



# CNO Guidance for 2002

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## **Fight and Win!**

*We are the greatest Navy in the world and we are getting even better. The United States Navy will be a highly-skilled, operationally agile, and combat-ready force that enhances stability, deters conflict, and triumphs over all threats in all environments.*

### **Introduction**

On 11 September 2001, *USS Enterprise* was returning from deployment when satellite television provided tragic images of deadly attacks at home half a world away. Within moments, the "Big E's" rudder swept over and, exploiting the forward presence and mobility unique to naval forces, headed for the Arabian Sea. By the next morning, *Enterprise* was within reach of Afghanistan, ready to launch and sustain precision strikes against dispersed enemies hundreds of miles from the sea.

*Enterprise* was not alone in taking prompt action. *USS Carl Vinson* steamed at high speed to join her on station while surface combatants and submarines prepared *Tomahawk* missiles for long-range strikes. *USS Peleliu's* Amphibious Ready Group cut short a port visit to Australia and sailed toward the Arabian Sea. *USS Kitty Hawk* prepared to leave its homeport in Japan, to serve as an innovative Special Operations support platform. At home, shipmates saved shipmates in the Pentagon and swiftly reestablished command and control. *USS George Washington* and *USS John C. Stennis* took station off the east and west coasts of the United States along with more than a dozen cruisers and destroyers, guarding the air and sea approaches to our shores. Shortly thereafter, *USNS Comfort* and *USNS Denebola* arrived in New York City to support firefighters and recovery workers.

In the weeks following 11 September, naval forces led the way. Carrier strike packages in conjunction with U.S. Air Force bombers and tankers flew hundreds of miles beyond the sea, destroying the enemy's ability to fight. Sustained from the sea, U.S. Marines, Navy SEALs, Seabees, and Special Operations Forces worked with local allies to free Afghanistan from the Taliban Regime and al Qaeda terrorist network.

Presence...Power...Precision. Our Navy's response to the events of 11 September is testimony to the dedicated service of our Sailors. It also underlines the mobility, lethality, and reach of naval forces. Most importantly, it shows our dedication to mission accomplishment. We stand ready to fight and win!

### **Where We Are Today**

Before charting the way ahead for 2002, let us take a fix of our current position. The readiness of our Fleet rests on innovative leaders focused on improving five key areas: Manpower, Current Readiness, Future Readiness, Quality of Service, and Organizational Alignment.

Impressive progress made in each of these areas serves as the foundation of our operational success.

**Manpower.** Our Navy needs talented young Americans who want to serve their nation and make a difference. The key words here are "serve" and "make a difference!" In return for their service, we offer them rich opportunities for leadership and growth. We have repeatedly challenged Navy leaders to recruit, retain, and motivate such professionals. The results have been encouraging:

- More and more young Americans want to join our Navy. Recruiting goals were met in 1999, 2000, and 2001, allowing Battle Groups to deploy with record levels of manning. The "Accelerate Your Life" recruiting campaign is outperforming the previous recruiting web site by 24%. Record numbers of A-School seats are filled, providing better trained Sailors to the Fleet.
- Our Sailors are staying Navy. Last year was a record year for retention. We are retaining 57% of all eligible Sailors at the end of their first enlistment, 68% of Sailors with 6-10 years of Service, and 84% of Sailors with 10-14 years of Service.
- More Sailors are being advanced. 1,512 more Sailors were advanced last year than the year before.
- Our leaders are making progress in combating attrition. There were 8.5% fewer first-term attrites in FY01 than the previous year.
- We are reaching out to our valued professionals. A BUPERS initiative, the Detailer Communications Program, has a goal of contacting 100% of Sailors entering a 10-month window for orders. Last year, we successfully contacted 92%. Additionally, 35 Career Decision Fairs were sponsored by the Center for Career Development, engaging over 20,000 Sailors and family members.
- We are steadily improving force protection. We will increase the number of force protection-related professionals in the Fleet (MAA, EOD, Mobile Security Force, etc.) from 9,800 today to nearly 13,000 by the end of FY02, working toward a goal of nearly 17,000 by 2007, thereby easing the burden on other Sailors.

**Current Readiness.** The success of our Fleet in the war against terrorism attests to progress made in current readiness. Our Sailors were ready on 11 September; they had the tools they needed. However, challenges remain. We are working hard to redress the shortfalls in training, spare parts, ordnance, and fuel that have burdened our Fleet for too long. The FY02 budget is the best readiness budget in a decade.

- More readiness money is flowing to the Fleet. FY02's budget adds over \$5 billion dollars to readiness accounts over FY01 levels, including:
  - \$782 million for increased flying hours,
  - \$487 million for procuring aviation spare parts,
  - \$201 million for enhanced aviation maintenance,
  - \$706 million for additional ship operations and maintenance, and
  - \$680 million for installation maintenance and operations.
- We are investing in combat readiness. Fifty percent of all additional funding the Department of the Navy will receive in FY02 will be devoted to enhancing current readiness, while 25% will be directed toward Research and Development. We are investing in critical technologies for Navy transformation.

**Future Readiness.** I am excited about the capabilities our Navy is developing. We are taking important steps to improve our Navy's warfighting performance:

- Ships and aircraft joining the Fleet are the best in the world. In 2001, *Ronald Reagan* was christened and *USS Iwo Jima* was commissioned. Production is gearing up on more *Arleigh Burke*-class destroyers, *Virginia*-class submarines, FA-18 E/F strike fighters, MH-60S helicopters, and other outstanding programs. This year also saw the signing of the Joint Strike Fighter contract. This aircraft will introduce important new capabilities into the Fleet due to its increased range and stealth.
- We are dedicated to innovation. We are proceeding with the DD(X) program, building on DD21 research and development. DD(X), along with CG(X), and the Littoral Combat Ship (LCS), will introduce complementary technologies for 21st century warfighting success.
- We are pressing ahead with ground-breaking capabilities. These include Cooperative Engagement Capability (CEC), the E-2 Radar Modernization Program, Tactical Tomahawk, Active Electronically Scanned Array (AESA), Advanced Targeting Forward-Looking Infrared (ATFLIR), Advanced Rapid Commercial Off the Shelf Insertion (ARCI), and the Enhanced Range Guided Munition, to name just a few.
- We are making substantial investments in Research and Development. Over \$10 billion will be devoted to Navy R&D in FY02. Only Operations and Manpower accounts are allotted more money.
- We are realizing the potential of Network Centric Warfare:
  - Cooperative Engagement Capability (CEC) successfully completed OPEVAL in May 2001,
  - IT-21 is in 182 of our ships,
  - Link 16 is in the Fleet, and
  - Navy-Marine Corps Intranet is integrating the information backplane of the Naval Service.

***Quality of Service.*** Quality of service for our Sailors is a top priority. This includes an attractive quality of life for Navy families with better pay, health care, and housing. It also includes providing our Sailors with a work environment of which they can be proud. We have a great deal to do in this area, but are making progress.

- Pay is improving. This year, Congress passed the biggest overall pay raise since 1985. Pay was raised for all hands by at least 3.7% in FY01 and 5.0% in FY02.
- We are compensating our people for valuable experience and skills. Special pay, bonuses, and targeted pay raises have been approved to keep our profession competitive.
- Out-of-pocket housing costs have been reduced dramatically for every Sailor and family. BAH was raised by 21% in some homeports last year and it will be increased by as much as 36% in some locations this year.
- Career Sea Pay has been enriched. All Sailors now receive sea pay from the moment they cross the brow. Together, the pay raise, enhanced housing allowance, and improved Career Sea Pay will put \$1 billion dollars into the pockets of Sailors over the next 12 months.
- Sailors can now better invest in their own future. The new Thrift Savings Plan provides a tax-deferred wealth-building vehicle to supplement the traditional military retirement plan.
- We are dedicated to a Revolution in Training. Task Force EXCEL is re-engineering the way we learn, to ensure all Navy Sailors benefit from a career-long continuum of learning.

- Quality housing is a priority. We invested over \$1 billion last year — and will invest another billion this year — to fund over a thousand homes and improve another two thousand units. We also programmed construction of nearly five thousand new barracks spaces.

**Organizational Alignment.** Mission accomplishment is what we are all about -- that's the main thing. To improve mission accomplishment, we have undertaken some important alignment initiatives aimed at helping us communicate better, capture efficiencies, and enhance combat readiness.

- We have strengthened the warfighting focus of the Navy Staff. This includes assigning a Vice Admiral as Director, Navy Staff and establishing a Deputy CNO for Warfare Requirements and Programs (N7), to better integrate Fleet requirements and spearhead transformation. We dedicated a significant portion of the Navy Staff to Fleet Readiness and Logistics (N4), to better support the waterfront. We also stood up the Navy Operations Group (NOG) to provide innovative and transformational ideas for the support of combat operations.
- We are improving Fleet integration and standardization. Commander, U.S. Fleet Forces Command (CFFC) was created to integrate policies and requirements for manning, equipping, and training all Fleet units during the IDTC.
- We have returned community leadership to the waterfront. Fleet Type Commanders (Fleet TYCOMs) were created to advise CFFC of vital issues such as modernization needs, training initiatives, and operational concept development.
- We are improving support to Navy experimentation. Navy Warfare Development Command has been placed under CFFC to increase the Fleet's focus on innovation and experimentation.
- We are expanding support to the Fleet. New officer communities were established in 2001 that focus on Human Resources and Information Professional specialties.

## Leadership Guidance for 2002

We are at war against terrorism — a war we will win! In that fight, I am counting on each of you to lead. I expect initiative, innovation, and careful investment in our plans and our people. We all have a role to play. But even the best leaders need guidance to help shape their efforts. Therefore, the following guidance is provided to enhance our dedication to mission accomplishment and the growth and development of our Sailors.

**Manpower.** We are winning the battle for people but important challenges remain. Officer retention in all line communities is below required levels and recruiting shortfalls exist in officer specialty areas and critical enlisted ratings.

Attrition is our number one manpower challenge. No one joins the Navy to fail, yet too many Sailors do not complete their first enlistment. Concerned, involved leadership is the key to minimizing attrition without sacrificing standards. Leaders must take every measure to help their people prosper and succeed.

We must create an environment that offers opportunities, encourages participation, and is conducive to personal and professional growth. We must expand our efforts to improve Sailor and civilian quality of service by ensuring work is tied directly to combat readiness and professional development. Now more than ever, we must recruit and retain the best and the brightest, despite the reality and strains of increased OPTEMPO. This is the first time in history

that our Navy has faced a prolonged conflict with an all-volunteer force, and we must protect the integrity of our Fleet.

***Guidance for Leaders:***

- **We must mentor our Sailors.**
  - Officers/Chief Petty Officers/Leading Petty Officers will create a professional development plan for every Sailor. (All)
  - Provide meaningful performance appraisals for every Sailor. In concert with the individual professional development plans, provide a plan to correct deficiencies. (All)
  - Maximize utilization of Center for Career Development expertise in every command. (N1)
- **We must recruit and retain the right people.**
  - Sustain the record-setting pace in retention. The following goals apply for 2002: 57% (Zone A), 70% (Zone B), and 90% (Zone C). (All)
  - Reduce attrition by 25% from the FY00 level. (All)
  - Increase High School graduate accessions to 92%. (CNRC)
  - Recruit 2500 new accessions from junior colleges. (CNRC)
- **We must man the Fleet for battle.**
  - Validate all manpower requirements by the end of CY02. (N1/Claimants)
  - Reduce at-sea gaps below FY01 levels and achieve C-2 manning status for all deploying units at least six months prior to deployment. (N1)
  - Develop a plan to optimally employ Naval Reserve forces in the war against terrorism, striving to achieve steady-state support for active units. (N095)
- **We will invest in our Sailors.**
  - Proceed with the Sailor Career Management Initiative to provide enhanced career flexibility, incentivization, and interaction between the Sailor, gaining command, and Bureau of Naval Personnel. (N1)
  - Increase the number of E-4 to E-9 Sailors in the Navy from 70.3% to 71.5%, working toward 75.5% by FY07. (N1/N8)
  - Expand the Detailer Outreach Program to contact 100% of Sailors within 10 months of their PRD/EAOS. (N1)
  - Maximize the availability of web-based tools to enhance the flexibility and responsiveness of the detailing process. This includes, to the greatest extent possible, providing updates on pending billet availability to give Sailors greater opportunity to bid on jobs. (N1)
  - Provide qualified General Detailing (GENDET) Sailors with A-school assignments after 18-24 months satisfactory performance in the Fleet, with service members returning to their units after A-school whenever possible. (CNET/N1)

***Current Readiness.*** Our Navy starts with the Fleet. Everything we do must keep the Fleet ready and make it even better. We must accurately define and continuously validate our requirements, then move aggressively to fully fund those requirements. In so doing, we will ensure the Fleet remains ready to fight and win.

The Secretary of the Navy has made improving combat capability his number one priority. This is important because current readiness needs are escalating. Greater usage rates of ships, aircraft, and weapons, and the increasing average age of our aircraft, are driving up readiness

costs. This situation makes it more challenging to stay ready and undermines our ability to procure new ships and aircraft.

***Guidance for Leaders:***

- **We must sustain the war against terrorism.**
  - Increase PGM and spare parts production and repair rates to sustain the war on terrorism and fulfill Defense Planning Guidance requirements. (N7/N8/N4/SYSCOMs)
  - Develop plan to improve aircraft engine and component reliability. (N4/SYSCOMs)
- **We must provide for homeland security and force protection.**
  - Review/adjust Rules of Engagement for defending against terrorists. (OJAG/N3/N5/CFFC)
  - Partner with USCG and other Federal Agencies to strengthen maritime intelligence, ensure timely dissemination of actionable intelligence, and develop effective courses of action to reduce vulnerability. (N2/N3/N5)
  - Dedicate 13,000 Sailors to force protection by December 2002. Simultaneously invest in technologies that will increase the effectiveness of our manpower investment. (N1/N7/N8/Echelon II)
  - Integrate and standardize employment of force protection personnel (active and reserve) to ensure uniform practices in CONUS and overseas. (CFFC/ Echelon II)
- **We must enhance Fleet readiness.**
  - Establish pilot projects to evaluate alternative manning and deployment approaches to enhance our forward presence. (CFFC)
  - Achieve C-2 readiness in manning, training, and equipping for all units at least six months prior to deploying. (N4/N1/N7/CFFC)
  - Accelerate procurement and fielding of 21st century training simulators. Review and revise training matrices to capitalize on simulator time. (CNET/TYCOMs)
  - Develop a plan for sustaining Navy Training Ranges, including addressing encroachment issues. (N4/N9/CFFC)
  - Establish a task force to study and make recommendations regarding improving warfighting skills at the tactical and operational levels. (CFFC)
  - Conduct zero-based review of readiness requirements with analytical rigor, challenging the assumptions of the existing process. Refine/redefine the Fleet requirements development process in Ship and Aircraft Maintenance, Ship Operations, Flying Hour Program, Aviation Spares, Other Base Operating Support, Facilities Sustainment, Restoration and Modernization, Program Related Engineering and Logistics costs, and Fleet Training. Articulate the peacetime sustainment and wartime surge requirements. (N8/N4/CFFC/Echelon II)

***Future Readiness.*** We will achieve future warfighting effectiveness through transformational technologies, innovative operational concepts, and robust procurement. The goal is to realize major increases in our Navy's combat performance in the areas of mobility, agility, lethality, speed, stealth, precision and firepower. Sixty percent of the ships in the Navy today will be in the Fleet in 2020. Therefore, transformation involves innovation within existing platforms as well as building new platforms. We must invest in meaningful experimentation solidly linked to programmatic analysis and

operational doctrine. We must also sustain the skilled and highly motivated workforce needed to fight and win.

As we look to the future, exciting new capabilities will accelerate our Navy's transformation toward a truly Network Centric Force, including the DD(X) destroyer prototype, SSGN strike submarine, Joint Strike Fighter, Unmanned Aerial Vehicles, Tactical Tomahawk, Advanced Gun System, and Cooperative Engagement Capability, among others. These systems, in turn, will be employed in innovative ways via concepts validated in the Fleet Battle Experiment series coordinated by the Navy Warfare Development Command in Newport.

We must procure these platforms and capabilities in sufficient numbers to accomplish our mission. Quantity has a quality all its own. Numbers count in ensuring our Navy is prepared and positioned to carry out the National Security Strategy. Forward deployed, combat credible forces are far more effective in deterring and countering aggression than forces that show up weeks later. Thus a Navy smaller than today's is an invitation to greater operational risk and decreased international stability.

The FY02 procurement budget is \$10 billion below the level required to sustain our Navy. We must buy greater numbers of ships and aircraft. To do so, we must balance the competing demands of current readiness, procurement, innovation, and experimentation to stay at the forefront of military transformation.

Better business practices are essential for freeing up resources for enhanced procurement and transformation. This means that all Navy leaders, in uniform and civilian, must think in terms of maximum productivity, minimum overhead, and measurable output. We must spend with great care every dollar the taxpayers entrust to us for their defense.

### ***Guidance for Leaders:***

- **We must structure the Navy to deter, dissuade, and defeat America's adversaries.**
  - Increase ship and aircraft procurement rates by the end of the FYDP to, at a minimum, buy 10 ships and 210 aircraft per year. (N8)
- **We must improve our warfighting capabilities.**
  - Accelerate Navy transformation to enhance situational awareness, speed, precision, and stealth by investing in key programs. (N7/N8/CFFC/Echelon II)
  - Develop cross-platform Mission Capability Package analysis techniques to counterbalance and complement Integrated Warfare Architectures (IWARs) recommendations. (N7/N8)
  - Provide force structure recommendations in view of the 2001 Quadrennial Defense Review and Defense Planning Guidance, including analysis of innovative force packages and deployment techniques. Include plans to acquire, operate, sustain, modernize, or dispose of supporting infrastructure. (N8/N7/N4)
  - Provide experimentation, employment concept, and procurement plans that integrate the Surface Combatant Force of the 21st Century, including DD(X), CG(X), High Speed Vessel (HSV), and the Littoral Combat Ship (LCS). (N7/N8)
  - Further develop Navy's road map of Fleet and joint experimentation to achieve transformation, leveraging Navy participation in *Millennium Challenge 02* and *Olympic Challenge 04*. (N7/NWDC/NWC/CFFC)
  - Provide specific process recommendations to accelerate introduction of promising technologies and concepts into the Fleet. (N7/N8/NWDC/NWC/ONR/CFFC/Echelon II)

- Adopt Human Systems Integration concepts in platform and systems acquisition to ensure Sailor capabilities are maximized while long-term manpower costs are minimized. (SYSCOMs/PEOs/N1)
- **We must become more efficient.**
  - Working together with the Secretary of the Navy, we are committed to streamlining our support structure. We must free up resources to allow increased investment in warfighting readiness and procurement. (PEOs/SYSCOMs/Echelon II/N8/DNS)
  - Increase integration of USN/Joint modeling, training, and analysis systems to leverage shared databases and enhance results. (N8/N7/DNS)
  - Work with our service partner to achieve maximum efficiency from DoN programmatic investments, to include enhancing warfighting effectiveness by integrating Navy and Marine Corps aviation, engineering, and C4I capabilities. (N7/N4/DNS)
  - Reduce overhead by 10%; return savings to Fleet readiness and procurement accounts. (PEOs/NAVAIR/NAVSEA/SPAWAR/DNS)

**Quality of Service.** Quality of Service remains a primary focus area in 2002. Our goal is a Navy that provides good quality of life and work for our Sailors and their families. We will fund technologies that enable our people to do their jobs more efficiently and effectively. Because our infrastructure has been underfunded, we must improve our hangars, piers, and housing. Working through that backlog will not be quick or inexpensive, but we are dedicated to correcting the situation.

Quality of Service is also about values and leadership. Values are what we fight for. Leadership is about trust – a covenant in which leaders commit to the growth and development of subordinates in return for their commitment to service to our nation.

### **Guidance for Leaders:**

- **We must fully realize Covenant Leadership throughout the Navy. (All)**
- **We must invest in our Navy family (All)**
  - Increase Spouse employment services and recreational opportunities by 20%. (N1)
  - Create civilian personnel community management organization to enhance civilian workforce planning. (N1)
- **We must improve training.**
  - We will accelerate the revolution in Navy training via TF EXCEL to provide our Sailors with enhanced methods and technologies for learning, leading to a career-long learning continuum:
    - Engage the entire Navy in the training revolution process. (All)
    - Evaluate the success of Task Force EXCEL pilot programs.
    - Provide recommendations regarding expansion of promising initiatives
    - Determine/recommend the optimum organization to develop, deliver and assess the effectiveness of Navy training. (TF EXCEL/CNET)
- **We must provide quality housing and work spaces to our Sailors.**
  - Reduce the shore infrastructure recapitalization rate to meet DoD guidance by 2010. (N4/N8)
  - Fund 100% facility sustainment across the FYDP. (N4/N8)
  - Develop a plan to move all single sea-going Sailors to Bachelor Quarters. (N4/N8/CFFC)

- Accelerate elimination of inadequate bachelor housing via MILCON, PPV, and private sector initiatives. (N4/N8/CFFC)
- Reduce BAH out of pocket expenses to zero by FY05. (OLA/N1)

**Alignment.** Optimal alignment leads to enhanced mission accomplishment. Our goal is to make the Pacific and Atlantic Fleets as unified as possible in their equipment, manning, and training. We are striving toward the day when we are one Fleet — uniform, interoperable, and supremely combat ready.

### **Guidance for Leaders:**

- **We must adapt our organization to our mission.**
  - Employ the Navy Operations Group to develop innovative maritime operational concepts that enhance support to the global war on terrorism. (N3/N5)
  - Establish a command to serve as the single point of contact for information technology, information operations, and space requirements. (N6/N7/DNS)
  - Realign N6 and N7 into N6/N7 leveraging the warfighting capability of the network across all warfighting platforms. (N6/N7/DNS)
  - Pursue CFFC/Fleet TYCOM initiatives to increase Fleet integration, standardization, and streamlining. (CFFC/CPF/CNE)
  - Conduct a zero-based review of the Navy-wide organization by July 2002; develop a Plan of Action to enhance alignment. (DNS/Echelon II)
- **We will increase our communications clarity and consistency.**
  - Accelerate investment in web-based management tools to streamline administrative processes. (TF Web/N6/DNS)
  - Continue development of metrics to evaluate CNO's Top Five priorities. Schedule CNO Executive Boards prior to Summer 2002 to review/discuss resultant metrics and influence the POM-04 process. (DNS/N8)
- **We will align better for joint warfare.**
  - Develop a plan to align IT-21 afloat network and NMCI ashore network into one seamless Naval network. (N6/N7/DNS)
  - Strengthen our most important joint partnership — the USN-USMC Team — by:
    - Improving warfighting capabilities to the greatest extent possible through effective integration, especially in the areas of aviation, engineering, and C4I;
    - Developing an updated Naval vision that provides strategic guidance; and
    - Drafting a Naval Operational Concept to serve as the basis for Fleet doctrine and programmatic decision-making. (N3/N5/N4/N6/N7/N8/CFFC)
  - Conduct USN/USAF and USN/USA Warfighter Talks during 2002. (N3/N5)

## **On Leadership**

Throughout this document I talk about the importance of leaders. In our institution, we value leadership as the foundation of success. Leaders make our Navy work. We count on their influence; they are the difference between winning and losing in battle. We expect a great deal from our leaders, from the most senior to the most junior. I will never apologize for that. Our

people promise to serve. In return, our Navy provides the opportunity to lead. Some days are victorious; some days are difficult. We do not promise an easy life. Anyone can lead when the going is easy; it takes strength and character to lead when circumstances are challenging...but the rewards are immense.

I could not be more proud of our Sailors and civilian shipmates. Today's Navy is performing superbly in the war against terrorism and all around the world. This guidance for leaders updates you on the tremendous progress made to date. We must now build on that progress in 2002.

We are the greatest Navy in the world because of our people. Our future is bright because we are a service that sets goals and strives to become better.

Final point: we need a standard for the way we evaluate leaders. This is it: I want every leader — from myself to COs, to CPOs, to LPOs — evaluated on how we keep two promises. First is our personal commitment to mission accomplishment. Second is our dedication to the growth and development of the men and women entrusted to our leadership.

America's Navy proves every day that we are ready. As we sail into 2002, we will do so together to **fight and win!**

**For further assistance, contact CNO's Public Affairs office at 703-692-5304**

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