SECRETARY OF DEFENSE
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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
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ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Force of the Future: Maintaining our Competitive Edge in Human Capital

The Force of Today is widely acknowledged as the best in the world, reflecting the ideals of a high-quality, all-volunteer force; the thorough integration of active and reserve components and supporting government civilians; the strength of seamless, multi-domain Joint operations; a focus on force care and wellness, with a priority on wounded warrior care; and sustained operational excellence as demonstrated in the wars in Iraq and Afghanistan these past 14 years. Accordingly, in this ever changing environment, one of my top priorities is to ensure the Force of the Future remains as great as the Force of Today, especially in terms of our most important competitive edge—*our people*. One important way to do this is to update and adapt the Department's active and reserve military and civilian personnel systems to account for new conditions affecting workforce markets, generational change, and innovative new practices in people and talent management, while retaining the professionalism, rigor, and tradition required for an institution charged with defending our Nation's interests. By making these changes now, we will ensure that the Department's future military and civilian members remain the very best in the world.

With this is mind, I directed Brad Carson, Acting Under Secretary of Defense for Personnel & Readiness, to examine the Department's civilian and military personnel practices and to identify creative and modern ways to upgrade our systems and processes. I tasked him to explore ways to increase the Department's *permeability* to new people and ideas, between its own internal components and with the private sector; improve our ability to attract new talent, recognizing that the *recruitment* of successive generations will likely require new approaches; improve *retention* incentives in a tightening labor market, and adapt current practices to attract current and future generations that may take a more transient approach to professional advancement; and modernize

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our *talent management* systems and processes to reflect best practices and new technology opportunities.

To meet my intent, Brad has led an ambitious and trenchant effort over the past five months, which included meeting with Department, government, and private sector experts. Brad and his team exceeded my expectations, providing a package of bold proposals that could change Departmental personnel policies and procedures in unprecedented ways. Several of these proposals expand on what the Services are already doing to modernize their personnel practices, but others are new and complex, and require additional study to ensure they are implemented in a deliberate and durable manner.

I therefore directed the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff to lead a Force of the Future Implementation Group to examine each individual proposal through several different lenses. For example, I asked them to assess a proposal's impact on warfighting readiness and the development of Joint operational excellence, and to identify its projected costs. I also charged them to ensure that the combination of any recommended proposals maintain a tightly knit Total Joint Force. Finally, I directed them to work as quickly as possible, with a goal of completing their review no later than December 15, 2015.

The first meeting of the Implementation Group was on October 9, 2015. The Group has met twice a week since then, working through the nearly 80 proposals and sub-proposals developed by A/USD(P&R), in close coordination with the three Military Departments and four Services. Based on their recommendations, I have approved the following initiatives designed to improve the Department's permeability to new people and ideas:

- An expansion of the corporate fellows program to increase the number of service members with experience in the commercial sector;
- Enhancements to current internship programs;
- The establishment of the Defense Digital Services to increase the Department's digital innovation by leveraging expertise in the private sector;
- The establishment of a task force to streamline the transition process and procedures between the Active and Reserve Components;
- Develop a process to better collect civilian skills extant in the Reserve Components;
- Request Congress to remove pilot restrictions associated with the Services' Career Intermission Program
- The designation of a Chief Recruiting Officer; and
- The establishment of an Entrepreneur-In-Residence Program

These efforts compliment many initiatives that I have already instituted and are well underway, such as pursuing a deeper partnership with the innovative technology sector through the stand-up of the Defense Innovation Unit-Experimental; establishing a new relationship with In-Q-Tel to tap into and leverage the vibrant venture capital community; revamping the Department's conference policy to ensure our people are receiving the newest and most innovative information in their fields; supporting Lean-In Circles across the Department to stimulate new ideas for women in service; and establishing an information exchange with the World Economic Forum.

I have also approved a variety of initiatives that continue to improve the Department's overall retention and talent management by:

- Conducting a comprehensive study for the purposes of better aligning basic and special pays with the principles of talent management
- Implementing the blended retirement system as soon as the FY16 National Defense Authorization Act is passed
- Piloting a transparent, talent-based assignment matching system;
- Establishing Military Department Centers of Excellence to improve the assignment processes through better talent-based assignment matching
- Implementing an exit survey in the Transition Assistance Programs to better understand retention trends
- Conducting semiannual briefings to senior leaders on the race and gender profiles of the Services
- Establishing doctoral-level degrees in Strategy or similar PhD programs at National Defense University and Service War Colleges or postgraduate schools
- Supporting increased use of telework, hoteling, and co-working; and create prototype "innovation lab" collaboration spaces

Similarly, I have approved the following studies that will further assist us in improving our recruitment processes and practices for the military and civilian workforces with the aim of making identified changes in 2016:

- Study on replacing certain billets in the generating forces with Reserve component full-time support personnel
- Study demographic and familial concentrations in military recruiting
- Study on the impact of rewarding military recruiters

These first initiatives are just the beginning of a broad-based effort to maintain our competitive edge in our military and civilian forces. As for the remainder of the proposals not yet approved, I will announce new initiatives as they are ready for execution. In the meantime, as the Department's primary oversight organization for personnel issues affecting the military and civilian workforce, modernizing the Office of the Under Secretary of Defense for Personnel and Readiness to match the expectations of the current and future workforces is an important and necessary first step. I am therefore authorizing Brad Carson to pursue a significant resource neutral organizational change to Personnel and Readiness that is focused on supporting this effort over time.

The Chairman and I will meet periodically with the Implementation Group, the Services, and civilian leadership to ensure we achieve the intent of this important initiative. This important work will better position the Department to continue to attract and retain the best possible Force of the Future.

Ash Carter

cc:
Deputy Secretary of Defense