

## Executive Summary

In his book, *Leading Change*, business expert John Kotter observed, "The typical twentieth-century organization has not operated well in a rapidly changing environment. Structure, systems, practices, and culture have often been more of a drag on change than a facilitator. If environment volatility continues to increase, as most people now predict, the standard organization of the twentieth century will likely become a dinosaur." Kotter's observation applies to the Office of the Secretary of Defense, a 1960's style organization which has changed little despite dramatic alteration of its environment.

In its 1995 report, *Directions for Defense*, the Commission on Roles and Missions of the Armed Forces recommended that DOD "conduct a broad-based review of OSD responsibilities." Subsequent congressional guidance in section 901 of the FY96 Defense Authorization Act directed the Secretary of Defense to "conduct a further review of the organizations and functions of OSD . . . and the personnel needed to carry out those functions." Without waiting for the results of such a study, the Congress prescribed in related provisions of law a 25-percent reduction in OSD manpower by 1999 from a 1995 baseline. The need to prepare a report to the Congress and develop plans for personnel reductions are the proximate causes for a review of OSD roles and functions.

The Deputy Secretary of Defense retained Hicks & Associates to study the roles and functions of the Office of the Secretary of Defense. Goals for the study included assessing institutional trends in OSD, identifying organizational problems and their causes, and projecting leadership requirements and their organizational implications. The Deputy Secretary established defining OSD's role as the study's overarching objective. Beyond this central task, he wanted the effort to focus on other top leadership issues. The study was expected to offer broad organizational alternatives, lay the groundwork for how and where OSD might evolve, provide strategic direction for programmed manpower reductions, and develop the information necessary for a Department of Defense (DOD) response to the congressional reporting requirement on this subject.

A four-member study team reviewed literature on the organization of OSD and related subjects and interviewed nearly one hundred current and former OSD, Joint Staff, and military department officials. Eight outside advisors with extensive national security and defense experience reviewed and supplemented the study team's work.