

THE PENTAGON'S “FORCE OF THE FUTURE” REINVENTS HIRING

By Brad Carson, Greg Mallory, and Mel Wolfgang

ON JUNE 9, 2016, US Secretary of Defense Ashton Carter announced the latest and culminating parts of his sweeping reforms to the Pentagon's antiquated personnel system. Carter's efforts to modernize the human resources practices of the US Department of Defense (DoD) will reshape the federal government's largest agency. The influence of what has become known as the Force of the Future, however, will be felt far beyond the Pentagon and will reach deeply into the private sector and even into other countries.

This once-in-a-generation overhaul of the personnel system in the DoD will take years, and it will extend over the terms of several defense secretaries. But, in the past few months, the intellectual groundwork has been laid, and the scaffolding of the future system is clearly visible. The revamped system will be characterized by greater flexibility, deeper interaction with the private sector, more individualized development plans, and the use of information technology and data analytics to match the right people with the right job, predict retention

patterns, and improve recruiting efficiency. It will create a military that partners with private companies, allowing personnel to move between military service and the private sector, and it will de-emphasize promotions based solely on seniority.

The Challenges

The DoD is the world's largest employer: more than 700,000 civilians and more than 2 million men and women in uniform are on its payroll. An additional 600,000 contractors augment this permanent workforce and provide important goods and services to the DoD. It is a vast enterprise.

The DoD's challenge, as Carter noted when he took office, was not simply a matter of meeting its annual recruiting numbers. Too many of the DoD's most outstanding young officers, frustrated with a calcified bureaucracy, were leaving the military. The DoD also was struggling with how to recruit people who had rarefied skills, such as those related to information technology, in the face of lucrative private sector alternatives.

Yet while these were significant and vexing problems on their own, they were also symptoms of a more serious issue. The DoD did not know its employees very well. It had no information on why people joined or why they left, and it was struggling to identify the diverse talents and skills that will be required for success in the 21st century. Clearly, change was needed.

Slow to Change

The DoD has been slow to recognize the private sector changes in human resources. Current law, policy, and practices for military personnel are based on reforms that were introduced in 1947. Career milestones—assignments, promotions, and retirements—are driven mostly by a seniority-based system that moves people up or out on the basis of their length of service. For civilian personnel, employment rules are even more archaic, having changed little since 1883, when the assassination of President James Garfield brought an end to the spoils system.

Carter recognized that the DoD's personnel system, whatever its past successes, had to adapt to the complexity, specialization, and devolution of authority that increasingly characterize the modern world and modern warfare. He believed that the personnel system did not provide the flexibility needed to recruit, develop, and retain talent. Nor did it provide a workplace in which employees could balance work and family. He lamented that the drive for diversity had neither fundamentally changed the culture within the DoD nor encouraged the development and inclusion of a wide variety of experiences and perspectives in senior-level policy development. He also identified the failure of the DoD to embrace the innovation in information systems and data analysis that allow so many private sector firms to adroitly engage today's workforce.

The DoD Enters the 21st Century

In a series of historic announcements, Carter has fundamentally changed the DoD's personnel system.

For the military, he instituted new partnerships with industry, enabling officers to work with America's leading companies for extended periods, even as long as a year. He also broadened sabbatical programs so that midcareer personnel could pursue a variety of individual development opportunities, such as advanced schooling and raising a family. Maternity leave was increased, and new fertility treatments offered. He ended the tyranny of seniority-based promotions, moving instead to advancement based on the acquisition of needed competencies. Working with Congress, Carter has sought to expand lateral entry, in which civilians with needed expertise can easily enter the military at a position commensurate with their experience and abilities. A new doctoral program in strategy is being established, and the military is being encouraged to send its best officers to civilian graduate schools for professional education.

For civilians, Carter has urged more flexibility in pay and benefits, so that the DoD can compete with the private sector in hiring. He has also sought ways to increase what he calls permeability among the private sector, academia, and the DoD. New fellowships, expedited hiring authorities, and temporary assignments in offices such as the Defense Digital Service are integrating the DoD with various nongovernment entities. Carter is trying to invigorate career development processes for civilian employees at the DoD, offering opportunities for skills development and an explicit understanding about paths to advancement. He has also initiated new programs to recruit young people into civil service careers.

What It Means for the Public and the Private Sectors

For the public sector, the Force of the Future will lead to several changes, notably:

- **An Overhaul of the Civil Service.** The DoD's reforms have triggered an examination of the entire federal civil service system. Given that almost one-third of all federal employees work in the DoD, its views are extraordinarily influential, and there is a growing

realization that the civil service system is inadequate for effective government. It is opaque, inefficient, and inflexible. Big changes are likely in the next few years for all agencies.

- **Imitation by Other Countries.** Some countries, including the UK and Australia, are closely following the progress of the Force of the Future initiative. These countries' defense ministries face many of the same demographic and psychographic challenges as those in the US, and they are considering a more flexible and individualized approach to personnel. Each will pursue variations on the Force of the Future themes, with small alterations appropriate for their missions, budgets, and cultures.

The private sector must account for changes in how the DoD and the rest of the government approach human resources. Several points are salient:

- **Greater Intermingling of Employees with the Public Sector.** Private companies and government agencies will have more opportunities to exchange employees. The government will adopt the innovative business practices of America's leading companies, from supply chain management to capital budgeting. The companies, for their part, will gain greater familiarity with how the DoD and the military really work. This reciprocity will become more pervasive and may draw the cultures of the DoD and the private sector closer together.
- **Opportunities for Companies to Partner with the DoD and Other Government Agencies.** As the DoD and the rest of the public sector increase fellowships, sabbaticals, and other opportunities for private sector experience, smart companies will offer programs that will attract civilian employees and military officers. Well-designed programs can bring together up-and-coming public sector leaders and their private sector counterparts. The private sector can learn from the DoD's renowned operational excellence and

sense of mission; the DoD and the rest of government can learn new planning techniques, human resources programs, and alternative styles of leadership from the private sector.

- **More Competition for Talent.** Private sector employees will find job opportunities in the DoD easier to access, while DoD employees will be more likely to follow a career that includes jobs in government agencies and private sector companies. As a result, the career trajectories of employees in the public sector will begin to resemble those of the private sector more closely. This means that companies in the defense industry will have to work aggressively to keep their best talent. As more people with government experience move in and out of private sector positions, the workforces in both the public and the private sectors will improve.
- **The Friction of Change in the Public Sector.** Whatever their inadequacies, the public sector's employment policies are well known to the private sector. Change at the DoD and other agencies will lead, at least for a time, to uncertainty, ambiguity, and confusion. Unions might object, employees might resist, and legal challenges could delay progress. If the public sector does not manage these changes well, the private sector will feel the effects.

An Opportunity for a Defense Talent Alliance

For chief human resources officers in the private sector, particularly those of defense contractors and others with a heavy mix of government work, these changes represent an opportunity to develop a talent advantage over their competitors. The companies that are first to adapt to the increased collaboration between the public and the private sectors are most likely to capture the most talented employees.

Silicon Valley, for example, has created the densest pool of technology talent, and a significant strength of that talent pool is the

diversity of experience that employees collect in just a few years. As Reid Hoffman, Ben Casnocha, and Chris Yeh point out in their book, *The Alliance: Managing Talent in the Networked Age*, job assignments in the technology sector are viewed as “tours,” at the end of which employees rotate onto another tour, often at another company. This practice is widely accepted across Silicon Valley. Heavy rotation keeps people motivated and sparks innovation as new hires introduce fresh ideas.

The Force of the Future creates an opportunity for the DoD to join in similar alliances with the private sector, sharing and capitalizing on top ideas and talent. However, challenges exist on both sides. Private sector organizations outside the defense sector, especially technology companies, have been wary of entering into contracts with the DoD. For example, after acquiring Boston Dynamics, which held extensive contracts to develop robots for the military, Google announced that it had no desire to continue defense work. At the same time, the shifting allegiances of Silicon Valley employment may clash with the loyalty-based culture of the DoD.

If these cultural differences can be overcome, however, defense companies and others in the private sector may be able to generate substantial value by gaining an edge in the competition for top talent.

The Outlook for the Force of the Future

Successful organizations, no matter their mission, know that the task of taking care of people never ends. Thus the future should bring more incremental, persistent change rather than wholesale changes in the personnel system. Each year, the rules must be examined, revised procedures put in place, and old policies modified or abandoned. The DoD’s new approach is less about specific policies than about a belated acknowledgement that human resources practices must evolve just as society does. Given the DoD’s size and importance, its efforts will have consequences for both the public and the private sectors. But the impulse behind these reforms is one that should be well heeded by every leader, no matter the organization.

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