



**Admiral James M. Loy**

**State of the Coast Guard Address**

**"Focus on Restoring Readiness and Shaping the Future"**

**March 7, 2000**

I. Introduction:

In the first year of the Second World War, Admiral Russell Waesche had his hands full. He opened and expanded training facilities to beef up the Coast Guard to ten times its pre-war size; he modernized his fleet of Deepwater cutters and aircraft; and he worked out all the managerial issues associated with having the Coast Guard transferred to the Navy.

In his spare time, he folded the Bureau of Marine Inspection and Navigation's responsibilities into the Coast Guard's mission portfolio; initiated a bold-for-the-time integration plan; re-organized headquarters; and established the SPARS. And did I mention there was a war going on?

The Coast Guard never missed a beat operationally. The people recruited and trained during this upheaval went on to establish traditions of valor, service, and sacrifice that inspire us to this day.

How did Russell Waesche keep his priorities straight in the midst of this organizational chaos? The one-word answer is "focus." During the first year of the war, he had one goal, which he elevated above all others. His goals changed as the war progressed, but he always kept his focus on the one or two big-picture issues that gave perspective to everything that crossed his desk. Listen to his own explanation of what motivated him in 1942:

"If America and its allies are to win . . . , the ships that carry the food, the guns, the tanks, the planes and the other implements of war to our fighting forces on battlefields beyond the seas must reach their destinations safely. We of the Coast Guard have dedicated everything we have, including our lives, to the proposition that the American Merchant Marine . . . shall not be too late with too little."

That, ladies and gentlemen, is focus. Dedicating whatever is necessary to get the job done. I am studying Admiral Waesche a lot these days. I've concluded he has a lot to

teach us in this new century. Simply put, he teaches us to focus on the few truly critical things.

My report to you on the state of the Coast Guard is that we must focus on restoring our readiness and shaping our future.

I am delighted to welcome so many friends from within and without the Coast Guard, the distinguished guests introduced by the master of ceremonies, and especially Deputy Secretary Mort Downey. Thank you all for joining the Washington Coast Guard Officers Association and me for this opportunity to speak from the heart about our Coast Guard. I am grateful for your interest.

During the question and answer session after a recent speech, I was asked if the Coast Guard had any elite or special forces. The audience chuckled a bit when I replied that every Coastie is both elite and special. They didn't realize . . . that I wasn't kidding.

I have a better opportunity than anybody else in the world to see the good work that Coast Guard people do. And I continue to be humbled by the privilege of serving with the thousands of men and women who are drawn to join us each year by their interest in saving lives, protecting the environment, and serving their country. Their response to America's call to perform noble and dangerous work grows more inspiring as the world at large seems to grow more cynical.

We should all draw inspiration and confidence from what the Coast Guard accomplished in 1999: the massive humanitarian relief operations after Hurricanes Dennis and Floyd . . . the compassionate professionalism with which our crews undertook the heartbreaking recovery operations after the headline-dominating airplane crashes . . . the rapidity with which we deployed new tactics for airborne use-of-force, giving us a major breakthrough against high speed smuggling boats and helping set a record for cocaine seizures . . . the poise and restraint shown by our law enforcement teams in countering the sudden rise of violence in illegal immigration cases . . . the continued decline in the ratio of oil spilled to oil transported. Maintaining their focus under pressure and at risk, our front-line people made us proud of their performance on watch.

And we may also derive satisfaction from our less public accomplishments, such as our work within the Department of Transportation to help Secretary Slater devise and implement his One-DOT initiatives. Our focused teamwork with our colleagues in other DOT agencies helped the department make important progress on issues like grade crossings that don't even have much to do with the Coast Guard. But our investment in the team was returned tenfold as we grappled with and completed the comprehensive report on the nation's Marine Transportation System, a DOT initiative that clearly is central to the Coast Guard's future. Our boss challenges us to raise our performance ever skyward in this new century. We will deliver.

## II. Status of Last Year's Short-Term Priorities

In my State of the Coast Guard address last year, I identified three short-term priorities for 1999. I owe you a quick status on each.

The work products of two of those priorities—Y2K preparation and support of the Interagency Task Force on Coast Guard Roles and Missions—are completed. With respect to Y2K, we should be proud both of our internal preparations and of our leadership within the Department of Transportation and the international marine industries. We ensured the continuity of our own operations and business processes, and we helped protect the larger transportation infrastructure from a threat that passed quietly on New Year's Eve and again last week only because of an extraordinary effort.

Two weeks ago, with the permission of the President and Secretary Slater, I released the "Report of the Interagency Task Force on U.S. Coast Guard Roles and Missions." In doing so, I quoted President Clinton's letter back to Secretary Slater. He said, "The report makes it clear that a robust Coast Guard will be vital in the 21<sup>st</sup> century to protect and promote many of our nation's important safety, economic, and national security interests."

Convened by executive order . . . chaired by the Deputy Secretary of Transportation Mort Downey . . . and composed of high-level officials from NSC, OMB, the Departments of State, Defense, Justice, Treasury, Commerce, and a broad cross-section of other departments and agencies with a stake in our maritime affairs. . . this task force offers a frank assessment of the maritime challenges we'll face and a practical course of action for meeting them successfully.

The task force offers six over-arching conclusions. Four of them are, and I quote:

1. Coast Guard roles and missions support national policies and objectives that will endure into the 21<sup>st</sup> century.
2. The United States will continue to need a flexible, adaptable Coast Guard to meet national maritime interests and requirements well into the next century.
3. The re-capitalization of the Coast Guard's Deepwater capability is a near-term national priority.
4. The Integrated Deepwater System project is a sound approach to that end, and the Interagency Task Force strongly endorses its process and timeline.

The other two conclusions encourage creative investment in agility and technology.

I am grateful to the Task Force for its rigorous analysis, and I thank the many contributors who facilitated this high-level, independent review. It points to the future of our service and more than validates our service vision articulated in our own *Coast Guard 2020* document.

Thus, we can check off two of last year's short-term priorities. The Y2K rollover and the roles and missions study have been concluded with strong positive results. Yet there is a

crucial difference. The Y2K effort is truly over! The task force report, on the other hand, now becomes an important national maritime policy document to underpin policy and budget issues for the foreseeable future.

My third short-term priority for 1999 was rebuilding the workforce. That job is not finished, but we've made significant progress. I'm pleased that we have rebuilt the Coast Guard Reserve to its authorized strength. The budget now needs to reflect that accomplishment by funding it at the 8000 level. As for our active duty force, I am optimistic that our goal of rebuilding to our authorized strength will be met by the end of fiscal year 2000.

But rebuilding the workforce is far more than a numbers game. We must focus on retention, and we must focus on serious training and experience shortfalls.

These shortfalls are not limited to the cutter, boat, and aircraft communities about which we often hear. More than one quarter of our enlisted members at operational marine safety units have not received the entry-level marine safety course they need to perform their duties efficiently and have not been scheduled to receive this training by the end of this year. Our vessel traffic services still face a 21% vacancy rate among the Quartermaster and Radarman ratings—a problem that cannot help but introduce excess fatigue to these safety sensitive positions. In addition, we have a significant shortage of marine inspectors, and fully one third of our lieutenant commander billets in marine safety are filled by lieutenants. These examples are reason for concern and continued attention.

Beyond the military workforce lies what may be our most intractable rebuilding challenge, which is filling civilian positions. This system seems to be just plain broken. I have asked the Vice Commandant to focus on this issue personally and bring whatever is necessary to the table to fix it.

So, there has been great progress, but we will continue to focus on re-building the workforce until all components are at authorized levels and until compensation, training and skills match the billet requirements.

### III. Reviewing Commandant's Direction: Restoring Readiness and Shaping the Future

I offer this status report today nearly at the midpoint of my tenure as Commandant. The halfway point of any enterprise for any leader demands a thorough review of direction and intent. What needs to be sustained from the first half? What needs to be finished or started? What needs focus?

Last month, I reviewed my *Commandant's Direction* with the Coast Guard Leadership Council. As a result, we will focus on two areas for the remainder of my tenure. For the next two years, my principal effort will be focused on Restoring the Readiness of and Shaping the Future of our Coast Guard.

One of the reasons I am able to focus on just these two areas is the terrific work done by Coast Guard people throughout our service on the five areas of emphasis and 23

objectives in my original Direction. We will review the status of those initiatives at our May Flag and Senior Executive Service officer Conference and re-issue the *Commandant's Direction* to focus us all for the next two years.

#### IV. Continuing Readiness Concerns

##### A. "Knife" Remains Dull.

Let me speak for a moment about readiness. Last year, I introduced the METAphor of a dull knife to describe my concerns about the implications of our degraded readiness. I offered some statistics relevant to duty rotations and staffing at small boat stations and other units, aircraft and boat availability rates, and equipment casualty rates on cutters. A few of those measurements have improved, but some have worsened, and others remain close to the levels that concerned me last year. This has been a year of educating many of our key advisors, supporters, and advocates, as well as those in key budget support positions, as to the seriousness of our readiness shortfalls.

All of the concerns I expressed last year remain valid today. The Coast Guard continues to feel the effects of a long-term increase in operational requirements that we routinely fulfilled, not often enough with accompanying increases in capabilities or resources, but too often accompanied by increased effort and increased risk. Our training and maintenance continue to suffer. Operational pressures continue to grow. Wear-and-tear on both people and equipment have accelerated even this year.

What do I mean then by Restoring Readiness? How will we recognize it when we're back where we belong? Restoring Readiness means establishing an equilibrium at which we can sustain normal operations and perform appropriate training, maintenance, and administrative work without imposing unreasonable workloads on our people or sacrificing our capacity to mount surge efforts for emergency operations.

We are too far away from that equilibrium today.

##### B. Further Personal Observations Confirm Severity of Readiness Problems.

I recently visited the *Polar Star* off Antarctica and saw further evidence of the connection between readiness and safety. This trip occurred not long after I traveled to Yorktown and Tampa for the annual *Cuyahoga* and *Blackthorn* memorial services—services at which I spoke of our obligation to honor our lost shipmates by maintaining the highest standards of professional seamanship . . . including equipment and training.

Yet when I saw the extreme weather conditions in which the *Polar Star* operates . . . and learned that only an emergency dry docking and borrowed spare parts from its sister ship enabled the *Star* to make its winter deployment . . . and further heard that the *Polar Star's* Arctic Survey Boats were well beyond their expected service lives with no replacements in sight, I concluded that our readiness problems are literally keeping us from fulfilling our commitment to our fallen brethren from *Cuyahoga* and *Blackthorn*. That connection hit me personally and hard. I had good friends and shipmates lost on both those cutters. I remember our pledges to them. We're letting them down.

The strains caused by having tired people run old equipment beyond human and mechanical limits continue to degrade our readiness. Over the past four years, the percentage of our naval engineering maintenance budget spent on correcting casualties has doubled from 7.6% to 15.1%. This trend feeds on itself. More time and money spent correcting casualties translates into less time and money for preventative maintenance, which translates into even higher casualty rates.

This cycle of maintenance degradation is one reason why the age of our Deepwater fleet presents its own compelling financial justification for modernization

#### V. Short-Term Remedies.

So our readiness situation remains serious, but I did not come here today to wring my hands.

I meant for last year's speech to sound the readiness alarm. That alarm has reverberated in many places it needed to be heard, and I will continue to ensure not only that the alarm rings, but that it is heeded.

I mean for this year's speech to focus on our internal response to that alarm.

The solution to many of our readiness issues does lie in additional resources. A lot of our problems are the kind that can be solved by throwing money at them, and I am working closely with the Department of Transportation, the administration, and Congress to address those needs. The President's budget for FY01 represents a turnaround budget for us as it relates to our military workforce concerns and to making a down payment on parts and maintenance shortages. On the capital side, funding for the National Distress Response System Modernization Project, three seagoing buoy tenders, and the Great Lakes Icebreaker replacement, as well as the balance of the functional design phase of Deepwater, is helping to clear the decks for our first Deepwater construction expenditures in '02.

I'm also working with OMB and DOT to consider structural changes to our budget processes that would allow better recognition of the parity that should exist among all five military services in areas like compensation, health care, housing, and fuel policy. Similar discussions will be held with our key Congressional committees.

All this effort is designed to help me meet my responsibility to recruit, organize, train, and equip our Coast Guard to do our job efficiently and effectively. For even while the appropriations processes—both emergency and normal—run their courses, I have to focus responsible activity that will maximize our productivity for America.

#### A. Optempo Reductions.

To ease our most immediate readiness strains, I have directed my senior operational commanders to adjust their non-emergency cutter and aircraft deployment schedules to

make sure they do not exceed the levels that can be sustained by the training, maintenance and other support systems that we have in place. In other words, we will no longer sustain routine operations—despite the productivity they would bring—by overtaxing units and support systems.

This direction, which will cut about 7,700 cutter hours and 2,000 HC-130 hours, may sound like a fairly simple common-sense change, but it marks an important cultural shift for the Coast Guard. It shows new awareness that the short-term pride in doing more with less comes at a price we shouldn't always be willing to pay. We'll still answer every SAR alarm, but we're going to make a more conscious effort to keep people and equipment fresh for the emergencies we know will come.

The immediate reprieve from an excessive operational tempo serves to help restore readiness. The cultural change works to help shape the future by challenging the mindsets that any operational mission is always more important than any training or maintenance requirement.

#### B. Whetstones.

A similarly conceived short-term measure is the Leadership Council's workload management initiative, which has been described in a series of general messages published over the past three months under the heading of "Whetstones." The Whetstones offer a list of administrative requirements that have been dropped or modified to reduce field workloads. These are efficiency measures, and we will continue to concentrate on working smarter.

Like the Optempo reductions, the Whetstones' greatest significance is not the immediate relief they provide, but the cultural change they portend. The whetstones are an organizational acknowledgement that at least some portion of our overwork is self-inflicted administrative overhead and that we need to reduce that portion wherever possible.

The immediate reprieve from unnecessary paperwork serves to restore readiness. The cultural change works to shape the future by challenging the traditional mindsets

#### C. Local leadership—Group Woods Hole.

Readiness is largely resource driven, but it's not all top-down. Just as I won't sit around and let our readiness sores fester while waiting for a bigger budget, neither are local Coast Guard leaders waiting for headquarters to fix everything for them.

Coast Guard men and women are beginning to produce a groundswell of readiness restoration initiatives by working within their chains of command to implement the priorities implicit in the actions we've taken at headquarters. The safety of our people comes first. Emergency operations come second. Training and materiel condition come third. Routine operations are fourth.

A good example of this potential may be seen at Group Woods Hole, Massachusetts. Group Woods Hole was in the thick of the recovery operations after the crashes of JFK Junior's plane and Egypt Air 990. They performed splendidly under the media glare, and any casual observer would think the group's readiness was just fine.

It wasn't. Sorely taxed by the major operations, the group faced a host of readiness issues: high personnel turnover and the resulting training demands, frequent boat and cutter equipment casualties resulting from greater than normal use, increased administrative workloads, and reduced experience.

Last December, the Officer in Charge at Station Brant Point did something astonishing. He looked at his personnel turnover, the state of unit training, the materiel condition of the boats, and the performance level of his people—and he said, "Enough is enough!" He CASREPed his entire station. He figured it would take six months to fix everything and train everyone. Until then, he would perform urgent search and rescue and oil spill response—only. Everything else would have to wait.

Then a second astonishing thing happened. The Group Commander read the CASREP—and backed up the OINC. In fact, as he looked into the situation, he decided the recovery period should be eight months instead of six.

I ask you to bear in mind that this Officer-in-Charge took his action before the Area Commander published guidance on optempo reductions and before any dramatic mission failures occurred to give the him cover. One leader focusing his professional judgment on the proper priorities. We have thousands of such leaders in the Coast Guard, and that's one reason I am confident we will restore our readiness.

## VI. Reasons for Optimism.

And we will restore our readiness.

When I expressed confidence on that point last year, my optimism was grounded in my faith in Coast Guard people—a faith that has been renewed and strengthened over the past year by people like the Officer in Charge at Brant Point. The wisdom and maturity that Coast Guard leaders at all levels of the organization are bringing to bear on our readiness issues remains a tremendously valuable service asset.

This year, my natural optimism is supplemented by an objective assessment that we are making progress on a huge paradigm shift in our management efforts, a shift that will better equip us to shape the future of the Coast Guard.

### A. Short-Term Pain for Long-Term Gain.

For years, our instinctive response to shortfalls has been to spread ourselves thin and work a little harder to make up for the resources we don't have. That's been the Coast Guard way. We're not reacting that way this time.

Consider the issue of Surfman qualifications. Surfman qualification, training, and career development did not suddenly become an issue three years ago with the Quillayute River accident. These issues have beset the Coast Guard for decades. The heart of the problem is that it takes a lot of on-the-job training for a coxswain to become a qualified Surfman. That training can happen only when an operational unit has a properly rested trainer available to work with a properly rested trainee and the proper surf conditions prevail. Not surprisingly, we are least able to produce new Surfmen when we most need them.

Focus is changing that. We're short of Surfmen now, but we made the deliberate choice not to spread this precious resource around evenly. Instead, we are concentrating the qualified Surfmen in the Thirteenth District, where the local accumulation will permit more regular training. For the short-term, it will hurt some stations outside the Thirteenth District that won't have their Surfman-coded billets filled. In the long run, we'll produce enough Surfmen to meet the service needs.

We're accepting short-term pain to achieve a long-term gain. It is the difference between reacting and hoping on one hand and managing and leading on the other. It's called focus.

We did the same thing with recruiting. It did not become apparent that our recruiting force wasn't large enough to meet its growing mission until our workforce was already far below its authorized strength. By that time, our operational units were so understaffed that we could not afford to take petty officers away to augment the recruiting force. We did it anyway. We pulled 125 experienced petty officers and chief petty officers—a number almost equal to the enlisted complement on a high endurance cutter—from an already over-stretched workforce and set them to the task of hiring replacements for themselves. As with the Surfmen, we accepted short-term pain to effect a long-term solution. It's not how we would have done it in the past, but it is what we need to do to shape the future. It is an expression of focus.

## B. Thoughtful Examination of Complex Problems.

I am also encouraged that we are seeking to shape the future by focusing on and complex multi-dimensional problems that have no easy answers. For example, our boat force has long been plagued by high personnel turnover, aging shore and boat infrastructures, shortages of qualified people, inconsistent maintenance, and other problems noted by Captain Goward in his recent article in *Proceedings*.

These problems present a complexity and difficulty that for many years discouraged us from even attempting meaningful long-term solutions. But we are going after them now. We have undertaken a major project, dubbed Project Kimball, to work across program lines to design and bring about the small boat force and its support systems we'll need ten and twenty years from now.

Our readiness problems didn't happen overnight, so we do not expect overnight solutions. But Project Kimball is one example of the focused, long-range view we are taking to restore readiness and shape the future.

One insightful civilian observer of the Coast Guard used to remark that Coast Guard officers would rather work than think. After 210 years, our backs are tired, and our hands are sore. We're now ready to think . . . before we work. That, too, is called focus.

## VII. Conclusion:

I look beyond our present readiness problems and—without underestimating them, for they are a matter of grave seriousness—I see a Coast Guard that is poised for an era of sustained greatness.

Consider how well positioned we are to serve our country.

First, we stand on an unparalleled tradition of humanitarian service. We are fortified by timeless values. And we are blessed to have our military, civilian, and auxiliary ranks populated by patriots who are truly committed to meeting our nation's needs.

Second, the enduring need for our missions and the national significance of our contributions to America's security, economy, and environment have never been more widely recognized. There is unanimous agreement among the President's National Security Strategy, the Interagency Task Force on Coast Guard Roles and Missions, and many other outside authorities like the Office of Naval Intelligence that a demand for Coast Guard missions will not only endure but will clearly increase, as described in our vision document, *Coast Guard 2020*.

Next, we see that the need to re-capitalize our Deepwater assets is gaining both the intellectual and the political traction it will need to be adequately funded. My authorization and appropriations hearings in the House last week both strongly supported our project and did so on a solidly bi-partisan basis. Our strategy, process and timeline have been validated—just as our on-time and under-budget project management to replace buoy tenders, coastal patrol boats, and motor life-boats is proving convincingly our ability to manage major acquisitions.

We have refined our structure for decision making. Four years ago, when Admiral Kramek asked me to be his chief of staff, he gave me one order: fix our planning and budgeting process. That order set in motion a four-year overhaul of our headquarters system to make sure that our budgeting and planning focuses on desired results.

That overhaul is now complete, and the fix looks pretty good. The Government Performance Project last week gave the Coast Guard high marks, an overall solid "A", in its evaluation of the management practices of twenty agencies that have a high impact on the public. We achieved a clean audit under the Chief Financial Officer's Act. Our decision making architecture is strong and getting stronger. We are ten years down the road on our quality management journey; our diversity management program has earned us recognition as a world class benchmarking partner by the Vice President's task force on Diversity; and we have sustained the growth of the Leadership Development Center. These are all signs of a strong and progressive Coast Guard. As Chairman Coble told me at my hearing last week, "If it's true, it ain't bragging!"

I was honored two years ago when Senator Daniel Inouye sponsored and stood for me during my confirmation process. I'm sure many of you are aware of his World War II service. On December 7, 1941, seventeen year old Danny Inouye knew his world as a Japanese-American citizen had just changed forever. He fought to join the U.S. Army and was placed in the 442<sup>nd</sup> Regimental Combat Team, an all-Japanese-American Unit. Senator Inouye earned a Bronze Star, a Distinguished Service Cross, and the Purple Heart for his gallantry and his grievous injuries. When asked about those difficult days of discrimination and war, he muses, "The one time the nation got together was World War II. We stood as one. We spoke as one. We clenched our fists as one, and that was a rare moment for all of us."

A rare moment, I would offer, of focus, the same focus taught by Admiral Waesche in 1942. Their focus, shared by millions of Americans, enabled America to achieve a greatness never before imagined. Similar focus will enable us to discharge our debt to our forebears who built the strong Coast Guard in which we are privileged to serve; our debt to the current generation of Coast Guard men and women, to whom restoring readiness may be a matter of life and death; and to the next generation of the Coast Guard, to whom we must deliver a Coast Guard that has been shaped for future service.

Twenty years from now, America will ask great things of her Coast Guard. We will be called upon to exercise leadership in a Marine Transportation System that carries two or three times the cargoes now passing through our ports and waterways . . . To ensure passenger safety on cruise ships far larger than any now afloat . . . To defend our country against new maritime security threats . . . To continue to serve as a model maritime service for other nations . . . To do all the things a military multi-missioned maritime service should do for its country.

We're going to be ready to do that work. We will have long since restored our readiness and modernized our capability—both people and equipment. We will have re-earned our motto . . . Semper Paratus.

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