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STATEMENT OF  
SECRETARY RICHARD V SPENCER  
U.S. NAVY  
SECRETARY OF THE NAVY

BEFORE THE  
HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON READINESS  
AND  
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES  
ON  
SURFACE WARFARE: AT A CROSSROADS  
JANUARY 18, 2018

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Chairmen Wilson and Wittman, Ranking Members Bordallo and Courtney, and distinguished members of the committee, thank you for the opportunity to appear before you today to discuss the current state of the surface Navy. Nothing is more important to me than the readiness and warfighting capability of our Fleet and the safety of our sailors.

As you are well aware, 2017 was a particularly challenging year for the United States Navy surface fleet. As a result of two major incidents, we lost 17 Sailors. These Sailors will not be forgotten, and our Navy stands in solidarity in support of their families. We stay in touch and support our Navy and Marine Corps team and family members and will continue to do so. And while it pales in comparison to the tragic deaths of our shipmates, the Navy also lost the use of three critical ships for an extended period and incurred hundreds of millions of dollars in unexpected costs.

I appear before you today to share what we learned through two reviews and how we will prescribe remedial action to ensure that we will not repeat actions of the past. I commit to you that we are working with a sense of urgency to correct issues, reestablish a culture of safety and respect to support sustainable operations, and ensure we continue to provide the Nation a ready and lethal Navy.

Following these tragic incidents, the Vice Chief of Naval Operations and I both directed mandatory reviews. The Comprehensive Review focused on the causal factors and contributing conditions at the tactical and operational levels, while the Strategic Readiness Review examined systemic issues and root causes across the Fleet and over time. The action plan to implement the Comprehensive Review's recommendations is underway and off to a good start; however we are also committed to going after and fixing the systemic issues and root causes that resulted in our current situation.

The Strategic Readiness Review took a 90 day look at the Navy's overall past performance, with specific focus on the stresses on the force and the overall culture of operational risk management, training, and organization. The team included service and industry experts who had experience with investigations of major incidents in other contexts, in order to leverage their knowledge of best practices from previous lessons learned efforts.

The Strategic Readiness Review team's assessment determined that today's readiness deficiencies are not traceable to any single policy or leadership decision, but rather the cumulative effect of well-meaning decisions that were designed to achieve short-term operational goals. Those decisions unfortunately produced unintended, and unacceptable, negative consequences which degraded long-term operational capabilities.

The Strategic Readiness Review offers four main recommendations:

- 1) Reestablish readiness as a priority
- 2) Match force supply and demand
- 3) Establish clear command and control relationships; and
- 4) Become a true learning organization

These recommendations provide us guideposts in order to move forward and implement the needed corrective actions within the Department of the Navy. We are doing so with a sense of urgency.

The Strategic Review team concluded that Navy leaders gradually accepted greater risk to accomplish assigned missions. Standards designed for safe and effective operations were relaxed to meet operational and fiscal demands, which led to a continuous accumulation of risk. The normalization of acceptance of increased risk derived by deviations from our standards must be corrected.

As we move forward, we are working with leadership across the Navy and Marine Corps to digest the accepted recommendations and determine how best to implement these corrective actions. Most of the Strategic Readiness Review's specific recommendations align with those of the VCNO's Comprehensive Review, though there are a few that differ. The CNO, CMC, and I are discussing these differences and gathering further data to inform our decisions on the best path forward for the Department of the Navy.

While implementation has already begun, success will not be attained overnight. We will improve readiness by ensuring Sailors and Marines have the time they need to conduct training and the resources required to accomplish needed maintenance and repairs. In order to protect readiness, we will carefully balance Combatant Commander requests with Navy resource constraints. Improved readiness will in turn lead to

increased operational capability. As part of rebuilding a culture of prudent risk management, we will be establishing clear command and control relationships that stress responsibility and accountability in how we prepare forces for combat.

As we attack these challenges, we will recommit ourselves to becoming a true learning organization. We will build feedback mechanisms to ensure past mistakes and behaviors, once corrected, are not permitted to reoccur.

Military operations are inherently risky. Human error will always be a factor. Equipment will eventually fail, seemingly at the worst of times. What we need is widespread use of objective, qualitative and quantitative data – leading indicators - to identify potential risks and to inform decision making rather than relying on lagging indicators gathered after the risk has occurred. By taking leading indicators into account, we can better understand complex underlying problems and address them directly, rather than just the symptoms. We must then institutionalize the knowledge and processes gained through the learning process to change as an organization in a never ending cycle of improvement.

Many of the Reviews' recommendations are within my purview as Secretary of the Navy to implement; those are our first targets. Some of the more complex recommendations will require coordination with the Office of the Secretary of Defense. Some of the recommendations will require Congressional support to implement; in those cases, I know I can count on your support.

It is critical to note that the lessons learned through the Comprehensive and Strategic Readiness Reviews will not be limited to the surface force, but rather to the entire naval enterprise. We will be proactive in assessing conditions across the Navy-Marine Corps team and apply lessons learned and processes introduced as required to prevent future tragedy, increase readiness and improve warfighting capability.

With the assistance of all the stakeholders, we will continue to grow our competitive advantage. The United States Navy-Marine Corps team is still the most ready, capable, and lethal force in the arsenal. However, we are acutely aware that there is always room for improvement, and we are leaning forward to learn. As we stand with the families of the fallen, we act with a sense of urgency, fully aware of the scope and importance of the challenges before us. While ultimate responsibility lies with me, I

need your help and always welcome your advice and counsel as we increase readiness, warfighting capability and lethality. I look forward to working with you, and answering any questions you might have.