Operational Risk

"Most agree that to win the global war on terror, our Armed Forces need to be flexible, light and agile—so they can respond quickly to sudden changes."

Secretary Rumsfeld
February 5, 2003

Do We Have the Right Forces Available?	**Are Our Forces Postured to Succeed?**
Are Our Forces Currently Ready?	**Are Our Forces Employed Consistent With Our Strategic Priorities?**

What is operational risk?

In simplest terms, it is about whether we can overcome today's threats—about our ability to create plans that can be adapted quickly as events unfold, train for the next real-time mission, and supply the warfighters with what they need *now*. It is about achieving near-term objectives, not long-term outcomes—thus, it is an important dimension of the defense strategy, but not the entire strategy.

We assess the degree of operational risk from three perspectives:

- *Likelihood of failure* (of a military action or other operational activity to accomplish its stated objective)

- *Consequences of failure* (on the Department's ability to achieve its overall strategic goals)

- *Time* (as it relates to how conditions defining the likelihood of failure and its consequences may change over several years).

The Department's approach to risk is a fundamental departure from the past, when operational risk was measured almost exclusively in terms of our ability to wage two major theater wars nearly simultaneously in Northeast and Southwest Asia—with every other contingency assumed a lesser-included case. Today our strategic menu is much broader, extending from how we design and train units to fight as a joint team, deter threats in critical regions worldwide, employ forces to respond swiftly and decisively in both big wars and smaller contingencies—to

how we will conquer the danger that terrorism brings to the United States and the world.

The Secretary's performance priorities for operational risk in FY 2004 are *Win the War on Terrorism*, *Counter the Proliferation of Weapons of Mass Destruction*, and *Homeland Security*.

DO WE HAVE THE RIGHT FORCES AVAILABLE?
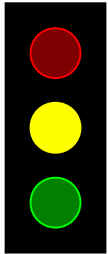
DoD must develop the ability to integrate combat organizations with forces capable of responding rapidly to events that occur with little or no warning. These joint forces must be scalable and task-organized into modular units to allow the combatant commanders to draw on the appropriate forces to deter or defeat an adversary. The forces must be highly networked with joint command and control, and they must be better able to integrate into combined operations than the forces of today.

Report of the Quadrennial Defense Review
September 2001.

A pivotal tenet of the new defense strategy is the ability to respond quickly, and thus set the initial conditions for either deterrence or the swift defeat of an aggressor. We no longer plan to slowly build up overwhelming forces over time—a "go-slow" approach that can limit strategic flexibility and increase vulnerabilities. Today we increasingly rely on forces that are capable of both symmetric and asymmetric responses to current and potential threats, and that can deploy much faster and under a wider range of configurations than assumed by the old two-war planning construct. Such swift, lethal campaigns mean a smaller combat service support footprint initially in theater, and clearly place a premium on having the right forces in the right place at the right time, whether stationed at forward bases or rotating through a potential theater of operations. We must also be able to act preemptively to prevent terrorists from doing harm to our people and our country and to prevent our enemies from threatening us, our allies, and our friends with weapons of mass destruction.
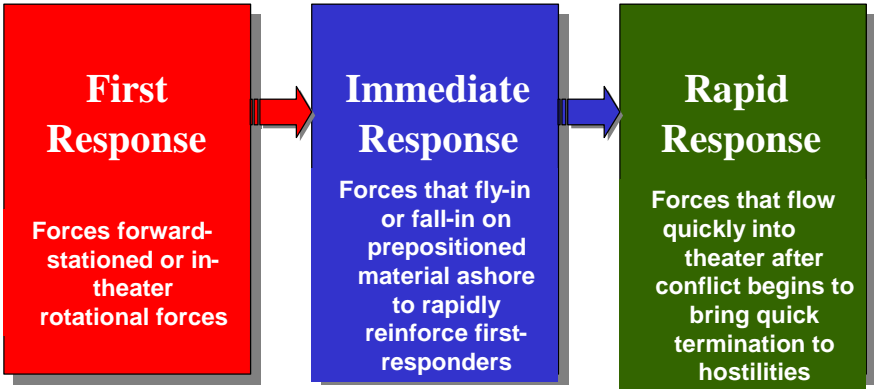
To complement our capability to rapidly build decisive combat power, military forces must also be able to rapidly transition to post-hostilities operations. "Winning the peace" subsequent to a successful military campaign is also critical to ensuring our national secu-

rity. These diverse requirements will demand that we integrate and leverage other elements of national power, such as strengthened international alliances and partnerships.

We must also identify and deter threats to the United States, by reducing the vulnerability of our critical defense infrastructure, and being ready to assist civil authorities in mitigating the consequences of a terrorist attack or other catastrophic event.

This results-oriented perspective is an elemental change to how the Department has traditionally sized and shaped its military forces. Accordingly, we are now working to define what active and reserve component forces must be "operationally available" to support these ambitious strategic goals. We are also assessing options to mitigate shortfalls in critical low density/high demand capabilities.

We are developing a building-block approach to align and package forces consistent with how they will be employed to achieve our strategic goals. For example, we are examining how forces permanently stationed at forward bases or rotating through a theater must be structured and sustained to maintain credible and responsive combat power, instead of just "showing the flag." We will define alternative ways to configure the forces needed to rapidly reinforce those first responders, as well as what capabilities are needed to swiftly defeat an aggressor and bring a decisive halt to hostilities.

First Response

Forces forward-stationed or in-theater rotational forces

Immediate Response

Forces that fly-in or fall-in on prepositioned material ashore to rapidly reinforce first-responders

Rapid Response

Forces that flow quickly into theater after conflict begins to bring quick termination to hostilities

Sample Operational Availability Building Blocks

Over time, we will use this building-block approach to operational availability assessments to investigate how an alternative mix of ac-

tive and reserve forces and capabilities can be aligned to a range of missions, including homeland defense. In the next year, we will broaden this analysis to address additional mid- to long-term scenarios and emerging warfighting concepts in a Transformation Forces Assessment.

ARE OUR FORCES POSTURED TO SUCCEED?
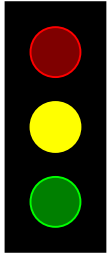
Before we deploy forces to deter or fight an adversary, we must first decide whether we have the right capabilities in the right place to achieve the desired effect—and understand how deploying forces from one region to another may impede or enhance our ability to accomplish our strategic goals in another region, or at home. Several initiatives undertaken over the past year are designed to ensure we are postured to respond consistent with the strategy. These efforts will highlight (and propose fixes to) critical shortfalls in forces, infrastructure, and capability that could limit the strategic and operational flexibility of combatant commanders responding to a real-time crisis.

Global Presence and Basing Study

As part of our analyses, we are examining how to reshape the "global footprint" of forces stationed permanently or on rotation overseas, as well as their associated base infrastructure. We are reviewing how our prepositioned material is configured and positioned, and are looking at creative options for bringing first and rapid-responders quickly to the fight, employing intelligence and space assets to shape the battlefield, and leveraging the contributions of our security partners.

Operational Lessons-Learned

We have established a formal feedback loop to ongoing operations by creating an integrated, Department-wide protocol for collecting and assessing lessons-learned from recent or current operations, so we may quickly adjust how we allocate, equip, employ, and sustain capabilities in the field.

Security Cooperation

Finally, we are refining theater security cooperation plans with our friends and allies in each region to focus on building the right partnerships in the future. We are also establishing a disciplined assessment process to evaluate how the activities of our combined forces over time help us achieve specific security outcomes.

ARE OUR FORCES CURRENTLY READY?
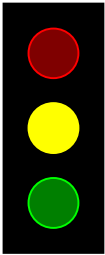
"DoD will undertake a comprehensive re-engineering of its current readiness reporting system. The new system will allow measurement of the adequacy of the force to accomplish all its assigned missions, not just major combat operations."

Report of the Quadrennial Defense Review
September 2001

Like other aspects of operational risk, deciding how well prepared the U.S. military force is to perform its missions is part art, part science.

Defense Readiness Reporting System

For many years, we have relied primarily on the classified Status of Resources and Training System (SORTS) reports maintained by all the military services to track actual personnel levels, equipment stocks, and training performance against standard benchmarks. The Joint Chiefs of Staff and senior civilian leaders then assess these data against a range of operational scenarios during the Joint Quarterly Readiness Review and Senior Readiness Oversight Council meetings. The resulting evaluations are summarized along with key readiness trends in the Department's classified Quarterly Readiness Report to Congress.

The SORTS system, however, does not capture performance information for joint missions or for the full range of missions beyond a major regional contingency, such as those required to prosecute a successful war on terrorism. Accordingly, we have undertaken a fundamental overhaul of our readiness reporting process. DoD Directive 7730.65, *Department of Defense Readiness Reporting System*, orders three fundamental changes to how we evaluate force readiness:

- Unit readiness will be measured against missions assigned to combatant commanders, rather than against doctrinal tasks unique to a military service.

- Real-time status reporting and scenario modeling will be used for assessments, not only during peacetime, but as a crisis unfolds and while operations are ongoing.

- Tighter linkages will be established between readiness planning and budgets.

The Defense Readiness Reporting System successfully completed a proof-of-concept demonstration in the fall of 2002. With the awarding of the prime development contract, we are working toward an initial operating capability in FY 2004 with full fielding planned during FY 2007.

Current Force Assessment

The annual Current Force Assessment, conducted by the Chairman of the Joint Chiefs of Staff, compares risk across a range of contingencies and geographic areas. It uses collaborative analysis and war-gaming to pinpoint risks and constraints in potential near-term scenarios that could change our international posture of engagement or explode into a small-scale contingency. This assessment process, which is entering its fourth year, has proved exceptionally effective at highlighting problems and quickly developing alternatives. It has allowed us to act quickly to shift forces among combatant commanders to better deter an emerging crisis. Perhaps most significant, it provides a mechanism to intensively manage low density/high demand assets to optimize effectiveness while reducing the adverse effects of high operational tempos.

Adaptive Planning

"We can identify threats, but cannot know when or where America or its friends will be attacked. We should try mightily to avoid surprise, but we must also learn to expect it…Adapting to surprise - adapting quickly and decisively - must therefore be a condition of planning"

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We are most ready when we can adapt our plans to emerging conditions. To institutionalize the precept of flexible execution, we have accelerated the periodic reviews of major contingency plans from once every two years to annually. Our plans must now encompass the full range of missions—from homeland defense and the war on terrorism to major conflicts. More important, plans must become modular, allowing both planners and operational commanders to mix-and-match capabilities to respond to surprise and or to take advantage of opportunities. Finally, our plans must focus on bringing the right forces to the right mission, and carefully marshalling those forces that are most in demand so they are not overused—or become malpositioned and thus not available in a crisis.

ARE OUR FORCES EMPLOYED CONSISTENT WITH OUR STRATEGIC PRIORITIES?
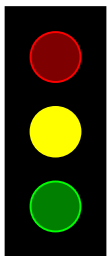
It is not enough to plan effectively—we must manage how forces are allocated and employed so we act in a manner consistent with the overarching objectives of the defense strategy.

In practice, this can be hard to do, as the press of day-to-day business favors a singular focus on immediate events. However, if we are ever to effectively "buy down" operational risk for the Department, we must learn to analytically evaluate each individual, near-term task in the wider context of our strategic priorities over the long term.

Thus, we are developing analytic tools that will help our senior leaders weigh the balance among the actual deployment and employment of forces against the needs of non-combat activities, such as training, exercises and contingencies supporting a full range of

enduring security missions. The measures will help the Secretary and his senior advisors decide "how much is enough," help them balance the need to win quickly in a conflict with the need to maintain strong deterrence against other threats.

We must also build a strong, effective interagency process that allows the Department to leverage the talent and capabilities of other elements of national power.

This analytic tool set includes developing:

- Alternative courses of action and joint operational concepts for our operational and contingency plans.

- Common, comparable operational risk metrics for strategic priorities, individual events, and operations and contingency plans.

- Models and simulations to help refine near-term options, supported by a data process that keeps information on U.S. and aggressor capabilities up-to-date and in a form readily available for analysis.