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By Michael J. Keegan

Improving the Business Operations of the U.S. Department of Defense



The imperative to improve business operations at the U.S. Department of Defense has never been greater. DoD leadership has clearly articulated the pressing need for reform, driving action across all business areas including acquisition, logistics, finance, and personnel. Transformation is motivated by the need to make better use of resources, improve stewardship, and provide the best support possible to the armed

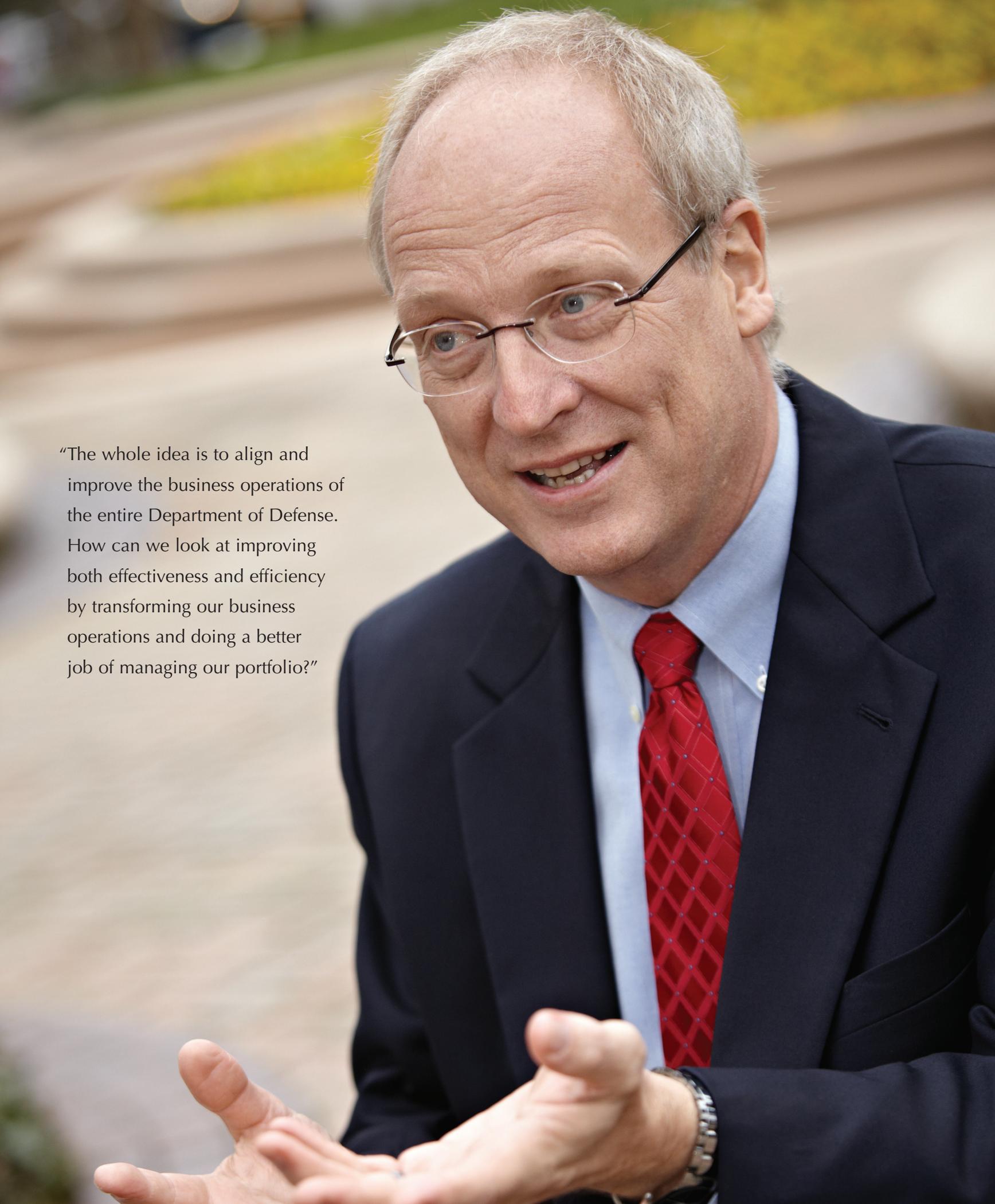
forces. To make this happen, the department formally established the deputy chief management officer (DCMO) role to better synchronize, integrate, and coordinate the business operations of the Department of Defense. “The whole idea,” explains Dave Wennergren, DoD’s assistant deputy chief management officer, “is to align and improve the business operations of the entire Department of Defense. How can we look at improving both effectiveness and efficiency by transforming our business operations and doing a better job of managing our portfolio?”

Finding ways to do things better while saving money and realizing operational efficiencies requires focused discipline and clear strategic direction. “A key focus of our office is on strategic planning for the entire organization, creating a culture that is outcome-based and has good performance measures in place,” says Wennergren. “I’m really focused on looking at the end-to-end processes of the organization and moving away from looking at processes and systems from [an] organization or functional view. Instead, we are looking at how to optimize processes and systems across the enterprise.” In December 2010, DoD released the FY11 Strategic Management Plan, outlining how it will ensure that mission

support activities provide efficient and effective outcomes and benefits for the warfighter. Five overarching goals are outlined in this plan: support the all-volunteer force, support contingency business operations, reform the DoD acquisition process, enhance the civilian workforce, and strengthen DoD financial management. “The plan has been a seminal moment for us, a big step forward,” says Wennergren. “The 2011 plan was the first one able to take advantage of the [latest] Quadrennial Defense Review (QDR). We’ve tightened the alignment between the plan, the QDR, and the department’s performance budget, so we can tie results to how money is spent.”

During a time of increasing financial constraints, it’s important that the department’s business system investments be aligned with its strategic priorities. For FY11, the department focus is on four core areas—end-to-end (E2E) processes, streamlined acquisition, reengineered processes, and more cost-effective infrastructures. According to Wennergren, tackling these improvement areas excites him the most. “There are 15 end-to-end processes, for example, ‘procure to pay’ or ‘hire to retire.’ We are looking at how an end-to-end process maps across organizations, what IT systems and capabilities may be involved, and most importantly, how we can improve it. It’s about moving away from ... a stovepipe ... view, and instead looking at the outcome that you want to achieve.”

Second, the department is focused on developing and implementing an alternative approach for IT acquisition. “IT acquisition reform focuses on how we can keep pace and deliver capabilities more rapidly, more effectively. There is a fundamental need to shift the way we acquire and maintain information systems and capabilities.” Wennergren admits that the department’s current approach to implementing IT systems takes too long, costs too much, and often fails to

A man with short, thinning grey hair and glasses is shown from the chest up. He is wearing a dark navy blue suit jacket, a light blue dress shirt, and a red tie with a white diamond pattern. He is smiling slightly and looking towards the left of the frame. His hands are raised in front of him, palms facing up, as if he is in the middle of a conversation or explanation. The background is out of focus, showing what appears to be a stone wall or steps outdoors.

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deliver performance improvements. Many improvements require no changes to laws or regulations, but funding is not one of them. “The way we book money into appropriations,” he says, “is an impediment to moving with speed. We could work with Congress for more flexibility in exchange for more transparency about how money is being spent.”

DoD is also conducting business process reengineering reviews. “Before you start spending money on modernization of a business system, [you] want to know what’s been done to improve processes. In addition to the IT acquisition reform, I’m excited about the IT consolidation roadmap that we’ll be using to try to improve and reduce redundancy. How can we improve effectiveness while reducing costs and optimizing performance? How do we get the right information to the right person at the right time? It starts with this idea that everyone doesn’t need their own data center.” DoD is seeking to reduce IT infrastructure costs by implementing a commercial technology known as server virtualization, which creates a virtual hardware platform. Many of these efforts focus on improving operations and aligning activities to mission outcomes. In the end, it’s about focusing on the process change and desired outcome first, then selecting the proper technology to help get the work done.

Getting the work done also involves working across boundaries and at an enterprise level. “It always starts with the data,” asserts Wennergren. “If you can decouple data from the application or system, you have this ability to do things with the speed never before dreamed possible.” Information sharing and collaboration is key, and ensuring these exchanges are done in a secure matter is also critical. Wennergren references Barry Johnson’s insight in *Polarity Management*. A fundamental question to ask when encountering a difficulty is: “Is this a problem we can solve, or is it an ongoing polarity we must manage well?” “If you optimize one,” says Wennergren, “you do so at peril of the whole system ... Our success is about effectively managing information in a contested environment—the power and imperative to share information and the ever-increasing security issues we face today.” Information sharing and security

therefore are ineluctably intertwined. “If we think about them as a polarity of two things to manage together, we can actually come up with ideas about how to do both better.”

Doing things better and in a more cost-efficient manner inevitably results in changing the status quo. To that end, department leadership has called for the closing of its Business Transformation Agency (BTA). Wennergren has the responsibility to close BTA. He explains that most of its portfolio will be shifted to the Deputy Chief Management Officer Beth McGrath while the system side of BTA’s portfolio will be transitioned to the Defense Logistics Agency (DLA).

“The world is changing rapidly,” admonishes Wennergren. “The way we used to work isn’t going to be the way we do in the future. If we don’t create an execution-oriented culture, one that allows us to measure progress and adapt as necessary, then we won’t do well and keep pace with the possibilities. I’m hopeful that we can view it as a moment of opportunity, not one of fear.”

Wennergren understands that success depends on teamwork, commitment, and solid leadership. “It is really about the power of team. As leaders, we have to embrace continuous learning, preparing our team to face this future. If you give people the right tools and the right skills, then you can unleash their creativity and send them off to do great things.” ■

To learn more about DoD’s Office of Chief Management Officer, go to dcmo.defense.gov



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