

**STRATEGY
RESEARCH
PROJECT**

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**THE "REVOLUTION IN BUSINESS AFFAIRS"
AND THE ARMY AFTER NEXT**

BY

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United States Army**

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USAWC STRATEGY RESEARCH PROJECT

The "Revolution in Business Affairs"
and the Army After Next

by

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ABSTRACT

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In the Quadrennial Defense Review (QDR), the Secretary of Defense declared the Department of Defense needs a Revolution in Business Affairs (RBA) in order to shed excess infrastructure, revolutionize logistics, streamline the headquarters and improve efficiency. This Revolution must occur for the military to modernize and meet the challenges of the 21st Century. What specific changes does the Secretary seek? How will they impact on the Army's evolution to The Army After Next?

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THE "REVOLUTION IN BUSINESS AFFAIRS" (RBA) AND THE ARMY

AFTER NEXT

The future: What will it look like? What does it hold for the Army? These questions have been asked with increasing regularity since the fall of the Berlin Wall and the breakup of the former Soviet Union. Now that the United States can no longer focus its' defense against a single threat, many questions remain.

Analysts and strategic thinkers are working very hard in pursuit of a defined defense strategy for the new millennium. DoD and the services have broken out the crystal balls and ouija boards in an effort to predict the future so the U.S. can prepare forces to operate successfully in that environment, capable of defeating anticipated threats.

The Army has contributed to this effort by means of the Army After Next Project. It attempts to define the conditions in which America's ground forces will operate in the year 2025. The Project is described in Section VII of the QDR Report:

The Army After Next program is a comprehensive initiative designed to better understand the probable nature of warfare 30 years into the future and provide focus to today's development efforts. Through an annual cycle of wargames, workshops, and conferences, Army After Next strives to lay the research foundation necessary for assessing the effects of increased mobility, lethality, and maneuver—leveraging radical advances in information technology, weapons, and platform speeds at both the tactical and operational levels—to ensure land power remains a strategically

decisive element of warfighting well into the 21st century.¹

As with all change, converting the Army from how it is today into what it needs to be in 2025 will require a vast amount of resources. Where will these resources come from? How, in an era of declining defense budgets, will sufficient resources be generated to conduct a modernization effort that may completely change the structure and capabilities of what is now the world's most capable ground force? According to the Secretary of Defense, the resources required to fuel this effort will be generated by savings accrued from the "Revolution in Business Affairs."

This study analyzes the concept of a Revolution in Business Affairs (RBA), seeking its applicability to military affairs, as suggested by the Secretary of Defense. This study seeks to determine what savings may be realized by means of this revolution. Finally, this study assesses the feasibility of basing the future of DoD and America's Army on such a concept. To properly estimate possible savings, all areas involved in the revolution will be examined.

THE QUADRENNIAL DEFENSE REVIEW (QDR)

The Department of Defense (DoD) conducted the Quadrennial Defense Review (QDR) in response to legislation contained in the National Defense Authorization Act of 1996 (Public Law 104-201).

Section 923 of this legislation states the requirement as follows:

The Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, shall complete in 1997 a review of the defense program of the United States intended to satisfy the requirements for a Quadrennial Defense Review as identified in the recommendations of the Commission on Roles and Missions of the Armed Forces. The review shall include a comprehensive examination of the defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies with a view toward determining and expressing the defense strategy of the United States and establishing a revised defense program through the year 2005.²

During Secretary Cohen's unveiling of the Quadrennial Defense Review (QDR) to the media on May 19, 1997, he outlined his expectations regarding methodology for the review. He stipulated that the strategy developed in the QDR process must provide the basis for all other QDR decisions and analyses. Secondly, he sought realistic assumptions regarding threats, operations, and support costs. Lastly, he wanted the review completed on time, by 15 May 1997. He emphasized that timeliness was important. Because of the importance of strategic planning to the Defense Department and the inflexible nature of the budget process, he recognized that if any progress was to be made as a result of this review, recommended initiatives would have to be undertaken quickly during his tenure as Secretary.³

THE QDR PROCESS

This study will not address QDR recommendations in toto. However, the major points in the QDR provide critical background and puts the study's analysis into perspective.

The QDR examined the security environment. It recognized the significant changes in the world subsequent to the dissolution of the former Soviet Union. The QDR developed a defense strategy best summarized as shape, respond and prepare. Three options for preparing for the future, the third element of the strategy, were examined: 1) maintaining the status quo; 2) preparing for the more future threats by cutting today's forces in order to buy leap-ahead technologies at a faster rate; 3) and a balanced approach of making smaller cuts today in order to continue to modernize, while maintaining significant capability to respond to near-term missions.⁴

Secretary Cohen chose the third option, the balanced approach, as DoD's path to the future. He recognized the need to make some modest force structure reductions to make this option viable. He viewed this approach as most appropriate in order "to be able to shape the environment as we're currently doing, be able to respond to the types of crises that we are likely to face in the near-term, mid-term, and ultimately long-term...And also prepare for the future."⁵

The principal challenge to carrying out this strategy is to fund modernization of the military to assure it remains capable

of meeting any and all threats. Secretary Cohen recognized this challenge. At the QDR news briefing, he announced several program changes that would shift resources from current programs to modernization. He also acknowledges the fact that the military procurement budget has been decreased at a significantly faster rate than the DoD budget as a whole. (See Figure 1) The Secretary plans to meet this funding challenge through a revolution within DoD.

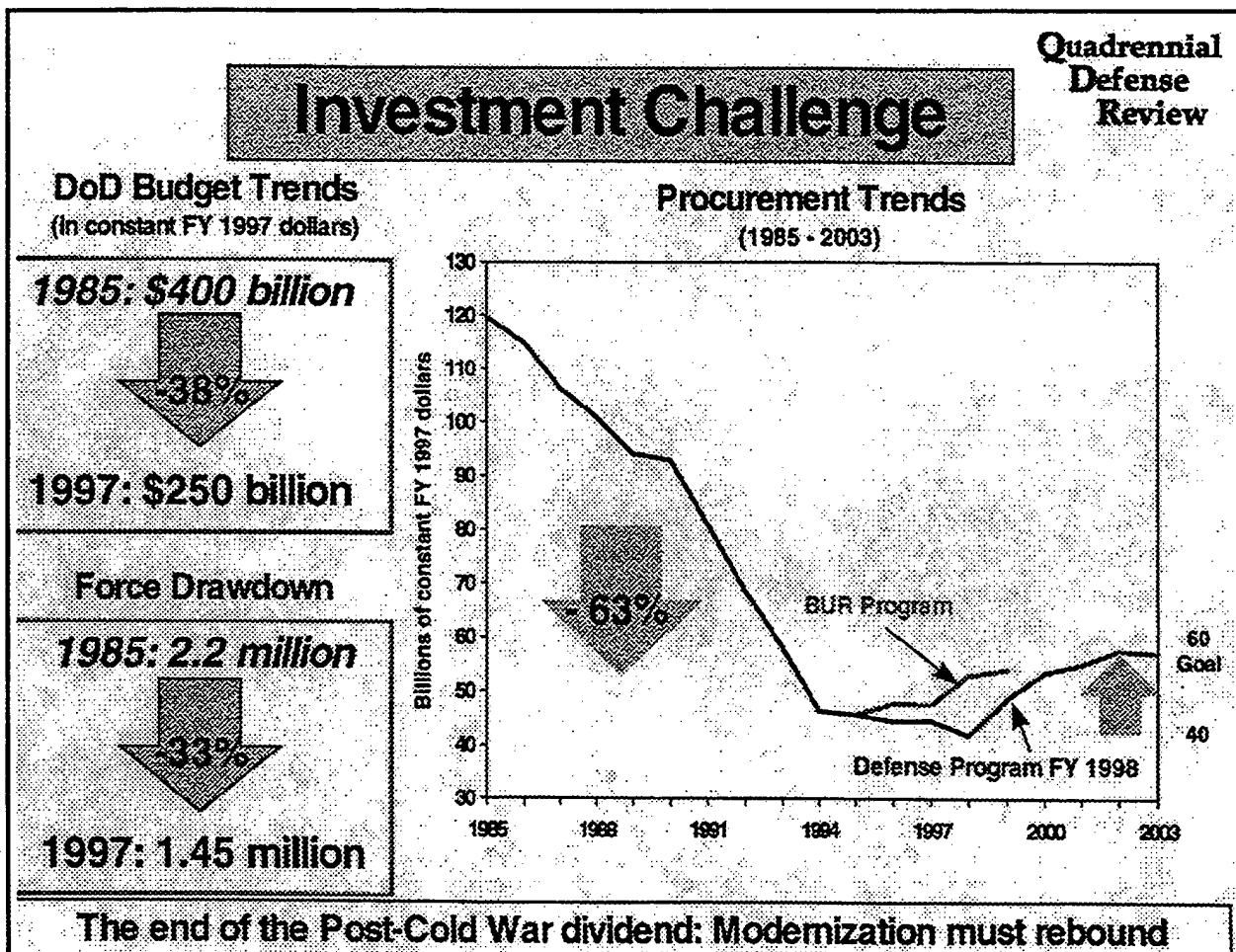


Figure 1: Investment Challenge⁶

THE REVOLUTION

To make up the approximately \$20 billion shortfall in procurement spending between the current budget and the year 2000, Secretary Cohen advocated a Revolution in Business Affairs in DoD operations. The goal of this revolution is to streamline the operations of the Department of Defense to make it more efficient and, as a consequence, to allow a shift of resources to help make up the deficit in the procurement budget and to provide resources necessary to support the shaping and responding strategy.⁷ The Secretary focused mainly on improved efficiency and cost savings. (See Figure 2)

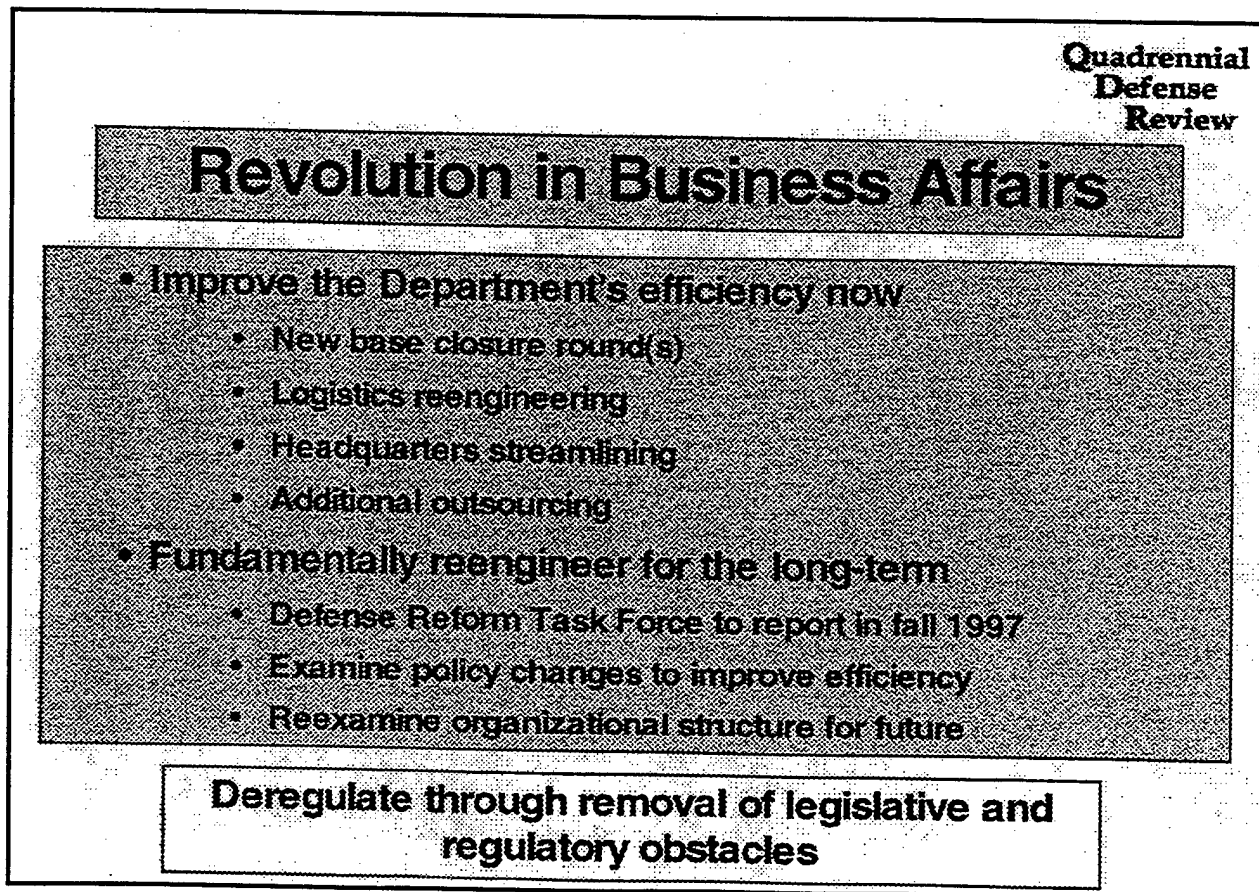


Figure 2: Revolution in Business Affairs⁸

Improved efficiencies will yield savings to the Department of Defense that can then be transferred to the procurement budget to ensure procurement of new systems necessary to achieve the National Defense Strategy. These resources are also necessary to fund the modernization of the Army in order to build the envisioned Army After Next. Are these efficiencies possible? If achieved, will they provide the resources necessary to bring procurement to the required level? These are the important questions that require further analysis.

New Base Closure Rounds(s)

The Secretary noted that previous Base Realignment and Closure (BRAC) rounds have been difficult politically. But rounds conducted in 1991, 1993 and 1995 have produced reductions in infrastructure that should result in over \$5 billion in savings by the year 2001.⁹ The Secretary now wants to ask the Congress to pass legislation authorizing two additional BRAC rounds in 1999 and 2001. If successful, each additional base closure round is expected to achieve savings of \$1.4 billion each year after closure is completed.¹⁰ The critical question is whether Congress will pass the necessary legislation to enable two more rounds of base closures and realignments.

Recently it has become apparent that Congress will not approve additional BRAC rounds during the tenure of the current administration. This reaction responds to President Clinton's

politicization of the 1995 BRAC. No further BRAC rounds should be expected until 2001 and 2003.

Logistics Reengineering

Our nation's willingness and capability to support its forces has traditionally been one of our strengths. However, in the past this support has been accomplished primarily through sheer volume. Significant savings are available through improving our ability to project the requirements of our forces and applying resources in a precise manner, instead of in mass. DoD must apply "the latest advances in information technology to the business of supplying our troops."¹¹ The key to this new system is the concept of "just-in-time" logistics that has been pioneered by private industry.¹²

Delivering supplies and repair parts to the point of need when needed eliminates or reduces the requirement of stockpiling supplies in theater "just-in-case." This shift in logistics from a supply-based to a transportation-based system requires significantly improved information systems to locate required supplies and parts and to track their movement throughout the transportation system from warehouse to delivery to the end-user. These upgraded information systems are known generically as Total Asset Visibility (TAV) and In-transit Visibility (ITV).

These improved or reengineered logistics systems fit into the future warfighting concept outlined in "Joint Vision 2010"

(JV2010) under the heading of "Focused Logistics." In JV2010 the Chairman, Joint Chiefs of Staff (CJCS) also acknowledges that improved logistics systems enabled by new or improved information systems will "enhance airlift, sealift, and pre-positioning capabilities to lighten deployment loads, assist pinpoint logistics delivery systems, and extend the reach and longevity of systems currently in the inventory."¹³ Logistics reengineering will improve the efficiency of DoD. But it is difficult to predict with much accuracy how much focused logistics will save from the defense budget.

Headquarters Streamlining

In the QDR, the Secretary outlined proposals to significantly reduce personnel strengths in DoD Headquarters and subordinate agencies and within OSD. These initiatives are expected to eliminate more than 18,000 civilian and almost 2,000 military positions by FY 2003. In addition, the plan calls for elimination of some positions in the Military Departments and combatant command headquarters, amounting to an additional reduction of 14,000 civilian and 10,000 military positions.¹⁴ In total, over 44,000 positions will be shifted or eliminated. These actions are part of an effort to embrace some of the lessons learned from the business practices currently used by some major corporations.

Three central themes govern the changes proposed by the Secretary. First, DoD headquarters should be flexible enough to deal with future challenges. Second, the Office of the Secretary of Defense (OSD) should focus on corporate level issues and tasks. Third, responsibility for operational management tasks should be pushed down to the lowest appropriate level.¹⁵

No estimates of savings to be achieved by these changes were given by either the QDR or the Secretary of Defense. The Defense Reform Initiative Report stated only that these organizational changes "will free up resources to meet new challenges and ensure that we continue to have quality civilian and military personnel who are well prepared to respond to the changes of the future."¹⁶ However, in order to project realistic savings, DoD needs to ensure its base numbers are valid. The GAO has criticized DoD in the past for not properly reporting personnel that were performing headquarters functions, but who were physically located outside of the Pentagon.¹⁷

Additional Outsourcing

In his briefing to the news media on the QDR, Secretary Cohen identified outsourcing and privatization as critical components of his plan to apply the Revolution in Business Affairs to the Department of Defense. In order to accomplish this, however, he recognized that some legislative relief must be forthcoming from Congress:¹⁸

It's interesting to note that Congress has, in fact, deregulated the travel industry; trucking; airlines; and others, but the Department of Defense remains one of the most heavily regulated operations in the world today. So we need some relief. That's going to take negotiations. That means it's not going to be easy or simple, but if the Congress wants us to become more efficient and to become more streamlined in our operations, we're going to need some relief from the Congress itself.¹⁹

There are a number of areas in which outsourcing or privatization may provide cost benefits to the Department. But these initiatives will require legislative deregulation or relief before implementation. These areas lie primarily in the realm of support functions that are not strictly military in nature and that are currently performed by non-uniformed employees but could possibly be performed by non-government employees, without loss of effectiveness. Depot operations and installation support operations are both logical candidates for outsourcing or privatization — if legislative authority were granted.

Currently, however, several statutes either completely prohibit or severely restrict the amount of workload shift that can occur.

The U.S. Government has long adhered to the principle that the Government should not compete with its citizens. In fact, Section 2466 of Title 10, United States Code, limits the amount of government depot work that can be done in-house to 60 percent.²⁰ In November 1997 Congress reduced this limit to 50 percent; in fact, it mandated that 50 percent be competitively turned over to the private sector. However, it is unclear

whether this legislation is intended to promote competition or to protect government facilities. Will members of Congress be satisfied if the Services exceed the limit of 50 percent of depot workload contracted to the private sector?

Most would agree that competition generally provides for improved efficiency. The more public depots compete with the private sector, the more innovative and productive the Government facilities will become. If Government-owned facilities are not cost-conscious in a competitive environment, they will not—indeed should not—remain in business for long.

In lieu of setting an arbitrary percentage for government-versus-private workload distribution, legislation should mandate competition on all Government depot work not identified as critical core functions by the Secretary of Defense. For this to work, the Services must realistically identify the core functions and facilities that support their ability to conduct operations throughout the continuum of conflict in support of the National Security and Military Strategies. These core functions should be reported to OSD for retention under the Government depot system. However, strict cost controls should be required for these operations. Those functions and facilities that are determined not to support critical core capabilities should then be required to compete with private industry for work. In some cases, a Government facility may be the sole responsible bidder in some of these competitions due to the unique nature of the item or work.

In those cases, competition for the work should be maintained to require the Government facility to continually examine their costs of doing business.

As long as the Services provide clear descriptions and justifications for their critical core functions and facilities to the Secretary of Defense, competition can work. However, any facility identified as a critical asset should not have the burden of including facility overhead into its cost estimates for bids since the facility would remain open with or without the workload there. On the other hand, showing the cost of an increase in overhead associated with a new contract would be appropriate.

The long-range goal is to obtain a prime vendor, or possibly two prime vendors, for items or processes. If government-owned depots are allowed to compete in this process, they may become the prime vendor. An example of this process is the Defense Energy Support Center (DESC) of the Defense Logistics Agency, the prime vendor for bulk fuel within DoD.

THE NATIONAL DEFENSE PANEL (NDP)

The National Defense Panel (NDP) was created and chartered by the same legislation that mandated the QDR. This legislation assigned the NDP the mission of providing the Secretary of Defense with an assessment of the QDR and then making recommendations for improvements and for additional matters to be

covered in the review.²¹ The Panel's assessment of the QDR in the areas associated with the Revolution in Business Affairs were generally complimentary. If anything, the Panel preferred to see the QDR take a more aggressive stance in this area and pursue greater improvements and efficiencies sooner.²²

The Panel fully endorsed the position of the Secretary of Defense that two additional BRAC rounds were required. It even went so far as to recommend that Congress grant permanent BRAC authority to the Secretary in order to "facilitate adjustments in the base structure as needs and forces change."²³

The NDP agreed with the Secretary's position on streamlining his headquarters and the Defense Agencies. They endorsed his commissioning of the Defense Reform Initiative to examine the department's structure and make recommendations for appropriate downsizing.

The Panel also agreed with the QDR that significant legislative impediments to progress should be removed in order to significantly improve the business practices of the Department of Defense. The Panel urged the Secretary to immediately "propose 'deregulation' legislation which would permit the Secretary to aggressively pursue the revolution in business affairs (RBA), freeing the Department from unnecessary cost and managerial overhead."²⁴

In its report to the Secretary, the Panel recommended several other matters. It recommended assessment of the resource risk

involved in the modernization program described by the QDR. The Panel suggested that this program posed more budgetary risk than the QDR acknowledged. The Panel recognized that the modernization plan depended upon achieving a constant \$60 billion procurement program by the year 2001. Achieving this goal and satisfying the Defense Strategy depended on several key assumptions, either specified or implied:

- Total Obligation Authority (TOA) would remain constant at \$250 billion.

- Two BRAC rounds would be approved, take place in a timely fashion, and yield expected savings.

- Legislative measures would be enacted that would pave the way for infrastructure reform, outsourcing, privatization and other measures that would realize projected savings.

- Acquisition reforms would continue to yield efficiencies and savings.

- The Reserve Components off-site results would not require additional unplanned funding.

The NDP regarded these assumptions as uncertain, collectively posing a budget risk that could undermine the entire Defense Strategy outlined in the QDR.²⁵

THE DEFENSE REFORM INITIATIVE

The Defense Reform Initiative resulted from the work of the Task Force on Defense Reform formed by Secretary Cohen in May 1997. This task force was formed as a result of the QDR. The Task Force was chartered to recommend organizational and management reforms and improvements to business practices within the Department of Defense, with particular emphasis on the Office of the Secretary of Defense and Defense Agencies.²⁶ This Task Force worked under the supervision of Dr. John Hamre, then Under Secretary of Defense (Comptroller); it included members experienced both in government service and also in corporate management and business.

The Defense Reform Task Force issued the Defense Reform Initiative Report in November 1997. This Initiative designated four pillars to support DoD's objective of becoming leaner, more agile, and more competitive:

1. **Reengineer** by adopting the best private sector business practices,
2. **Consolidate** organizations to remove redundancy,
3. **Compete** more functions to improve quality, cut costs, and make the Department more responsive, and
4. **Eliminate** excess infrastructure.

Thus the Initiative sought to identify and adopt those business practices proven effective by private corporations that

are applicable to DoD activities.²⁷ Further, it clarified DoD's approach for attaining goals set by the QDR.

ANALYSIS OF RBA INITIATIVES

The closure or realignment of excess defense infrastructure probably has the most measurable potential for savings. As a result of earlier base closure rounds in FY 88, FY 91, FY 93, and FY 95, DoD is expected to save \$5.6 billion a year starting in FY 02. Since the domestic defense infrastructure has not been reduced in proportion to personnel or total budget reductions since the end of the Cold War, there would appear to be significant room for additional closures to yield additional savings. Achieving these savings, however, will require Congressional approval of additional BRAC rounds. Whether Congress will approve such rounds depends on how strong a case the Secretary of Defense can make for the additional base closures. It does not appear that Congress will move forward on this issue during the current administration. In the meantime, the savings that have been realized should be immediately reinvested into the procurement budget. The Secretary should direct that the appropriation in which these savings occurred be reduced and the procurement budget be raised accordingly by an equal amount for FY99.

Logistics reengineering is another area where significant savings may be realized. Unlike base closures, however, the

savings here are more difficult to estimate. There have been reductions in defense stocks. From 1990 to 1994, DoD wholesale and retail inventory levels were reduced from \$104 billion to \$76 billion. This trend is expected to continue until 2001, when the inventory level is estimated to flatten at about \$55 billion.²⁸ This nearly 50 percent reduction should yield at least some overhead savings.

Most analysts agree that the military services have long relied on "iron mountains" or "just-in-case" logistics as their preferred method of maintaining readiness. American business realized a number of years ago that the economics of such systems were no longer viable. They have since significantly integrated supply and transportation systems in order to reduce reliance on stockpiles to keep production and business underway. Without doubt, the military can make some similar improvements. There is a difference, however, between commercial logistics and military logistics. A commercial enterprise whose logistics support is temporarily interrupted for any reason may have to idle a manufacturing plant and thus lose some revenue or suffer on the stock market. A military force, on the other hand, that experiences a break in their logistics flow may have to cease operations on the battlefield at a critical time. Then they may lose the initiative and their freedom of maneuver. In the most extreme of circumstances, delayed logistical support may cost

American lives. This is a much more serious loss than most businesses might incur.

A second problem with increased reliance on an integrated supply and transportation system is the system's reliance on communications and automation systems. In the continental United States, businesses such as Federal Express or United Parcel Service (UPS) freely advertise their package tracking systems and encourage customers to tie into those systems to keep track of their parcels. Federal Express and UPS can afford to rely on the established telecommunications network to support their customers' needs. The military, on the other hand, would be at a distinct disadvantage if they freely opened their network for such purposes. The consequences of an adversary's ability to dial into an open network and know when, where, and by what mode of transportation critical supplies are moving can be easily imagined — they would be catastrophic. Nonetheless, there is still room for savings, as long as proper security of the system is ensured.

Streamlining or reengineering the organization of the Office of the Secretary of Defense or DoD is another area where benefits might be realized. Again, the savings associated with such benefits are difficult to estimate. Most of the changes recommended in the Defense Reform Initiative Report are intended to improve the management of the Department and to better align functions and responsibilities. Few were recommended purely for

their positive impact on the bottom line. Some changes will result in savings: They were highlighted when the report was published. However, no specific dollar figures were given or associated with individual change recommendations.

The fourth major area for improved efficiency and cost savings identified in the QDR involved additional outsourcing. Again, Secretary Cohen did not elaborate in the QDR on how great a savings could be expected from additional outsourcing. The Task Force on Defense Reform reported that a savings of approximately \$6 billion could be expected over the next five years with annual recurring savings of \$2.5 billion per year thereafter. This estimate was based on the expected results of a number of privatization studies initiated in accordance with OMB Circular A-76 in FY 97.²⁹ This figure may be over-stated, as has happened previously with similar DoD estimates of savings. A Government Accounting Office (GAO) report on Defense Outsourcing echoes this doubt.³⁰ However, competition within DoD has already saved \$1.5 billion per year, according to the Defense Reform Initiative analysis. Again, the \$1.5 billion already saved should be immediately applied to the procurement budget for FY99.

In summary, it appears that although savings along the lines proposed by Secretary Cohen are possible, little concrete evidence has been provided on which to base realistic estimates of future savings. This uncertainty puts the future of Defense modernization efforts at some degree of risk. In fact, past

experience indicates that failure to achieve anticipated savings directly relates to increased expenditures in DoD's Operations and Maintenance (O&M) accounts. These increased O&M expenditures then correlate with decreases in procurement funds. Recent experience reveals that the FY 95 Future Years Defense Program (FYDP) projected FY 97 O&M expenditures at \$88 billion. By the FY 97 FYDP, this estimate had increased by \$1.2 billion (Figure 3).

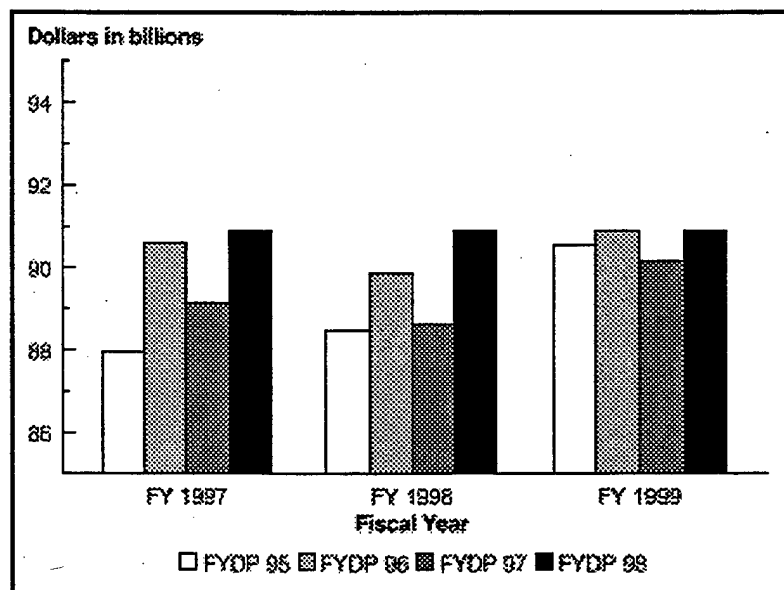


Figure 3: O&M Spending Estimates for FY 97-99³¹

As shown in Figure 4, Procurement spending for the same period was reduced. The FY 95 FYDP projected FY 97 procurement spending at \$49.8 billion. In FY 97, however, only \$38.9 billion was budgeted—more than \$10 billion less than had been projected only two years earlier.³²

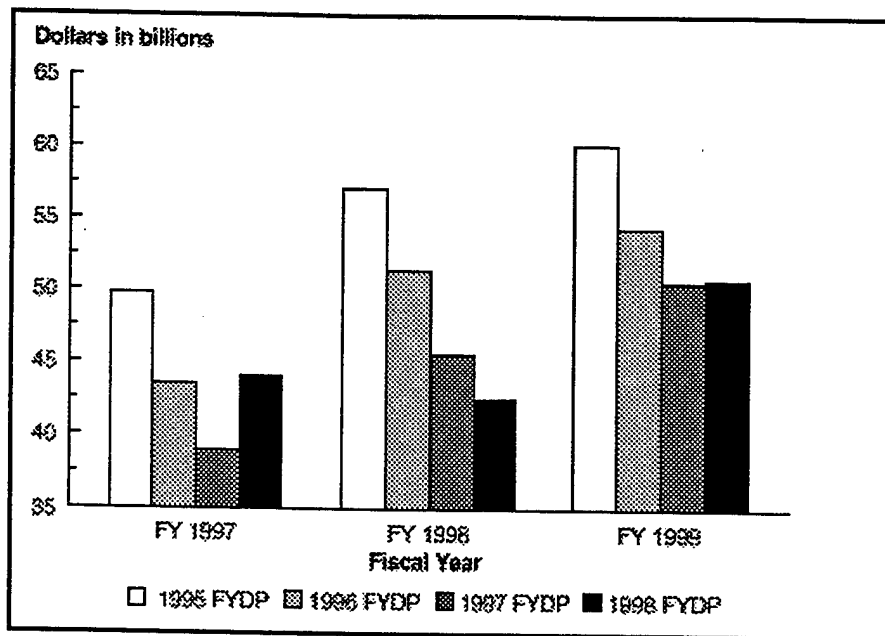


Figure 4: Procurement Spending Estimates for FY 97-99³³

The Secretary should seek special legislation that will authorize him to reinvest all direct savings obtained through RBA initiatives into the procurement budget. This authority would allow direct savings obtained by DoD to be immediately reinvested into multiyear procurement accounts and assure that the appropriation carried forward to future fiscal years. This authority could promote greater efficiency and provide DoD with a genuine incentive to make the required changes. Unless DoD can capture the savings attained through its Revolution in Business Affairs and place them into procurement accounts, the revolution will not have achieved its intended goal.

IMPACT ON THE ARMY AFTER NEXT

How might this Revolution in Business Affairs (RBA) affect the Army After Next (AAN)? How realistic are the estimates of

expected savings from embracing the revolution? The FY 99 Budget, proposed by President Clinton in February 1998, included provisions for Defense Procurement spending roughly equal to the levels proposed by the QDR. (See Table 1) If the previous experiences of DoD are any indication these figures are likely to change every year. Predictable budgetary shortfalls will probably result in less resources available for procurement of the equipment necessary to implement the modernization plans envisioned by the services.

	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
QDR Goal		49	54	60	61	62
Procurement	44.8	48.7	54.1	61.3	60.7	63.5

Table 1: DoD Budget Authority (\$ Billions)³⁴

If proposed procurement funding does not materialize as a result of insufficient savings from the Revolution in Business Affairs, serious detrimental effects should be expected on the Army's modernization plans. Planners should realistically anticipate a significantly increased timeline to complete modernization. This gloomy forecast is based partly on the assumption that any shortfalls in realized savings would be spread evenly among the services. Due to the nature of current procurement programs, it may be expected that the Army might bear the brunt of the shortages initially in order to keep some of the

other services' procurements on track. If this is the case, then some of the plans to extend the service lives of current Army systems may not be attainable. This would in turn effect the Army's ability to support the mid-term military strategy (Force XXI) as well as long-term modernization (AAN).

The Army needs to balance current operations in support of the near-term military strategy with its long-term modernization efforts. To insure resources are available to buy the modern equipment that will be needed for the Army After Next, it must make a serious effort to reduce near-term resource requirements. Put another way, if the resources projected by the QDR are not likely to be available, then the Army will have to look internally to free resources from other programs in order to insure its modernization. The Army is in a relatively good position to do this, since most major systems are currently in the middle of their expected service life. They will continue to be superior to those of any potential adversaries for the next ten to fifteen years.

To obtain the resources needed for future procurement, the Army must take a hard look at its own infrastructure and identify areas where efficiencies and savings might be found. Army leadership must assiduously work to break down the organization's cultural resistance to change. All areas of operations should be subject to review. None should be exempt.

The Secretary of the Army must recommend, in concert with the other service secretaries, that Congress ease the current legislative restrictions that inhibit privatization and outsourcing. Accordingly, they must seek authority for reinvestment of savings into procurement. This effort will require a significant amount of coordination with legislators and special interest groups. But this is the only way to achieve real efficiency. As long as the Defense budget is used as a means to satisfy personal legislative agendas for the benefit of the few, the national defense will not be properly served.

Army leadership must also clearly identify savings produced by changes in business practices. These figures can then be used to fight for the Army's fair share of future savings for modernization and procurement programs. If this does not happen, the Army After Next may find itself fighting a 21st Century war with the same equipment used by today's Army of Excellence. Can we get there from here? Certainly. If the budget remains steady as forecast and if there is a true reduction in operations and maintenance expenses, and if the funds saved are shifted to support the procurement of the equipment required by the Army After Next then we can get there from here. In the meantime, we must maintain a constant watch over expenses and constantly remind the leadership of DoD that true savings must be achieved.

(4,999)

ENDNOTES

¹ William S. Cohen, Secretary of Defense, Report of the Quadrennial Defense Review; available from <<http://www.defenselink.mil/pubs/qdr/sec7.html>>; Internet; accessed 21 January 1998. Pages 4-5.

² National Defense Authorization Act of 1996, Public Law 104-201, Section 923. Available from <http://www.defenselink.mil/topstory/quad_leg.html>; Internet; accessed 18 January 1998.

³ Summarized from pages 1 and 2 of Secretary of Defense William S. Cohen's remarks at the DoD News Briefing, Monday, May 19, 1997 - 2:30p.m. Subject: Quadrennial Defense Review; available from <http://www.defenselink.mil/news/May97/t051997_t0519qdr.html>; Internet; accessed 18 January 1998.

⁴ Ibid., Summarized from pages 2 through 4.

⁵ Ibid.

⁶ Briefing slide from Secretary of Defense William S. Cohen's DoD News Briefing, Monday, May 19, 1997 - 2:30p.m. Subject: Quadrennial Defense Review; available from <<http://www.defenselink.mil/photos/May1997/970519-D-0000M-004.html>>; Internet; accessed 19 January 1998.

⁷ Summarized from Page 13, Section III, William S. Cohen, Secretary of Defense, Report of the Quadrennial Defense Review; available from <<http://www.defenselink.mil/pubs/qdr/sec3.html>>; Internet; accessed 21 January 1998.

⁸ Briefing slide from Secretary of Defense William S. Cohen's DoD News Briefing, Monday, May 19, 1997 - 2:30p.m. Subject: Quadrennial Defense Review; available from <<http://www.defenselink.mil/photos/May1997/970519-D-0000M-006.html>>; Internet; accessed 19 January 1998.

⁹ Summarized from page 6 of Secretary of Defense William S. Cohen's remarks at the DoD News Briefing, Monday, May 19, 1997 - 2:30p.m. Subject: Quadrennial Defense Review; available from <http://www.defenselink.mil/news/May97/t051997_t0519qdr.html>; Internet; accessed 18 January 1998.

¹⁰ William S. Cohen, Secretary of Defense, Defense Reform Initiative Report; available from

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¹⁴ William S. Cohen, Secretary of Defense, Report of the Quadrennial Defense Review; available from <<http://www.defenselink.mil/pubs/qdr/sec8.html>>; Internet; accessed 22 January 1998. Pages 3-4.

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²³ Ibid.

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²⁶ Office of the Assistant Secretary of Defense (Public Affairs) News Release, Reference Number 238-97; available from <http://www.defenselink.mil/news/May1997/b051497_bt238-97.html>; Internet; accessed 22 October 1997. See also DoD News Briefing by Secretary of Defense Cohen, Wednesday, May 14, 1997 - 1:15p.m., Subject: Defense Reform Task Force; Available from <http://www.defenselink.mil/news/May1997/t051497_t0514coh.html>; Internet; accessed 22 October 1997.

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³⁰ General Accounting Office, Defense Outsourcing: Challenges Facing DOD as It Attempts to Save Billions in Infrastructure Costs (Washington, D.C.: U.S. General Accounting Office, March 12, 1997), 17-18. available from <<http://www.gao.gov/AIndexFY97/abstracts/ns97110t.htm>>; Internet; accessed 5 February 1998.

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