

## Admiral Says Management Decisions Negatively Impacted Fleet Readiness

Written by Nick Sanders

Sunday, 23 September 2012 00:00

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Readers, this is another of those blog articles about workforce management and employee development. If you sick and tired of reading them, then you should click your way out of here now, and avoid the tedium.

Still here? Good.

Today we are going to discuss how the Navy's Fleet readiness was negatively impacted by management decisions that favored immediate problem solving over the long-term best interests of the Fleet. Today we are going to discuss the "[unintended consequences](#)" that have led, over roughly the past decade, to the point where "the future readiness of our surface force" is now "at risk". Then we are going to tell you that the decisions you are making in the day-to-day operation of your business are the same as those that negatively impacted the U.S. Navy; and we are going to tell you that your myopic focus on the solving today's problems at the expense of the long-term future of your business inevitably will lead to you to a similar position as today's naval Fleet—

*i.e.*

, your future readiness to execute your programs is now at risk.

Our source for the information on Naval decision-making is Admiral John C. Harvey, Jr., who is departing his role as the most senior Surface Warfare Officer on active duty—"the Old Salt" as he is called in the Navy. He wrote [a letter](#) to his comrades in arms on his departure, and in that letter he told them some hard truths. We think those hard truths are true for any large organization, including yours.

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The Old Salt told his comrades about findings about inadequacies in Fleet Readiness. The list of problems included—

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Dramatic headcount cuts in the areas of shipboard maintenance, with dedicated billets going from 8,000 to 2,500 over the past seven years.

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Management direction (called “the CNO availability schedule”) that mandated a 9-week maintenance schedule, which turned out to be an inadequate timeframe. Implemented in 1996-1997 timeframe, the CNO availability schedule led to a “backlog of deep maintenance requirements.”

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The “Optimally Manned Ships” initiative (another top-down management dictate) “combined with ... reducing grade levels of selected billets,” led to a “diminution of on-board level-of-knowledge, experience, and oversight of the work force across the ship.” This problem was exacerbated by an unplanned-for “perpetual” personnel attrition of 8 percent.

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The limitations and constraints of “legacy manning and distribution processes” have negatively impacted the ability to properly fill enlisted ranks, leading to a 2009 “manning average of 61% for at-sea surface units.”

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“Limited formal in-rate training program requirements” exist, and when training programs are in place, “there is marginal execution.”

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“Funding limits and onboard manning [problems] hampered efforts for ships to ‘grow their own’.”

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“The level of knowledge of newly reported officers is lacking.” Moreover, “a significant portion of the surface force is lacking in Personnel Qualification Standards (PQS) completions.”

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“The lines of authority, responsibility, and accountability have become unintentionally blurred.”

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“Surface ship maintenance has been significantly underfunded for over ten years.” But this does not seem to be “the result of an unwillingness to fund ... as much as the result of not having a properly identified [funding] requirement.” “The end result [of the situation] is an understated requirement that has been underfunded in the budgeting process.”

The “Old Salt” (Admiral Harvey) summed up the situation thusly—

1.

We shifted our primary focus away from Sailors and Ships – the fundamentals of surface warfare - to finding efficiencies/reducing costs in order to fund other important efforts such as recapitalization. We took our eyes off the ball of the main thing for which we were responsible - maintaining the wholeness and operational effectiveness of the surface force. Because readiness trends develop and evidence themselves over years and not months, shifting our primary focus to individual cost-cutting measures gave us a very myopic view of our surface force and the way ahead; institutionally, we essentially walked into the future looking at our feet. ... [We focused] on efficiency measures, not OPERATIONAL EFFECTIVENESS. We certainly developed a large number of plans to achieve greater efficiencies, but we did not pay sufficient attention to rigorously evaluating the products of those plans, particularly as their effects on our surface force grew over time.

2.

When the assumptions behind the man, train, equip and maintain decisions did not prove

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valid, we didn't revisit our decisions and adjust course as required. In short, we didn't routinely, rigorously and thoroughly evaluate the products of the plans we were executing. For example, we reduced manpower requirements on our ships based on technology initiatives that did not deliver as expected and then manned our ships to 90% of that lower requirement.... We shifted maintenance ashore, scaled back our shipboard 3M [Maintenance and Material Management] program and reduced our preventive maintenance requirements to fit a smaller workforce, and then failed to fully fund the shore maintenance capacity we required.

3.

The combination of our shift in focus and failure to routinely evaluate the product of the plans resulted in too many Sailors who no longer understood 'what right looks like.' Our day-to-day standards and expectations had become dependent variables based upon available resources; our standards dropped with every cost-cutting measure we implemented. An example of this phenomenon is when we see a very big delta between a ship's actual day-to-day standards and what is required to perform satisfactorily on INSURV [Board of Inspection and Survey], which should be a 'come as you are' inspection that we routinely pass.

[Emphasis in original.]

Admiral Harvey pointed out the problems inherent in focusing only on cost-savings at the expense of operational effectiveness. He wrote—

Notice I did not simply say 'save money.' We must certainly be good stewards of taxpayer dollars, that is an absolute given, but our ... ships must be focused first and foremost on EFFECTIVENESS - if it's cheap, efficient, but doesn't work, it does us no good. If our budgets drop, we may certainly have to do less; but whatever it is we decide to do, we must do it well.

The "Old Salt" concluded his goodbye letter with words that we feel are appropriate for everybody, everywhere. He wrote—

Individuals and organizations succeed because they make the choices that lead to success. Greatness is not primarily a matter of circumstance or happenstance; greatness is first and foremost a matter of conscious choice and discipline. Officers who are accountable for the outcomes must make those choices and have the courage, energy and discipline to drive their

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organizations to turn those choices into reality.

Do you see the parallel between the choices facing Naval leaders and the choices you face now, with immense budgetary pressures and the looming doomsday “sequestration” scenario? Do you see it? We do.

There is tremendous pressure on government contractors—particularly DOD contractors—to reduce costs and cut their overhead and perform better with less funding. This is [fact](#), not speculation. Early buy-outs are being offered (and accepted), people are being laid-off, companies are restructuring. Mergers and acquisitions are in the news again.

And yet, despite all the pressure to cut heads and to cut costs, we urge readers to keep in mind the lessons so painfully learned by the U.S. Navy. We urge readers to remember that too much cost-cutting, in the wrong areas, can lead to long-term unintended consequences. Remember the words of the Old Salt: “*If it’s cheap, efficient, but doesn’t work, it does us no good.*”

In particular, we urge readers to take to heart the findings about lack of training and inadequate supervision. Ultimately, the failure to develop staff, to “grow your own,” is essentially a decision to out-source training and development to somebody else, at a price to be paid in higher labor costs and degraded performance. Avoid that.

Avoid across-the-board budget and/or headcount reductions. Avoid near-term expediency at the cost of the long-term health of your organization. Be smart about cuts, and maintain your focus on operational effectiveness. And revisit your decisions months later, to see if the assumptions were valid and end results were those anticipated. Be courageous enough to change course when things didn’t work out as planned.

If you don’t do all that, you risk running your ship aground.