget submissions. To assist the Congress in its oversight role, we have forthcoming work on key questions to assess agency reform efforts.

<sup>13</sup>The Deputy Secretary of Defense appointed a presidentially-appointed, Senate-confirmed individual or a member of the Senior Executive Service as the leader for 8 of the 9 teams.

**Figure 1: Structure of the Department of Defense's (DOD) 9 Cross-Functional Teams Implementing Reform Initiatives, as of May 2018**

Reform topic	Date established <sup>a</sup>	Number of team members <sup>b</sup>	Previous position of team leader	Functional organizations with members	Military departments with members
Community Services Management	October 2017	5	Senior Management and Program Analyst, OCMO	<ul style="list-style-type: none"> <li>• OCMO</li> <li>• OUSD (P&amp;R)</li> </ul>	  
Financial Management	October 2017	9	Deputy Under Secretary of Defense for Comptroller <sup>c</sup>	<ul style="list-style-type: none"> <li>• DFAS</li> <li>• OCMO</li> <li>• OUSD(C)</li> </ul>	  
Health Care Management	October 2017	5	Acting Assistant Secretary of Defense for Health Affairs	<ul style="list-style-type: none"> <li>• Defense Health Agency</li> <li>• OCMO</li> </ul>	 
Human Resources	January 2018	9	Deputy Assistant Secretary of Defense for Civilian Personnel Policy <sup>c</sup>	<ul style="list-style-type: none"> <li>• Defense Contract Audit Agency</li> <li>• DFAS</li> <li>• Defense Human Resources Activity</li> <li>• Defense Logistics Agency</li> <li>• National Geospatial-Intelligence Agency</li> <li>• OCMO</li> </ul>	  
Information Technology and Business Systems	October 2017	12	Business Technology Officer, OCIO	<ul style="list-style-type: none"> <li>• Defense Health Agency</li> <li>• Defense Information Systems Agency</li> <li>• OCMO</li> <li>• OCIO</li> </ul>	  
Supply Chain and Logistics	October 2017	11	Deputy Assistant Secretary of Defense for Supply Chain Integration	<ul style="list-style-type: none"> <li>• Defense Logistics Agency</li> <li>• OUSD(A&amp;S)</li> </ul>	  
Real Property Management	October 2017	11	Principal Deputy Assistant Secretary of Defense for Energy, Installations and the Environment	<ul style="list-style-type: none"> <li>• OCMO</li> <li>• OUSD (A&amp;S)</li> </ul>	  
Service Contracts and Category Management	October 2017	11	Deputy Director for Services Acquisition, Office of Defense Procurement and Acquisition Policy	<ul style="list-style-type: none"> <li>• Defense Logistics Agency</li> <li>• Missile Defense Agency</li> <li>• OCMO</li> <li>• OUSD(A&amp;S)</li> </ul>	  
Testing and Evaluation	November 2017	8	Director of Army Test and Evaluation	<ul style="list-style-type: none"> <li>• Defense Information Systems Agency</li> <li>• OCMO</li> <li>• Office of the Director for Operational Test and Evaluation</li> <li>• Test Resource Management Center</li> </ul>	  

Source: GAO analysis of Department of Defense information. | GAO-18-513

<sup>a</sup>The timeline for establishing these 9 teams is from October 2017 through January 2018 because DOD established the first teams in October 2017 and the last team in January 2018.

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<sup>b</sup>The number of team members includes full-time and part-time government personnel assigned to the team and does not include the leader. In addition, 3 teams—service contracts and category management, supply chain and logistics, and testing and evaluation—have external experts assigned as members on the team.

<sup>c</sup>These team leaders are also performing the duties of their previous positions.

OCMO officials stated that these 9 teams are in various stages of implementing their initiatives. For example, the Human Resources team was the most recent team to be established, and OCMO officials stated the team is in the process of finalizing the identification and beginning the implementation of its reform initiatives. Other teams, such as the Financial Management and Information Technology and Business Systems teams, have identified and are in the process of implementing initiatives related to their reform areas.

DOD established the Reform Management Group to identify opportunities for reform and provide support to these 9 cross-functional teams. Chaired by the Deputy Secretary of Defense and facilitated by the CMO and Director of Cost Assessment and Program Evaluation, the Reform Management Group provides oversight and guidance, makes decisions on team recommendations, and monitors the teams' progress, according to OCMO officials.<sup>14</sup> These officials also told us that the Reform Management Group holds weekly meetings to discuss the status of the reform teams' efforts and provides monthly comprehensive reports on these efforts to the Secretary of Defense.

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<sup>14</sup>According to OCMO officials, members of the Reform Management Group consist of the Chief Management Officer, Under Secretary of Defense for Research and Engineering, Under Secretary of Defense for Acquisition and Sustainment, Under Secretary of Defense for Comptroller/Chief Financial Officer, Under Secretary of Defense for Personnel and Readiness, Director of Cost Assessment and Program Evaluation, Assistant Secretary of Defense for Legislative Affairs, Assistant to the Secretary of Defense for Public Affairs, DOD Chief Information Officer, Joint Staff, Under Secretary of the Army, Under Secretary of the Navy, Under Secretary of the Air Force, Chief of the National Guard Bureau, and leaders of the reform teams.

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## DOD Has Not Issued Its Organizational Strategy That Outlines Steps for Advancing a Collaborative Culture

OCMO has drafted an organizational strategy, but DOD has not issued the strategy, which section 911 required to be completed by September 1, 2017. OCMO officials told us that they have not completed the strategy because they want to align it with the National Defense Strategy, which was issued in January 2018, and the National Defense Business Operations Plan, which was issued in May 2018.<sup>15</sup> OCMO officials told us that, once the organizational strategy is reviewed internally to align with the National Defense Strategy and the National Defense Business Operations Plan, the CMO plans to coordinate the review and approval of the strategy across components within the department. We previously recommended, and DOD concurred, that the CMO should obtain input on the development of the strategy from key stakeholders, such as the military departments and defense agencies.<sup>16</sup> The officials estimated that DOD components would have about 2 to 3 weeks to provide input on the strategy and that the strategy could be issued as early as July 2018.

We found that, consistent with our recent recommendations, a revised version of the draft organizational strategy addresses the requirements in section 911, including outlining steps for advancing a collaborative culture within the department. In February 2018, we found that the August 2017 version of the draft organizational strategy that we reviewed addressed the two required elements under section 911, but did not outline how it would achieve several future outcomes that advance a collaborative

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<sup>15</sup>The National Defense Strategy establishes priority missions, assumed force planning scenarios, and major investments in defense capabilities, among many other things. The National Defense Business Operations Plan presents the department's priority business operation goals and objectives with specific and measurable priority and performance goals. DOD previously referred to the National Defense Business Operations Plan as the department's Agency Strategic Plan.

<sup>16</sup>[GAO-18-194](#).

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culture within the department, as required by the NDAA.<sup>17</sup> We recommended, and DOD concurred, that the CMO should revise the organizational strategy to outline how it would achieve these outcomes and, in doing so, should consider our nine leading practices on mergers and organizational transformations.<sup>18</sup>

Based on our review of a February 2018 version of the draft organizational strategy, we found that OCMO officials have taken steps to address our recommendation, including identifying potential action steps for the department that align with each of the nine leading practices. For example, consistent with the leading practice for establishing a coherent mission and integrated strategic goals to guide the transformation, OCMO officials revised the draft strategy to propose that the CMO, in coordination with stakeholders, could develop an implementation plan with detailed initiatives for increasing collaboration and information sharing across the department. According to the draft strategy, this plan could include goals and milestones for these initiatives, and the CMO could report periodically on the achievement of the goals. Further, consistent with the leading practice to involve employees to obtain their

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<sup>17</sup>See [GAO-18-194](#). Section 911 of the NDAA for Fiscal Year 2017 requires that the Secretary of Defense shall formulate and issue to DOD a new organizational strategy that contains the following two elements: (1) identifies critical objectives and other organizational outputs that span multiple functional boundaries and would benefit from the use of cross-functional teams, and (2) provides for the appropriate use of these teams to manage these objectives and outputs. In addition, the organizational strategy should achieve the following future outcomes that are designed to advance a collaborative culture within the department, as envisioned under section 911: (1) provides for the furtherance and advancement of a collaborative, team-oriented, results-driven, and innovative culture; (2) improves how the department integrates the expertise and capacities of the functional components; (3) improves the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the defense agencies; (4) improves the ability of the department to work effectively in interagency processes; and (5) achieves an organizational structure that enhances performance.

<sup>18</sup>[GAO-03-669](#). In this report, we identified leading practices and implementation steps for mergers and organizational transformations that can help agencies transform their cultures so that they are more results-oriented, customer-focused, and collaborative. The leading practices include: (1) ensure top leadership drives the transformation; (2) establish a coherent mission and integrated strategic goals to guide the transformation; (3) focus on a key set of principles and priorities at the outset of the transformation; (4) set implementation goals and a timeline to build momentum and show progress from day one; (5) dedicate an implementation team to manage the transformation process; (6) use the performance management system to define responsibility and assure accountability for change; (7) establish a communication strategy to create shared expectations and report related progress; (8) involve employees to obtain their ideas and gain their ownership for the transformation; and (9) build a world-class organization.

ideas and gain their ownership for the transformation, OCMO officials proposed that a representative from OCMO could chair an action officer-level governance body to plan and share performance information related to this effort. According to the draft strategy, this governance body would solicit feedback about the related changes, propose changes to new policies and procedures based on the feedback, and manage the implementation and tracking of the established goals. Issuing the organizational strategy—in accordance with section 911 and our prior recommendation—will better position DOD to advance a collaborative culture.

## DOD Has Not Implemented Training or Issued Guidance for Its Cross-Functional Teams or Provided Training to Presidential Appointees

DOD has not fulfilled three related requirements of section 911 to guide the implementation of its cross-functional teams, namely to (1) provide training to cross-functional team members and their supervisors, (2) issue guidance on cross-functional teams, and (3) provide training to presidential appointees. OCMO officials stated that they plan to send the guidance and training curricula to the Secretary of Defense for review and approval after the organizational strategy is issued. Table 1 shows the three requirements of section 911, the due dates, and the status of DOD actions, if any, as of May 2018.

**Table 1: Statutorily-Required Due Dates for the Cross-Functional Team Guidance and Training for Cross-Functional Team Members and Presidential Appointees**

<b>Requirement in section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017</b>	<b>Due date</b>	<b>Status of Department of Defense actions, as of May 2018</b>
Training for cross-functional team members and their supervisors	Not specified	Not yet completed
Cross-functional team guidance	September 30, 2017	Not yet completed
Training for presidential appointees	Within 3 months of appointment <sup>a</sup>	Not yet completed

Source: GAO analysis of section 911 of the NDAA for Fiscal Year 2017 and Department of Defense information. | GAO-18-513

<sup>a</sup>As of May 2018, 22 presidential appointees had been in their positions for more than 3 months.



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## DOD Has Not Implemented Training or Issued Guidance for Its Cross-Functional Teams

As of May 2018, OCMO had developed a draft training curriculum for cross-functional team members and their supervisors, but had not provided the required training. In February 2018, we reported that the draft training curriculum addressed all requirements in section 911.<sup>19</sup> OCMO officials stated that after the Secretary of Defense reviews and approves the training curriculum, which will occur after the organizational strategy is issued, they will provide training to the members of the cross-functional team on personnel vetting for background investigations and to the 9 teams implementing reform initiatives.

OCMO has also drafted guidance on cross-functional teams, but DOD has not issued the guidance and did not meet the statutorily-required date of September 30, 2017. Section 911 requires the guidance to address areas such as the decision-making authority of the teams and key practices that senior leaders should follow with regard to leadership, organizational practice, collaboration, and the functioning of cross-functional teams. In February 2018, we reported that OCMO had developed draft guidance for cross-functional teams that addressed six of seven statutorily-required elements and incorporated five of eight leading practices for effective cross-functional teams that we identified in prior work.<sup>20</sup> We recommended, and DOD concurred, that the CMO should fully address all requirements in section 911 and incorporate these leading practices into the guidance. DOD has taken steps to address our recommendation. For example, consistent with the practice for open and regular communication, OCMO revised the guidance to state that the cross-functional team leaders and OCMO will encourage and facilitate continuous communication and information sharing. According to the revised guidance, the team leaders and OCMO will accomplish this through co-location of team members, management practices by cross-

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<sup>19</sup>[GAO-18-194](#).

<sup>20</sup>[GAO-18-194](#). In this report, we identified eight leading practices associated with effective cross-functional teams: (1) open and regular communication, (2) well-defined team goals, (3) inclusive team environment, (4) senior management support, (5) well-defined team structure, (6) autonomy, (7) committed cross-functional team members, and (8) an empowered cross-functional team leader. We developed these leading practices by reviewing literature and case studies on the use of cross-functional teams in the private and public sectors, as well as interviewing six academic and practitioner experts. Leading practices for effective cross-functional teams are aligned with our leading practices for interagency collaboration. See GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

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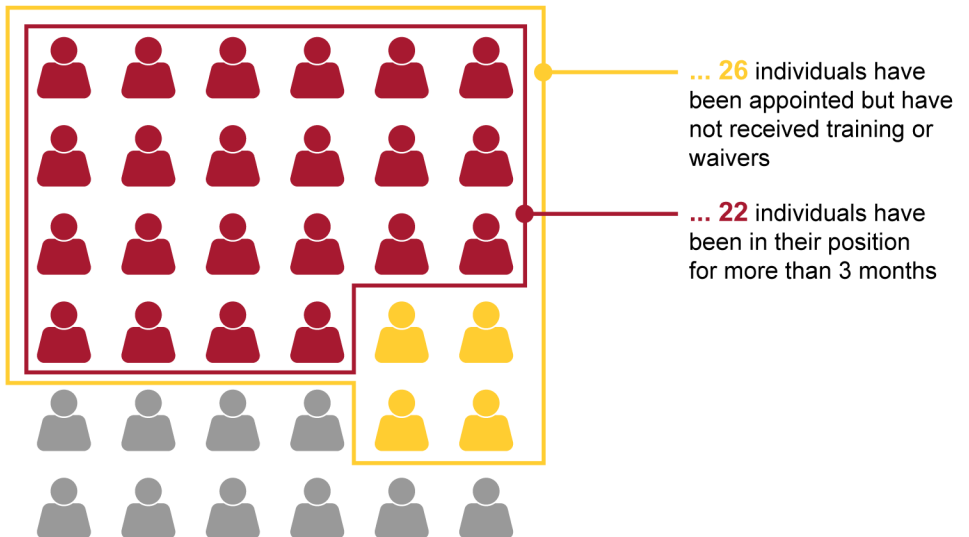
functional team leaders that promote a unified team culture and trust, and use of collaborative information technology tools maintained by OCMO. However, as of May 2018, DOD had not issued the guidance. As we reported in February 2018, without initial guidance that fully addresses the required statutory elements in section 911 and incorporates our leading practices, DOD's cross-functional teams may not be able to consistently and effectively pursue the Secretary of Defense's strategic objectives or further promote a collaborative culture within the department.

Over Two-Thirds of Presidential Appointees in the Office of the Secretary of Defense Have Been Appointed, but None Have Received Required Training or Waivers

OCMO has developed a draft training curriculum for individuals filling presidentially-appointed, Senate-confirmed positions in the Office of the Secretary of Defense. However, as of May 2018, DOD had filled 26 of 36 such positions, and none had received the training or been granted a training waiver.<sup>21</sup> Further, section 911 requires these individuals to complete the training within 3 months of their appointment, but 22 have been in their positions longer than 3 months, as shown in figure 2.

**Figure 2: Status of Department of Defense’s Efforts to Provide Training to Presidential Appointees in the Office of Secretary of Defense as Required by Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017, as of May 2018**

**36** presidentially-appointed, Senate-confirmed positions in the Office of the Secretary of Defense



Source: GAO analysis of Department of Defense information. | GAO-18-513

Note: Section 911 of the NDAA for Fiscal Year 2017 requires DOD to provide training on leadership, modern organizational practice, collaboration, and the operation of cross-functional teams to individuals who have been appointed by the President and confirmed by the Senate to a position within the Office of the Secretary of Defense within 3 months of their appointment, or to request a waiver from the President if the Secretary of Defense determines in writing that the individual possesses, through training and experience, the skill and knowledge otherwise to be provided by the training.

<sup>21</sup>For the other 10 positions, 5 have not been nominated by the President, and 5 have been nominated by the President but not yet confirmed by the Senate.

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In February 2018, we reported that the draft curriculum addressed only one of the four required elements in section 911.<sup>22</sup> Specifically, we found that the draft curriculum addressed the required statutory element for training on the operation of cross-functional teams, but did not incorporate the required statutory elements for leadership, modern organizational practice, or collaboration. We recommended, and DOD concurred, that the CMO should either (1) provide training that includes all of the required elements in section 911 or (2) develop criteria for obtaining a waiver and have the Secretary of Defense request such a waiver from the President for these required elements if the individual possesses—through training and experience—the skill and knowledge otherwise to be provided through a course of instruction. Once the training curriculum is reviewed and approved by the Secretary of Defense, which will occur after the organizational strategy is issued, OCMO officials plan to provide the training on the operation of cross-functional teams to the presidential appointees. These officials stated that DOD plans to develop criteria for presidential appointees who are eligible for a waiver from the training on leadership, modern organizational practice, and collaboration, and to recommend that the Secretary of Defense approve these waivers. Until DOD finalizes actions on this recommendation, the department may have difficulty advancing a collaborative culture, as top leadership commitment is a key practice for a successful organizational transformation.<sup>23</sup>

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## Agency Comments

We are not making recommendations in this report. We provided a draft of this report to DOD for review and comment. DOD concurred with our report. In addition, DOD provided technical comments, which we incorporated as appropriate.

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<sup>22</sup>[GAO-18-194](#).

<sup>23</sup>See [GAO-03-669](#).

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and DOD's Chief Management Officer. In addition, the report is available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Elizabeth Field". The signature is fluid and cursive, with a large loop at the end.

Elizabeth Field  
Acting Director  
Defense Capabilities and Management

# Appendix I: Prior GAO Reports on the Department of Defense’s Implementation of Section 911 of the National Defense Authorization Act for Fiscal Year 2017

Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 included a provision for us—every 6 months after the date of enactment on December 23, 2016, through December 31, 2019—to submit to the defense committees a report setting forth a comprehensive assessment of the actions that DOD has taken pursuant to section 911 during each 6-month period and cumulatively since the NDAA’s enactment. We issued our first report in June 2017, and did not make recommendations. We issued our second report in February 2018, and made four recommendations to improve DOD’s implementation of section 911. Table 2 identifies the two prior GAO reports on DOD’s implementation of section 911 and the status of the four recommendations from our February 2018 report.

**Table 2: Prior GAO Reports on the Department of Defense’s (DOD) Implementation of Section 911 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 and Status of Recommendations, as of May 2018**

Report title	Report issuance date	Recommendation	Status of DOD’s implementation
Defense Management: DOD Needs to Take Additional Actions to Promote Department-Wide Collaboration, <a href="#">GAO-18-194</a>	February 28, 2018	The Secretary of Defense should ensure that the Chief Management Officer (CMO), in its revisions to the draft organizational strategy, address how the department will promote and achieve a collaborative culture, as required under section 911 of the NDAA for Fiscal Year 2017. The CMO could accomplish this by incorporating our leading practices on mergers and organizational transformations.	Not yet implemented
		The Secretary of Defense should ensure that the CMO obtain stakeholder input on the development of the organizational strategy from key stakeholders, including the Secretary of Defense, the military departments, the combatant commands, and defense agencies.	Not yet implemented
		The Secretary of Defense should ensure that the CMO fully address all requirements in section 911 of the NDAA for Fiscal Year 2017 and incorporate leading practices for effective cross-functional teams in guidance on Secretary of Defense-empowered cross-functional teams.	Not yet implemented

**Appendix I: Prior GAO Reports on the  
Department of Defense's Implementation of  
Section 911 of the National Defense  
Authorization Act for Fiscal Year 2017**

Report title	Report issuance date	Recommendation	Status of DOD's implementation
Defense Management: DOD Has Taken Initial Steps to Formulate an Organizational Strategy, but These Efforts Are Not Complete, <a href="#">GAO-17-523R</a>	June 23, 2017	The Secretary of Defense should ensure that the CMO either: (a) provide training for presidentially-appointed, Senate-confirmed individuals in the Office of the Secretary of Defense that includes the required elements—leadership, modern organizational practice, and collaboration—in section 911 of the NDAA for Fiscal Year 2017, or (b) develop criteria for obtaining a waiver and have the Secretary of Defense request such a waiver from the President for these required elements if the individual possesses—through training and experience—the skill and knowledge otherwise to be provided through a course of instruction.	Not yet implemented
Defense Management: DOD Has Taken Initial Steps to Formulate an Organizational Strategy, but These Efforts Are Not Complete, <a href="#">GAO-17-523R</a>	June 23, 2017	We did not make recommendations in this report.	Not applicable

Source: GAO. | GAO-18-513

# Appendix II: Summary of Requirements in Section 911 of the National Defense Authorization Act for Fiscal Year 2017

Section 911 of the National Defense Authorization Act for Fiscal Year 2017 requires the Secretary of Defense to take several actions. Table 3 summarizes some of these requirements, the due date, and the date completed, if applicable, as of May 2018.

**Table 3: Status of Requirements in Section 911 of the National Defense Authorization Act for Fiscal Year 2017, as of May 2018**

Not later than . . .	The Secretary is to . . .	Date completed
Not specified	Ensure that team members and all leaders in functional organizations that are in the supervisory chain for personnel serving on such team receive training in elements of successful cross-functional teams, including teamwork, collaboration, conflict resolution, and appropriately representing the views and expertise of their functional components.	Not yet completed
3 months of the appointment of an individual to a position in the Office of the Secretary of Defense appointable by and with the advice and consent of the Senate	Send the individual to a training course in leadership, modern organizational practice, collaboration, and the operation of cross-functional teams. This training requirement can be waived under certain circumstances.	Not yet completed
March 15, 2017	Award any necessary contract for a study to determine how to best implement effective cross-functional teams in the Department of Defense (DOD). This study should include (1) lessons learned, as reflected in academic literature, business and management school case studies, and the work of leading management consultant firms, on the successful and failed application of cross-functional teams in the private sector and government, and on the cultural factors necessary to support effective cross-functional teams and (2) the historical and current use by DOD of cross-functional working groups, integrated process teams, councils, and committees, and the reasons why such entities have or have not achieved high levels of teamwork or effectiveness.	June 9, 2017
July 15, 2017	Provide the results of the study to the congressional defense committees.	September 28, 2017
September 1, 2017	Develop and issue an organizational strategy that (1) identifies the critical objectives and other organizational outputs for DOD that span multiple functional boundaries and would benefit from the use of cross-functional teams; (2) improves the manner in which DOD integrates the expertise and capacities of the functional components of DOD for effective and efficient achievement of such objectives and outputs; (3) improves the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the defense agencies with regard to such objectives and outputs; (4) improves the ability of DOD to work effectively in interagency processes with regard to such objectives and outputs in order to better serve the President; and (5) achieves an organizational structure that enhances performance with regard to such objectives and outputs.	Not yet completed



**Appendix II: Summary of Requirements in  
Section 911 of the National Defense  
Authorization Act for Fiscal Year 2017**

<b>Not later than . . .</b>	<b>The Secretary is to . . .</b>	<b>Date completed</b>
September 30, 2017	Establish cross-functional teams to address critical objectives and outputs for such teams as determined to be appropriate in accordance with the organizational strategy. <sup>a</sup>	August 25, 2017
September 30, 2017	Issue guidance on cross-functional teams (1) addressing the role, authorities, reporting relationships, resourcing, manning, training, and operations of cross-functional teams; (2) delineating decision-making authority of such teams; (3) providing that the leaders of functional components of DOD that provide personnel to such teams respect and respond to team needs and activities; and (4) emphasizing that personnel selected for assignment to such teams shall faithfully represent the views and expertise of their functional components while contributing to the best of their ability to the success of the team concerned.	Not yet completed
18 months after the date of the enactment of this act (i.e., June 23, 2018) <sup>b</sup>	Submit to Congress a report on the establishment of cross-functional teams, including descriptions from the leaders of teams on the manner in which the teams were designed and how they functioned.	Not yet completed, and deadline had not passed, as of the date this report was sent for publication
18 months after the date of the enactment of this act (i.e., June 23, 2018) <sup>b</sup>	Take actions, as the Secretary considers appropriate, to streamline the organizational structure and processes of the Office of the Secretary of Defense in order to increase spans of control, achieve a reduction in layers of management, eliminate unnecessary duplication between the Office of the Secretary of Defense and the Joint Staff, and reduce the time required to complete standard processes and activities.	Not yet completed, and deadline had not passed, as of the date this report was sent for publication
18 months after the date on which the first cross-functional team is established (i.e., February 25, 2019) <sup>b</sup>	Complete an analysis of the successes and failures of teams established, and determine how to apply the lessons learned from that analysis.	Not yet completed and deadline has not passed

Source: GAO analysis of section 911 of the National Defense Authorization Act for Fiscal Year 2017 and DOD information. | GAO-18-513

<sup>a</sup>For each cross-functional team established pursuant to section 911, the Secretary of Defense is required to (1) assign as leader of such team a senior qualified and experienced individual, who shall report directly to the Secretary regarding the activities of such team; (2) delegate to the team leader authority to select members of such team from among civilian employees of the department and members of the armed forces in any grade who are recommended for membership on such team by the head of a functional component of the department within the Office of the Secretary of Defense, the Joint Staff, and the military departments, by the commander of a combatant command, or by the director of a defense agency; (3) provide the team leader with necessary full-time support from team members, and the means to co-locate team members; and (4) ensure that the congressional defense committees are provided information on the progress and results of such team upon request.

<sup>b</sup>These requirements are not described in this report.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Elizabeth Field, (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Margaret Best (Assistant Director), Tracy Barnes, Arkelga Braxton, William Carpluk, Adelle Dantzer, Michael Holland, William Lamping, Amie Lesser, Ned Malone, Judy McCloskey, Sheila Miller, Richard Powelson, Terry Richardson, Ron Schwenn, Jared Sippel, Sarah Veale, and Tina Won Sherman made key contributions to this report.

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