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Admiral Thomas H. Collins  
Annual State of the Coast Guard Address  
**“Readiness + Stewardship + People = Operational Excellence”**  
23 MARCH 2006

Amenities

Introduction

Welcome to all! It is my pleasure and honor to be with you today to discuss the current state of our Coast Guard... my fourth and last such address.

In 2003, I told you that “This is Our Time.” We had just reported to Secretary Ridge and to the Department of Homeland Security.

In 2004, I used the nautical metaphor of taking a fix to determine the set and drift of where we were in achieving our Commandant’s Direction.

In 2005, I talked about the continuation of Operational Excellence as achieved by the Coast Guard’s “Long Blue Line” over decades and decades. I talked about the Coast Guard “Making History” and, about the time-tested durability of Coast Guard operational doctrine.

Little did I know just a few months later, our Principles of Operations would be tested by Hurricanes KATRINA and RITA.

I doubt that it comes as news to any of you that the Coast Guard has never been more important to the safety and security of the American public than it is today. Everything we do in the Coast Guard, counts ... Everything we do makes a difference.

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## Recap 2005 Operational Excellence

That was clearly the case during 2005. And although hurricanes and Port Security took the headlines, we attended -- and attended well -- to all our missions.

Just as our NASCAR driver, Jeff Burton, had a winning formula for driving the Team Coast Guard Chevy to victory last Saturday, we, also, have a winning formula to achieve Operational Excellence.

We continued to break records in our fight against illegal drugs with over 300 thousand pounds of Cocaine seized at sea.

Our Alien Migration Interdiction Operations were equally successful. We interdicted nearly 10 thousand migrants. That's the second highest total in over a decade!

We continued to work with Iraqi and coalition forces to support and protect critical infrastructure such as the oil platforms in the northern Arabian Gulf.

We improved compliance with fisheries laws and regulations by completing more than 6000 boardings in the Bering Sea, the Western Pacific, and in our coastal waters.

And of course, we saw our men and women achieve extraordinary operational results in response to last summer's hurricanes, especially Hurricane KATRINA.

Vice Admiral Vivien Crea and Rear Admiral Bob Duncan capably led over 5,000 Coast Guard members -- Active Duty, Reserve, Civilian and Auxiliary -- in a unified, seamless response. Over a one week period, Coast Guard men and women rescued or evacuated more than 33,000 people -- the statistical equivalent of over six years worth of Search-and-Rescue. They also responded to hundreds of oil spills

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totaling over 9 million gallons. And, they led the effort to repair or replace 2000 navigational aids and restore waterways in, and around, some of the country's most economically vital ports.

Since Hurricane KATRINA, I have been asked the same question many times: How was the Coast Guard able to perform so splendidly under such adverse conditions?

I have but one answer for all of them.

The Coast Guard did what we do best every day -- our men and women stuck to the basics.

To us, KATRINA was ONLY unusual because of its scale. We had a plan. We trained and equipped to the plan. And, we executed the plan by doing what was necessary to respond to our Nation's humanitarian, environmental and security needs.

Throughout 2005, as in every other year, Civilians, Auxiliary, Reservist and Active Duty personnel took charge of their individual responsibilities to execute the mission at hand. And, as we move forward, our collective challenge is to ensure *that* spirit of Operational Excellence into the future.

The Message: Readiness + Stewardship + People = Operational Excellence

It is my intent this afternoon to reflect on our Operational Excellence through the lens of my Commandant's Direction which focused on Readiness, Stewardship and People. It has been our view over the last four years that the intersection of these three dominant factors yields the level of Operational Excellence that America deserves, and America expects.

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## Readiness

First, READINESS ...

Coast Guard duties demand a level of Readiness unique among all the armed services. The demand for Coast Guard Readiness causes us to continually examine our strategic focus, leverage our unique authorities and capabilities, exercise our international and interagency partnerships, and even sometimes change our organization in very significant ways.

Since 9/11, priority number one has been building out our ability to be as good at Maritime Homeland Security as we are in our other missions.

The current debate over ports has brought increased attention to the importance of maritime security. I can assure you that the Coast Guard remains committed to reducing security risks in our ports, waterways, and coastal areas. I can also assure you that we are safer and more secure today than we were four years ago. And, I can also assure you WE ARE NOT yet done.

The Sept 11, 2001 attacks were the genesis of a sea-change for the Coast Guard security mission and resulted in a considerable shift in our focus and resources. Immediately after 9/11, Homeland Security was elevated alongside Search and Rescue as our top priority missions.

This was appropriate, as both missions focus on saving lives.

While we can't guarantee that there will not be another maritime security incident, we have made significant and important progress in our efforts to prevent terrorist attacks and to respond effectively if one does occur.

We improved the security of our ports and waterways, and those vessels visiting our ports, by implementing the Maritime Transportation Security Act (MTSA) and the International Ship and Port Facility Security Code. Since July

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2004, we have required corrective action on more than 700 violations of the MTSA regulations and stepped up our scrutiny of inbound foreign flag vessels and their crews by conducting over 16,000 vessel inspections.

We implemented improved Command and Control and, tracking and monitoring systems.

We conducted domestic and foreign port security assessments. We reviewed and approved vessel and port security plans.

We helped develop comprehensive national maritime strategies and plans.

And, with the help of the Administration and Congress, we added important capacity in the form of patrol boats, security teams, and intelligence infrastructure.

And there is much more to do.

The foundation of our Maritime Security strategy has been, and remains centered on four inter-related strategies designed to:

- 1) Enhance Maritime Domain Awareness;
- 2) Implement Domestic and International Security Regimes;
- 3) Increase our Operational Presence; and,
- 4) Improve our Response Capability.

To be successful in these four areas:

- We increased our capacity – more boats ... better aircraft ... more people.
- We increased our capabilities especially in the way we collect, monitor, use, and share information.
- And, we partnered aggressively with others at home and abroad.

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The way-ahead in Maritime Homeland Security has everything to do with these areas of emphasis, all of which are designed to close gaps associated with the threats and vulnerabilities in the maritime environment.

We are working on over 50 initiatives dubbed “America’s Maritime Shield” in order to improve on the extensive progress we’ve already made. Our efforts going forward will include:

- Partnership with Customs and Border Protection on the Cargo Security Initiative;
- Collaboration with TSA to accelerate the Transportation Worker Identification Credential Program -- or, the TWIC;
- Improving our ability to observe, track, and assess, and coordinate activities in ports, coastal and offshore areas including the establishment of joint, interagency, integrated Operation Centers at the Sector level.
- And, continuing efforts to gain approval of additional security initiatives through the International Maritime Organization, including Long Range vessel Identification and Tracking, and an international audit mechanism to ensure standards are being met throughout the world.

As I have already noted, an adequate level of Readiness for security, and for all our missions, depends on having the right capacity and capabilities.

#### Deepwater and its role in Coast Guard Readiness

Unfortunately, the condition and age of our capital assets is perhaps the greatest threat to the preservation of Coast Guard Readiness, and our Operational Excellence.

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Bottom line ... the recapitalization of our capital plant is key to the future of Coast Guard Readiness.

And the Deepwater Project is the centerpiece of that capital plant transformation. Milestones achieved during 2005 -- just three-and-a-half years since the Deepwater contract award -- demonstrate steady progress in the modernization, conversion, and recapitalization of our aging cutters and aircraft. Through Deepwater, we've markedly improved the command, control and communications capability of our existing fleet. We're well on our way in completing the re-engining of the HH-65 fleet.

We've also moved ahead with the construction of United States Coast Guard Cutter BERTHOLF, the lead ship in the new class of National Security Cutters. It is now:

- more than 45 percent complete,
- is scheduled for launch in 2006, and,
- is slated for delivery in 2007.

That's just four months off its original schedule despite the extraordinary damage inflicted at the Northrop Grumman shipyard by KATRINA in August.

As with any program of Deepwater's complexity and scope -- thorny issues remain in the refinement of selected platform designs, and the many modernization and recapitalization initiatives now in motion ...

But, we understand it's a marathon, not a sprint.

There are important things to work on. For the "way-ahead" in Deepwater, our intent is to:

- Improve the overarching governance structure associated with our strategic partnership with industry;
- Focus on cost control through enhanced competition and other initiatives;

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- Build a first-class Integrated Logistics System to support the new fleet, and,
- Pursue aggressive solutions that resolve Maritime Patrol Aircraft and Patrol Boat capacity gaps.

But overall, we remain confident that we have the right acquisition strategy, the right contract mechanisms, and the right implementation plans in place based upon the progress to date. And, based upon the policy and budget deliberations conducted in 2005, so do the Department, the Administration and Congress.

### RESCUE 21 and its role in Coast Guard Readiness

Another modernization effort critical to enhanced Readiness is our coastal digital distress system initiative -- RESCUE 21. In the aftermath of Hurricane KATRINA, RESCUE 21 clearly showed its value. Full VHF maritime communications were restored for the Coast Guard in the Gulf coastal region using a RESCUE 21 prototypical Disaster Recovery Asset. Overall, RESCUE 21 represents a great leap forward in our country's preparedness to ensure safety and security. We are ready to get on with aggressive implementation of the system.

### Partnerships and their role in Coast Guard Readiness

There is another factor which has major impact on our state of Readiness ... Partnerships.

In approving the *National Strategy for Maritime Security* last September, the President put a premium on partnerships – joint, interagency, and those with the private sector.

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Many of our most important partnerships are the ones we have within the Department of Homeland Security....

- We are aggressively collaborating with Customs and Border Protection and the Transportation Security Administration on Port Security Initiatives.
- We are integral partners in implementing the Secretary's Second Stage Review – the 2SR effort – which provides the strategic roadmap that will drive the near-term agenda for the Department of Homeland Security.
- And we have, from the beginning, assigned high performing detailees across DHS to provide liaison and to fill staffing holes. Recently, for example, Mr. Greg Giddens, our Deputy Program Executive Officer of the Integrated Deepwater System, was selected to lend his expertise to DHS's Secure Border Initiative Program.

Our relationships with the Department of Defense, NORTHCOM, and particularly the United States Navy, are also priority partnerships. The Chief of Naval Operations, Admiral Mike Mullen, and I, jointly approved a new National Fleet Policy statement earlier this month which is aimed at strengthening Navy - Coast Guard cooperation. We're both committed to synergizing our intelligence efforts, and collaborative planning, acquisition, maintenance and deployment of our respective fleets ... all in the National interest ... so we will build complementary, non-redundant capability and capacity.

And of course, our international partnerships have yielded huge returns including the development of global security maritime standards. One of our key international partnerships extends across the border with Canada where we jointly collaborated on the Great Lakes Shiprider

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Initiative, conducting joint maritime law enforcement operations in each other's waters.

### Summary: Readiness

So – to recap our talk thus far, in the area of Readiness, where are we?

We have a unified National Strategy for Maritime Security that provides us with an integrated policy framework.

We have built a security regime for the maritime and added important security capabilities.

We have comprehensive recapitalization plans to transform our capacities and capabilities for the future.

And, we have increased effective partnerships that leverage our capabilities both domestically and internationally.

### Stewardship

However, Operational Excellence also depends on how well we organize and manage ourselves and our asset base. In other words, our Operational Excellence depends on our Stewardship of the resources entrusted to our care.

The operational adjustments and integrated logistics process changes associated with efforts such as Deepwater and RESCUE 21 will, themselves, greatly improve the efficiency and effectiveness of our service. Efforts to improve financial management to gain clean audits are also aggressively underway.

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Our experience with the events of 9/11, and its aftermath, not only called for a transformation of our missions, strategies and capabilities, but caused us to re-examine how we are organized to deliver safety, environmental and security services.

### Realignment of the Coast Guard and its role in Stewardship

Natural disasters, such as Hurricane KATRINA, clearly demonstrated the importance of unity-of-command in our ports and the criticality of having, side-by-side, the people who own the assets, along with the people who have the authority to make decisions and execute actions. An integrated approach to our missions was, and is, necessary.

And, the answer is the creation of Sectors ... and the corresponding alignment of Headquarters, Areas and Districts.

The Sector construct places responsibility for all Coast Guard field operations – both Response and Prevention -- in a given AOR, under a single commander. And the synergy of the Sector construct will encourage our people to identify and embrace necessary change, employ their creative talents, share new ideas, and deliver the highest quality of service to the American public.

I feel very, very good about our organizational transformation that is firmly underway. Yes ... it's a cultural change. But, it is ABSOLUTELY the RIGHT thing to do. I am convinced it will be -- along with the drive towards joint and integrated Operations Centers -- one of the most significant things we have done to enhance Coast Guard Operational Excellence now, and into the future ... and, bottom line -- its GOOD Stewardship.

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Readiness and Stewardship -- the first two elements of our  
Operational Excellence equation.

## People

Our People are the third and indispensable ingredient in this recipe for  
excellence.

I have *the best* opportunity *in the world* to observe the good work that  
Coast Guard people do. 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 defending  
our Homeland.

## Leadership Award Winners and Elite Athletes of the Year

We have with us today, five individuals who are true representatives  
of Coast Guard people everywhere. They are our Leadership Award  
winners and our Elite Athletes of the Year. I would like to introduce them to  
you. Honorees, as I call your name, please stand up.

- *CDR Scott Kitchen*, the XO of Air Station New Orleans, is our  
recipient of the 12<sup>th</sup> Annual *Captain John G. Witherspoon  
Inspirational Leadership Award*.
- *Boatswain Mate Chief, Heath Jones*, the XPO of Station Little  
Creek, Virginia, is the recipient of our 5<sup>th</sup> Annual *Master Chief  
Angela McShan Inspirational Leadership Award*.
- *Ms. Kathleen Thore*, Chief of the Computer Services Branch of the  
Training Division at Training Center Petaluma, California is our

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recipient of the 2<sup>nd</sup> *Annual George R. Putnam Inspirational Leadership Award.*

- *Lieutenant Junior Grade Catharine Johann, from the All-Services Armed Forces Volleyball Team, is our female Elite Athlete of the Year, and,*
- *Lieutenant Junior Grade Micah Bonner, the Point Guard for the All-Services Armed Forces Basketball Team, is the male Elite Athlete of the Year.*

Please give them all a hand. Each of our award winners is a fine example of the character, leadership and fitness that has always, and will continue to inspire Coast Guard people to meet our challenges.

### Human Resources Accomplishments

We have an incredibly talented and dedicated workforce. I am extremely proud of our Admiral Venuto-led Human Resource Team and all the programs they developed to help create that talented workforce. For example, since 2002:

- We've ensured our pay and compensation system retains parity with the other services.
- We've provided our workforce with better personnel protective equipment, and a new work uniform.
- We've provided them with better hardware and systems to do their jobs.

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- We've focused on education by significantly enhancing our Tuition Assistance program.
- We've established a new Electronic Civilian Orientation Program for our Civilian Team members.
- We are assigning full-time Educational Service Officers and Command Master Chief's at every Sector;
- We've established an Individual Development Plan program for all first-term enlistees and junior officers ... this is not a discretionary, but a mandatory program;
- And, we've placed greater emphasis on leadership development and training at all levels.

This is *really* good stuff ... and it's only a partial list! It's all about helping our people to enhance their professional and personal career goals. It's about the Coast Guard being committed to its people and, in turn, its people being committed to the Coast Guard.

#### Accomplishments in People Programs during post-Hurricane KATRINA

Our Human Resource Team's response to our people's needs post-Hurricane KATRINA was *amazing*. They found ways to stretch the envelope on benefits and entitlements for our members and their families.

For example, they expanded per diem at Safe Havens from 30- to 90-days.

They distributed almost 2 million dollars in Mutual Assistance funds to 850 Katrina families, over one million dollars of which was donated by

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fellow Coasties. The Mutual Assistance Program will also distribute another \$1 million in grants through funds provided by the Coast Guard Foundation ... thank you, to Jim Link, who is with us today, and who is the President of the Coast Guard Foundation.

And, Rear Admiral Stephen Rochon, our Director of Personnel Management, led a special Tiger Team that traveled throughout the entire affected Eighth District, holding town meetings and All-Hands with crews & families to answer their questions and explain benefits.

### The Way-Ahead in People Programs

There are still some people programs that need additional work. One is in the area of our Work-Life initiatives. And, at our last Flag conference, we decided to place special emphasis on two areas: Child Care, and the Ombudsman Program.

We also continue to experience challenges in rebuilding the Reserve forces. However, an initiative underway that will provide a boost is the Reserve Strategic Employment Working Group. This project identified the core functional areas for Reserve employment in the future and matched them with the required competencies.

Since 9/11, I have pledged to leave no stone unturned in fulfilling my responsibilities to recruit ... rebuild ... organize ... supply ... equip ... and train our workforce. We've made significant progress.

We've experienced 12 per cent growth in our Active Duty force structure.

We've doubled the number of new Recruits with a four-year degree, and the last two years have been our best years, yet, in recruiting diversity.

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In addition, retention is at 88.2 per cent, the highest rate since World War II.

### Auxiliary “People” and their contributions to Operational Excellence

Finally, our all volunteer force, the Auxiliary, as always, has been a terrific partner, stepping to the plate to embrace and support our Homeland Security responsibilities.

Auxiliarists are enhancing our Readiness by spreading the America’s Waterways Watch Program to the recreational boating public. Through all the routine operations as well as the extraordinary events, the Auxiliary is always there, always making a difference.

### Summary

And, that applies to all of you as well ... doing what matters ... making a difference ... doing what counts.

You know better than anyone that the Coast Guard did not achieve Operational Excellence by waiting.

Being Ready doesn’t “*just*” happen ... Perpetual Readiness requires sustained and patient effort ... it requires an attitude of: “everything we do matters.”

Being superior Stewards of America’s resources doesn’t “just” happen, either ... it requires foresight, ingenuity and collective resourcefulness ... it requires the desire to make a difference ...

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And, attracting, maturing and retaining the best People in the world certainly doesn't "*just*" happen ... it requires organizational evolution and a willingness to change ... it requires agility in adapting to the recruiting marketplace and, it requires balanced work-life policies ... it requires the vision to know that everything we do, counts.

Our goal has always been to add to the safety and security of our Nation. *I believe* we have done this. But it is a process that *never* ends. We have our plan for the present, and our blueprint for the future ... those plans will be refined yet again by the new Coast Guard leadership team soon to take over the helm, capably led by Admiral Thad Allen. They will be faced with:

- 1) With continuing to breathe life into the National Strategy for Maritime Security;
- 2) With the ongoing modernization and recapitalization of our assets;
- 3) With further refining our place within DHS;
- 4) With continuing to build and refine the United States Coast Guard - United States Navy relationship;
- 5) With building the next step of organizational restructuring, an integrated logistics system; and, finally,
- 6) With seeking ways to maximize the Coast Guard's return-on-investment to the American people while living within more austere budgetary environments.

### Conclusion

I'm in the 4<sup>th</sup> quarter of my game, and you can consider the next couple of months as the "2-minute" drill. WE will continue to drive hard to

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score even more in advancing the Commandant's Direction of Readiness ...  
Stewardship ... and, People.

We are fortified by our Core Values. And we are blessed to have a  
supportive and capable Secretary, President and Congress.

*And*, we are privileged to have our Active Duty, Reserve, Civilian,  
Retiree and Auxiliary ranks populated by warriors ... guardians ... patriots  
... and life savers, who are truly committed to ensuring our Nation receives  
the services of the world's very best Coast Guard.

One thing is certain ... you can depend on Coast Guard men and  
women to deliver Operational Excellence in the face of ANY challenge.

Our formula does work: Readiness + Stewardship + People  
absolutely does equal Operational Excellence.

The legacy of our "Long Blue Line" deserves nothing less. In the  
words of the Coast Guardsman's Creed, and I quote:

*"I revere that long line of expert seamen who by their  
devotion to duty and sacrifice of self have made it  
possible for me to be a member of a service honored, and respected,  
in peace, and in war, throughout the world."*

Thank you, and Semper Paratus!