

## *Secretary of Defense Chuck Hagel's Six Focus Areas*

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- **Focus on institutional reform.**
  - Reform and reshape our entire defense enterprise
  - Direct more resources to military capabilities and readiness
  - Make organizations flatter and more responsive
- **Re-evaluate our military's force planning construct**
  - Question assumptions
  - Contingency scenarios should drive force structure, not the reverse
- **Prepare for a prolonged military readiness challenge**
  - Ensure nobody goes into harm's way unprepared: "our highest responsibility to our forces"
  - Consider some kind of a tiered readiness system
- **Protecting investments in emerging military capabilities**
  - Space, cyber, special operations forces, ISR
  - Maintain our decisive technological edge
- **Achieve balance**
  - Reconsider balance between: (1) capacity/capability; (2) active/reserve; (3) forward-stationed/home-based; (4) conventional/unconventional
  - Prioritize a smaller, modern, more capable military
  - Favor a globally active and engaged force over a garrison force
  - Better leverage the reserve component
  - Control areas of runaway cost growth
- **Personnel and compensation policy**
  - Make serious attempts to achieve significant savings in this area
  - Need Congress as a willing partner

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“**First**, we will continue to focus on **institutional reform**. Coming out of more than a decade of war and budget growth, there is a clear opportunity and need to reform and reshape our entire defense enterprise – including paring back the world’s largest back-office. A first step we took this summer was to announce a 20 percent reduction in headquarters budgets across the Department, beginning with the Office of the Secretary of Defense. Our goal is not only to direct more of our resources to real military capabilities and readiness, but to make organizations flatter and more responsive to the needs of our men and women in uniform.”

“**Second**, we will **re-evaluate our military’s force planning construct** – the assumptions and scenarios that guide how the military should organize, train, and equip our forces. I’ve asked our military leaders to take a very close look at these assumptions, question these past assumptions, which will also be re-evaluated across the services as part of the QDR. The goal is to ensure they better reflect our goals in the shifting strategic environment, the evolving capacity of our allies and partners, real-world threats, and the new military capabilities that reside in our force and in the hands of our potential adversaries. We must make sure that contingency scenarios drive force structure decisions, and not the other way around.”

“A **third** priority will be **preparing for a prolonged military readiness challenge**. In managing readiness under sequestration, the Services have rightly protected the training and equipping of deploying forces, to ensure that no one goes into harm’s way unprepared. That is our highest responsibility to our forces. Already, we have seen the readiness of non-deploying units suffer as training has been curtailed, flying hours reduced, ships not steaming, and exercises being canceled. The Strategic Choices and Management Review showed that the persistence of sequester-level cuts could lead to a readiness crisis, and unless something changes we have to think urgently and creatively about how to avoid that outcome – because we are consuming our future readiness now. We may have to accept the reality that not every unit will be at maximum readiness, and some kind of a tiered readiness system is, perhaps, inevitable. This carries the risk that the President would have fewer options to fulfill our national security objectives.”

“A **fourth** priority will be **protecting investments in emerging military capabilities** – especially space, cyber, special operations forces, and intelligence, surveillance and reconnaissance. As our potential adversaries invest in more sophisticated capabilities and seek to frustrate our military’s traditional advantages – including our freedom of action and access – it will be important to maintain our decisive technological edge. That has always been a hallmark of our armed forces, even as war has remained – and will remain – a fundamentally human endeavor. War is a fundamentally human endeavor.”

“Our **fifth** priority is **balance**. Across the services, we will need to carefully reconsider the mix between capacity and capability, between active and reserve forces, between forward-stationed and home-based forces, and between conventional and unconventional warfighting capabilities. In some cases we will make a shift, for example, by prioritizing a smaller, modern, and capable military over a larger force with older equipment. We will also favor a globally active and engaged force over a garrison force. We will look to better leverage the reserve component, tempered by the knowledge and experience that part-time units, in ground forces especially, cannot expect to perform at the same levels as full-time units, at least in a conflict’s early stages. In other cases, we will seek to preserve existing balance, for example, by trying to control areas of runaway cost growth.”

“And our **sixth** priority is **personnel and compensation policy**. This may be the most difficult. Without serious attempts to achieve significant savings in this area – which consumes roughly half of the DoD budget and is increasing every year – we risk becoming an unbalanced force. One that is well-compensated, but poorly trained and equipped, with limited readiness and capability. Going forward, we will have to make hard choices in this area in order to ensure that our defense enterprise is sustainable for the 21<sup>st</sup> century. Congress must permit meaningful reforms as they slash the overall budget. We will need Congress as a willing partner in making tough choices to bend the cost curve on personnel, while meeting all of our responsibilities to all of our people.”