

# STATE OF THE COAST GUARD



Delivered March 16, 1995, by Commandant ADM Robert E. Kramer,  
at Bolling Air Force Base Officer's Club in Washington



Men and women of the Coast Guard, it is exciting for me to join you today and present the State of the Coast Guard to you.

Recently, Pat (Mrs. Kramek) and I had the opportunity to attend President (Bill) Clinton's State of the Union Address, and then last month Secretary (Federico) Peña, presented the State of the Department of Transportation to us here in this room.

Now you'll hear from me as to where the Coast Guard is today, how we measure up to the vision and goals we've set for ourself, and what's ahead for us in the future.

Was it planned this way, the president first, the secretary second and myself third? You bet, it really was.

I'd like to start out refreshing our memory on the process that guided me in establishing the visions and goals for the Coast Guard, goals against we measure ourselves today.

Since this seems to be the season for contracts, let me tell you something about real contracts. President Clinton has challenged America to change, and has set forth his programs very succinctly over the last two years.

This mandate for change is underway. It includes things we're very familiar with, things like the National Performance Review, the Government Performance and Results Act, smaller government, less cost, less intrusive.

It includes maintaining a high service level to the public and satisfying our customers.

The secretary of transportation has signed a contract with the president supporting the president's goal, and that contract is reflected in the secretary's strategic goals that he's presented to us. I've signed a contract with the secretary supporting his goals. You may or may not know that.

We actually have written, signed contracts. The elements of that contract are the visions that I've set forth to the Coast Guard on June 1, 1994. You have a copy of them at your seat.

These are real contracts. They're signed. They're renewed each year, but they're changed a little bit sometimes to take account for the changing world situation

around us. For as you all know, we live in a constant state of change, and we must remain very ready to meet new challenges and new opportunities that change brings to us.

That's what the Coast Guard has always done best: to be ready for change, to live our motto, *Semper Paratus*, always ready.

We don't struggle with change, we adapt to it. We believe preparation equals performance. We look forward to challenge and opportunity and we're honored to provide service to humanity, through surf and storm and howling gale.

Our goals were developed just as captains of ships prepare their ships to get underway and prepare sail plans for their deployment. Our goals are the track lines that we must follow to steer clear of the rocks and shoals before us on our journey to be the premiere maritime service in the world.

And our track lines account for the major challenges that exist due to changing national security, due to changes

in the global and domestic economy, due to changes of the people of America who are calling for the government to change, due to changes in the political landscape, and due to changes in the needs of our people because they're our most important asset. And taking care of those changes is sometimes the most difficult for us to make.

And just like any voyage, there have been some storms that we hadn't planned for, some uncharted shoals on the way. The Cubans are coming, they said a few months ago, as Castro used people as a weapon to try to persuade the United States to change its foreign-policy views.

The floods arrived, both in Houston and Galveston, Texas. On top of that, the ship channel caught fire as the pipelines broke loose and exploded. Floods are still in California.

Then we had the invasion of Haiti at about the same time. There's been a tremendous depletion of the world's fisheries' stocks. And as fisheries are closed off around the world and in our exclusive economic zone, there's been a tremendous demand for the Coast Guard to enforce these new closed areas.

The Contract for America and the elections of 1994 are having tremendous impact on all of us, especially the Coast Guard.

We've remained on course throughout all of these challenges, and along the way we've even been complimented for our good seamanship and navigation, which I'd like to say are our performance, by the secretary when he awarded the (Department of Transportation) Gold Medal this fall, by the president several times, especially for our operations in Haiti and Cuba, especially for our readiness to take care

of national desires, and even for reaching the North Pole this summer.

We've been most rewarded by what I consider the best common denominator in government to decide what you should do or not do, and that's the budgetary process. Because the president and the secretary have asked for an increase in for us in 1996, more than we received this year, so that we can continue

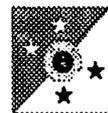
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I testify before Congress and they find that amazing. 'Aren't you in the wrong place? You know, this is the year of reductions. You really have an increase in your budget?' And I said, 'That's right. We've done a good job. We've done what the American people wanted. We've done it efficiently.'

The secretary and the president have asked for an increase in our budget so that we can maintain that service to the public. I met with the president many times this last year because of the type of business that we were doing. And I like to tell people that we've become familiar enough that we're on a first-name basis. I call him Mr. President and he calls me admiral.

I think we need to review these goals and get a sense for how we're doing. The (former) mayor of New York, Mayor (Ed) Koch, who I knew pretty well because I was the mayor



of Governors Island, (N.Y.), he used to call me 'the other mayor', and he used to go around New York City saying to people, 'How am I doing?' And boy, they would really let him know, so much so that he finally stepped down and didn't run for reelection.

I travel extensively around the Coast Guard, as you know. Some people think it's because of my dislike for being in Washington D.C. But really, I need to spend time with our operational men and women, where the rubber hits the road, so I can listen to them on what their alarm-clock concerns are, and I can take care of their needs.

Because the bottom line for the commandant, and for most of the people who work in this room and headquarters, is to develop the programs and obtain the resources to support our men and women so that they can do their job, do it safely and do it efficiently.

We have an executive business plan that details our goals, our objectives, our milestones, our targets. It's laid out over four years.

I'm not here to report to you today the details of that plan. Rather, I want to give you my view from the bridge on how I believe we are doing and where we need to do better.

It's by no accident that the very first goal I established in the Coast Guard had to do with leadership, and in taking care of our people and providing them a working environment where they could reach their full potential. How are we doing on that?

Well, as you know, we've had a very large leadership study put together, and this leadership study, for the very first time, laid out all of the steps that we thought we needed to take from the time a person entered the service, whether he was enlisted or an officer, until the time that person retired, 24 different recommendations, and different periods in a person's career on when we should apply some leadership tools so that person could be fully capable as a leader in the Coast Guard.

We're tracking down that list right now. We've analyzed what tools we already have in our tool kit. We've compared it to the needs of the leadership study, and we're in the process of creating, in the process of putting together budgets, and in the process of just simply making modifications in some cases to take care of the things that that study recommended.

One of the things it recommended was that we take a look at where we apply leadership. One of the places suggested, as an example, is the time when a person is advanced from E-6 to E-7 (chief petty officer).

You know, right now we have a CPO Academy. It's in Petaluma, Calif. We have many of our senior chiefs going through it. The manager of it is the Command Enlisted Advisor of the Coast Guard, MCPOCG (Rick) Trent.

We have about 150 to 200 senior chief petty officers go through a year, but wouldn't it be wonderful that, upon making chief petty officer, every chief in the Coast Guard could go to the CPO Academy?

We're going to follow that as one of our goals and make that happen in this next year.

We're also going to take a very close look at the Coast

Guard Academy, (in New London, Conn.) and the types of things that the academy stands for. We've decided that New London should be more than the home for the academy. It should be the home for leadership and excellence in the Coast Guard.

With that in mind, we're reviewing moving some other things to New London including the CPO Academy, including the Warrant Officer Indoctrination Course, which is now taught to us by the Navy. And we'll make it a Coast Guard Warrant Officer Indoctrination course; including our Quality Management and Leadership School at Petaluma and including the Officer Candidate School at Yorktown, Va.

So there in New London we'll have the center for all leadership and excellence training that we need in the Coast Guard for all of our leaders.

We're also taking a look at the distinction between leaders and managers. And many of us have read different articles about that. I think it's constructive once in a while to think about that difference. (Author Peter) Drucker likes to say that management is doing things right, leadership is doing the right things.

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Recently, all the flags (flag officers) met together and we went through some other leadership and management principles. And I'd like to relate a quote to you from a book by Steven Covey. He said, 'You can quickly grasp the important difference between leaders and managers. If you envision a group of producers cutting their way through the jungle with machetes, they're the pro-

ducers, the problem solvers. They're cutting through the undergrowth. They're clearing it out.

The managers are behind them, sharpening their machetes, writing policy, writing procedure manuals. Sound familiar? Holding development programs, bringing in improved technologies, and setting up working schedules and compensation programs for machete wielders. But where's the leader?

The leader is the one who climbs the tallest tree in the jungle, surveys the entire situation and yells, 'Wrong jungle.'

We need to keep that in mind because we have outstanding producers and managers, but we need to work harder on developing our leaders.

We've also looked at our entire training system. We're in the process of overhauling the entire system to enhance the role of training in the Coast Guard. What is this going to mean?

Well, I really can't give you a preview of the training infrastructure study groups, some of which are in this room, because they haven't briefed me yet. But I'll tell you what the goal means and I'll tell you where we're heading.

We are going to consolidate our training centers to the extent that we can make proper use of technology in training our people, that we can go to a corps and strand concept of training, and that we'll have a director for all training in the Coast Guard. We'll have one boss of training



who'll be in charge of the training that all of us need.

We're also going to continue our work-life programs that are very robust. They're very supportive of our people.

I'm happy to say that we have probably the strongest chaplain program of any military service. We have 36 Navy chaplains now who are fully employed and are bringing great support to our people in the field.

When I testify on the Hill, it seems that 25 percent of my testimony is on pay parity for our men and women with the other armed forces. And I don't tell the members of the House or the members of the Senate how long we're at sea. They know we're underway 180, 185 days a year.

I tell them that our deployments are based on the fact that we only allow our men and women to be home 135 days a year with their families. And that's the criteria we use to determine underway days, and that our average work week at our stations is 68 hours a week.

And Congressman (Frank R.) Wolf (R-Va. and chairman of the House Appropriations Committee) said to me the other day, 'Gosh, how do you ever get anybody to work for you?' I said, 'They like doing what they do. They like serving humanity. But I want you to know, Mr.

Chairman, that they're only home with their families 135 days a year, and they don't ask for much other than pay parity with other members of the armed forces, and that's very important to us.'

Where do we stand with respect to our diversity goal? My goal was to place diversity at center stage for the Coast Guard. What does that mean? How are we doing?

I've asked for a representational goal study to be conducted. We thought it was going to be pretty easy. The first draft was sent to me in August, and we're still working on it. We're still working on it because it's a major, major project to decide what your goals should be as an agency if your overall goal is that you want to look like and be representative of the citizens of the United States. We want to be like America, and we are not like America today.

This is a strategic planning issue, and a strategic planning issue is simply that we need to have a working environment for the Coast Guard where we'll be an employer of choice, where people will want to come to work for us, so that we can attract the very best people in the United States.

The people that we are going to recruit 18 years from today are not going to look like the composition of people in this room. And if we want to attract the best talent from 100 percent of our society, then our representational goals have to change and our working environment has to change.

Pretty soon I hope to issue our representational goals which will simply say, 'We intend to be representative of the population of America.' And I will present the time line to you on how we intend to accomplish that.

What are we doing with respect to the work environ-

ment, however? Well, you've heard the term 'cultural audit.' Some of us like to use the word 'workplace environment audit' or 'organizational audit.' The bottom line is to determine how to have an environment and a workplace where we will be the employer of choice for everybody, and where everybody can be valued for what they bring to the organization and have the opportunity to rise up in that organization to do the best they can. In order to do that, we have to take a look at some of our culture because the culture has been with us for 204 years.

We are in the process of doing an audit to find out as an organization what exists in our culture as barriers that prevent us from being that workplace of choice for everybody. We've completed a pilot audit this summer. We've written our performance specifications based on that, and we're ready to go out on a contract now. And in the next year we'll not only identify what those barriers are but together, we'll create a plan that will help us eliminate those barriers.

Now you've heard me say this before, but to me it bears repeating because many times the media likes to harp on these types of things.

I'm happy to say that we have probably the strongest chaplain program of any military service. We have 36 Navy chaplains now who are fully employed and are bringing great support to our people in the field.

When we go out to audit ourselves to see what cultural barriers we have, that conjures up all sorts of ideas of, 'Gee, they must have been doing it right to begin with.' It isn't a matter of right or wrong. I'm going to need your leadership together, all of you to stand tall with me, and to tell the media, 'Look, we've identified a few things about us that we don't like. It's our intent as a healthy organization to eliminate those barriers. We should be given credit for that.'

And here's our program.'

There should be some sort of celebration that we, together as an agency; we, together as the guardians of the sea, have decided to eliminate all those barriers so that everybody can be successful in our organization.

We all need to say that. Any negative publicity that we get out of this, we ought to tell them together to keep off our back and give us credit for doing the right thing.

I'm also very, very pleased to see that the assignments provided our men and women and the selection process for men and women in the Coast Guard, for the first time, is working where everyone is treated fairly.

How are we doing on the mandate to streamline our services with no reduction in essential services? Oh, this is the hardest thing I testify to all the time. But I want to tell you in my contract with the secretary, I agreed to streamline the Coast Guard 12 percent over four years. It wasn't a condition of employment. This is what the president wants to do with the federal government. This is what all federal agencies agreed to do.

Twelve percent for the Coast Guard doesn't seem like much: three percent a year. If you were in private industry as an executive, you'd be expected to reduce your overhead expenses and costs by perhaps five percent or more a year, but you'd have to go find another job.

Well, it sure looked difficult for us because we knew we



had about 15 percent more work than we can do. We've been in the habit, and rightfully so because the way work has been given to us, of saying we've been given too much work to do and not enough resources.

Now we find ourselves in a position to say that we have to do all that plus streamline 12 percent, which equals 4,000 Coast Guard personnel and \$400 million less in operating-expense money.

Just how are we going to do that? Well, we're ahead of schedule figuring it all out. We put together a multi-year budget strategy on our operating expense base over a four-year period. We've identified perhaps 100 items that might be considered under the streamlining umbrella.

We've put together a capital-investment program playing on something (former commandant, Ret.) ADM (James S.) Gracey developed years ago, looking out 15 years on what our capital-investment program should be and acquisition construction and improvement.

We've even established the position of chief financial officer to evaluate our programs and make sure that we're executing them wisely, spending our money wisely, and we have valid spend plans.

What type of things are we looking at? Well, we're looking at consolidating training centers. We went to every air station in the Coast Guard just to see if we had the right aircraft in the right place.

We used the tools of quality management to do that, a Quality Action Team looked at that. And just by putting aircraft where they were better able to do their job, we saved \$17 million and almost 200 people.

There are other potential savings such as moving out of high cost areas. Some of these are painful and hard choices, as we look at high-cost areas, and Governors Island is one of those places. The potential exists to do those missions that are done currently from Governors Island and save as much as \$40 million a year and 500 people just because business has become so expensive in the New York area.

Now those are painful choices. Pat and I have made our home there a couple of times. We had four kids under age nine there. I was going to sea, and I don't think we could have survived unless we had Governors Island. But it's not the case anymore.

The tooth-to-tail ratio isn't as great there, and we can no longer afford places like New York City, even though it's been home for many of us.

Of all the streamlining initiatives we've put together, I really think our plan to save \$100 million a year and 1,000 people a year, based on good business decisions, is not easy but it's well crafted.

The time line is what everybody wants to know about. How is it going to affect me? When are we going to know?

The first week in April I'll be meeting with all of flag officers and SESs (Senior Executive Service employees) in the Coast Guard. We'll take a look at the final study-group pre-

sentations. We already met once in December and took our first cut.

I'll then present it to the secretary. I had a meeting with the deputy secretary last week. And he and the secretary have agreed to look at this in the context that it's a four-year, multi-year budget strategy. This is different than ever presenting the budget before. We used to keep things close to the vest one year at a time.

But in fact, Congress will never approve this unless they can see the streamlining plan over four years and how we're meeting our mandate for change in reducing the size of the federal government over four years.

And then it will go up to the Hill probably the end of May or sometime in June. As soon as the secretary approves it, and as soon as the assistant secretary for budgets and programs approves it and it's ready to go to the Hill, at that time we'll be able to let all the men and the women in the Coast Guard know what that change means for them.

It will take us two years to make many of these changes, and a lot of them you've heard a lot about already. This morning I sent an ALCOAST message out previewing this State of the Coast Guard Address to all our men and women everywhere to let them know that time table. And the videotape that's being made today will also go to all field units so that they'll be hearing everything you're hearing today.

Now that all sounds pretty easy, but it isn't because the final decision is going to be a political decision. Yesterday at a subcommittee hearing, just like the last two when members say, "We don't want to lose a Coast Guard station from this town. We can't lose the training center from this town. Do you know you supply 40 percent of the income of that county? Sixty percent of the children in the elementary school are Coast Guard children. How can you leave?" I tell them we can leave because we have high-speed helicopters that have three times the endurance that the other ones have; we have rescue swimmers who risk their lives and jump into the water to save people; we've got Differential Global Positioning Systems.

We've also got new motor lifeboats. The one I was on

last week in Oregon, the new 47-footer, goes 27 knots, rolls over, comes back up, keeps on going. It's just absolutely fantastic. The technology investment we've made in our ships, in our communications equipment, in our systems, in our people — because everywhere I've traveled commanding officers tell me the same thing, and they're the first to tell you if things are not going right. They say, 'This is the best group of men and women I've ever had work for me.

They're the best trained and the most enthusiastic. They're the hardest working. Keep them coming just like that.'

That's very heartening to hear. So with the equipment and people like that I think we can streamline. However, Congress has to be convinced, and our constituents, the

The potential exists to do those missions that are done currently from Governors Island (N.Y.) and save as much as \$40 million a year and 500 people just because business has become so expensive in the New York area.



people, have to be convinced. In a place like Shark River, N.J., if that station leaves there the people must know that we can get to them from the north and we can get to them from the south and we can provide them the services that they were used to before because we can do it better and we have better gear and we're better able to do it.

So we have quite a marketing job ahead of us, and I'll need your help on that.

I've set a goal for maintaining a strong response capability, always ready as a military service to meet multi-mission requirements. How do we do that?

Well, I can describe to you two of our units, both of which I've visited recently. First is the CGC Chase, a 378-foot cutter assigned to Alaska Patrol on the West Coast of the United States. And we had a lot of activity this summer that required us to look at taking some cutters from the West Coast and having them serve on Haitian operations in the Caribbean.

The Chase came through the Panama Canal and immediately switched from fisheries patrols to drug patrols on the way into the op area. And then it went into alien migration, putting up Cubans and returning them to Guantanamo, Cuba, and then ended up chopping or changing its operational command to command the joint task force in charge of the invasion of Haiti.

When the public turned on their televisions at night, the first vessel entering the harbor into Haiti ahead of ahead of the Navy was the CGC Chase (homeported in Alameda, Calif.) and the 50-year-old, 180-foot buoy tender CGC Papaw (homeported in Galveston, Texas. And the public said, 'What are they doing there?' Well, we're just doing the same types of things we've been successful doing the past 200 years, living out our traditions as lifesavers and guardians of the sea.

We have a thing called the Harbor Defense Command.

Our Maritime Defense Zone commander stood that up. We have port-security units. In this particular case, the Chase was the command-and-control ship. It provided a mobile vessel traffic system and brought it into Port Au Prince (Haiti.) The buoy tender placed all the aids, and then the fleet came in.

A couple of weeks ago in the White House Rose Garden, the president presented a Coast Guard Commendation Medals and Armed Forces Expeditionary Medals

to first-class radarmen from Vessel Traffic System Houston who put together the mobile VTS on the Chase. And we're very proud because navigation is a mission for us.

There were hundreds of Black Hawk helicopters coming from South Florida all the way to Haiti, over a 550-mile transit, full of soldiers with weapons in case it was going to

be an opposed invasion.

Underneath all those helicopters was a whole line of Coast Guard cutters, all flight-deck-equipped with helos aboard, to provide a search-and-rescue laydown all the way.

When the soldiers got there, our harbor-defense commands were set up, our port-security units were set up, our reserve had been activated. They were in place. We're still in Haiti this morning because now that everybody is leaving, our job is to train what's left of the Haitian navy to be a Haitian coast guard.

So we're doing the very traditional missions for us that sometimes the other armed forces call non-traditional. And when they say, 'We have all these non-traditional missions we're doing,' my comment is, 'Those are traditional missions for the Coast Guard.'

Haiti is a good example of our multi-mission capability, as were Marine Safety Offices Houston and Galveston, where I went about three weeks ago. We had an awards ceremony there for 200 Coast Guard men and women; the largest award ceremony I've ever seen for the Coast Guard, members of the community and other federal agencies.

Because, together for the floods in the San Jacinto River, for the great fires that transpired, they not only put out the fires, cleaned up the pollution, they saved 540 lives in five days. And they did that by coordinating the vessel traffic system with the marine safety office, the captain of the port, the air station, industry, other federal agencies and the whole community.

The Coast Guard Auxiliary was there with them, strong, as was our reserve. They did it so easily because we're used to organizing in ports and harbors for disaster like that. And the Oil Pollution Act of 1990 helped us develop port contingency plans. We've been used to it before because of our Coast Guard Forces organization. It's the type of thing we do best. We reacted to a crisis and we were ready.

There's a new national military strategy. I'm very proud

that on the front cover of it and included for the first time ever with the other four armed forces is the Coast Guard shield. Because the meetings with GEN (John M.) Shalikashvili (chairman of the Joint Chiefs of Staff) and the other heads of service and the commanders in chiefs, there's a newness about our participation and the concept of jointness.

Jointness is the way we need to go to participate with the other armed forces. Admiral Huges??? called me.

He just came back from Korea where he met with General Luck???, who is in charge of Forces Korea, so that General Luck will have some concept on what we can supply for that military contingency in terms of port-security units, in terms of harbor defense commands.

VADM (James) Loy just came back from a meeting with

I tell them we can leave because we have high-speed helicopters that have three times the endurance that the other ones have; we have rescue swimmers who risk their lives and jump into the water to save people; we've got Differential Global Positioning Systems. We've also got new motor lifeboats.



ADM (John J.) Sheehan, (director of operations for the joint chiefs, talking about the same types of things.

Our Vice Commandant, VADM Gene Henn, is going to be meeting with the vice chief of naval operations on the Navy/Coast Guard (NAVGARD) Board, again looking at the type of things that we do together.

The bottom line is that there are warfare plans out there by the CinCs and jointly we have assets, we have traditional Coast Guard missions, we have things we do to help them and we're becoming part of their plans. And jointness will remain and become even a stronger way of meeting our military response capabilities for the Department of Defense.

How do we go about meeting the goal of extending our reputation as the world's premiere maritime service? The types of things that we're doing nationally and internationally as leaders are really very remarkable.

Our officers and our civilian employees and SESs head up U.S. delegations of the International Maritime Organization. In terms of marine environmental protection, we're seen as the world leaders. We're seen as the world leaders in terms of merchant-vessel safety.

The vice commandant and RADM (Jim) Card have created a revolution in maritime safety in the world with the concept of port-state control.

You've heard of this before. But what is it really that we're doing? I was at Marine Safety Office Portland, Ore., a couple of weeks ago, and I said, 'Tell me what you're doing to implement port state control.' And they said, 'We've got it underway. It is really sweet and working well.'

Well, what is it? Simply, we've put together an information array, a matrix if you want to call it that, a system of looking at vessels, their owners and operators, whether they're standard or sub-standard, a system of looking at classification societies, and then looking at the whole history of the operation of that vessel

and trade route. We can decide, on paper at least, which ones we think are the most unsafe, and which ones we think are the safest.

It turns out that for every one American-flag vessel that visits a U.S. port nowadays, there are 14 foreign-flag vessels.

But we were spending nine hours inspecting every American-flag vessel to only one hour on foreign-flag vessels. With this new matrix, we are putting our focus on those

foreign-flag vessels that we consider substandard by analysis of this information. We've gone into a delegated agreement with the American Bureau of Shipping, and just asked for legislation to be approved on our authorization bill to allow us to delegate to other classification societies the inspection of American-flag vessels.

We'll do that with some oversight. We've already established a pilot program with the ABS to do that, which will then allow the Coast Guard to concentrate on port-state control. That is, we're concerned who's coming into our ports, whether they're safe, and we need to focus on them to make sure that they have the highest level of safety and

they don't damage our environment or harm our people.

We have major programs underway in regulatory reform for the maritime industry. The bottom line there is we're moving to international standards. United States shippers, United States carriers, our merchant marine, our shipbuilding industry, should be on a level playing field with the rest of the world. There shouldn't be any reason that we should have more stringent standards than the whole rest of the world for shipbuilding, for marine engineering regulations, for manning standards, for all of the standards that have to do with maritime environmental protection and maritime safety.

Our leaders in this organization are working toward those international standards.

We've established model-company programs and tonight I'll be meeting with chief executive officers of the American Waterway Operators on their responsible-company programs.

What do these partnerships mean? They're different. We haven't worked with people like this before. That means if you're a responsible owner and operator and you're doing your job right and you're inspecting yourself correctly, and if you're a safe operator and you've put an investment in a safe operation, maybe the Coast Guard shouldn't be spending so much time with you.

So here's a program, Mr. owner/operator, that you can follow. We'll come down and give you some oversight once in a while. You can even self-certify to us that you have a safe operation, that you've inspected your ship, that you meet these standards. And we won't spend so much time with you because the proof will be in the pudding on the type of accidents you get into and what type of operation you have.

We're moving toward those types of partnerships with industry. So far, they're very well received because we're looked at as a partner with industry and trying to balance correctly the issues of safety, regulations, marine environmental protection and the health of maritime industry.

We set a goal for ourselves to engage the Coast Guard as an intermodal partner with DOT and to implement the secretary's strategic plan. How have we done that?

Well, I remember that very first meeting I had with the secretary on this. And he said, 'I kind of know what the Coast Guard does. I've seen your transition brief. We've spent a lot of time with you and all. But I'm having trouble seeing how you're connected in this intermodal transportation.'

I said, 'Well, how would you like to make a trip down to Miami?' He said, 'Oh, to see the war on drugs or to see the Cubans or Haitians?' And I said, 'No, no, to see transportation intermodalism.'

And he said, 'Well, what would we see?' I said, 'We'll take a helicopter and we'll go up over the Port of Miami, go up about 5,000 feet on a Saturday morning, and you're going to look down and see 50 cruise ships loading and unload-

We're looked at as a partner with industry and trying to balance correctly the issues of safety, regulations, marine environmental protection and the health of maritime industry.



ing passengers. In fact, those cruise ships take 4 million passengers a year out of that port, 95 percent of which are U.S. citizens.'

I said, 'Then you're going to see something pretty unusual. You're going to see the road from the cruise ships all the way to the airport jammed up solid; total gridlock. You're going to see people sitting on their suitcases everywhere waiting for buses, waiting to get on and off the ship. When you go the airport, you're going to see planes circling; others are on the tarmac, they can't move. The whole place is gridlocked because the 50 cruise ships came there and the whole rest of the transportation system doesn't match up with it.'

'And a lot of those cruise operators, which bring \$10 billion a year to the economy of South Florida, are thinking about going to the Bahamas or going to San Juan (Puerto Rico) or even going to Cape Canaveral, (Fla.) where some of them have gone, or anywhere else where all of their people who are going on a cruise ship aren't totally unhappy by the time they get there because they waited so long by the time they finally got on board and got underway.'

I said, 'The Coast Guard starts regulating those ships before they come here. We inspect every one for safety. We put in all the aids to navigation. We work with the inspections. We're in the port. Do you know how much time we have to inspect one of those cruise ships for safety? We have to perform a control verification inspection on each one every quarter.'

'They try to have us do it in six hours, while they're changing out passengers. And we do it with a combination of 50 percent reservists and 50 percent active duty on the weekends. It's just an unbelievable experience. But Mr. Secretary, working together with highways and railroad and the airports and the rapid transit, if you've been to Miami, they have the biggest light-rail, rapid-transit system you've ever seen. There's nobody on it, but it's there.'

'The infrastructure can be coordinated and we're part of that intermodal transportation system because 95 percent of the imports and exports that come in and out of this country come by sea. They come by ship. We're still an island nation. And from that standpoint, we're an important part of this equation.'

He said, 'I understand that.'

And we've been treated like that ever since, an important part of the equation, and we are an important part of the transportation system of this country.

There's a lot of other things that we're doing as an intermodal partner, probably more than ever recently in helping the secretary re-invent DOT.

By the end of this week, he hopes to have legislation on the Hill that will change the department from an organization of 10 modes of transportation to three, the three being aviation, infrastructure and the Coast Guard.

We will see ourselves as we do today doing the same type of thing.

What's kind of amazing were a couple of the statistical charts that we reviewed with him just the day before yesterday. Chief of Staff VADM Kent Williams and I were there working together with his staff on this.

One of the first charts was a chart of circles that his statistician had put together based on relative size. The department, under this reorganization, would be going from about 104,000 employees to 54,000 employees.

So, with 104,000 employees presently, the Coast Guard totals about 45,000 active-duty members and civilians. With 54,000 total DOT employees, we're 45,000 of that.

Our circle is much larger in the second part and the secretary made a joke. He said, 'When I come in in the morning, it looks like I will have to salute the commandant of the Coast Guard.' And I said, 'No sir, you won't have to do that.'

But what was more remarkable was the next chart, because there we were one of the smallest circles. And that was the money chart.

Now here we are the biggest member of the new DOT and we have about the smallest budget: \$3.8 billion, a lot of money, but perhaps only 10 percent of the budget of the entire department.

And I said, 'You need to hold up that chart. I'd like to say something about that chart. You get a lot of bang for your buck out of the United States Coast Guard. We're returning four dollars for every dollar invested in us, and it's actually a little bit more than that. And you need to

know that, Mr. Secretary.'

And he does, and I think the department, as well as the American public, value us for that.

What are we doing with quality management and how about our goal to epitomize the best in quality management? What's really happening to Total

Quality Management? TQM has matured. We hardly talk about TQM anymore. We're mostly talking about quality management and quality leadership because we're in year five of about a six- to eight-year plan that will bring us to be world-class in quality management.

We are well down the road to continuous improvement. Our goal is to win the (Malcolm) Baldrige Award in a couple of years, and you'll see a lot of data starting to come out on that.

We even have organizations in the Coast Guard that are testing themselves on the Baldrige criteria to see how they size up and what they have to do to win the Baldrige Award.

We were one of the winners of the (DOT) Secretary's Quality Award this year. But the big thing we have to do in the next year is take these goals that we've set for the Coast Guard, take these simple eight goals, and then take a look at the key processes that we manage and make sure that the ones we concentrate on improving are the ones that are related to the accomplishment of those goals.

That's what this energy has to be. That's what the Quality Council is focusing on. That's what we're all going to work together to do this year.



We trained more than 6,000 people in measurement training this year. We've deployed quality consultants. And let me tell you the most spectacular thing because I think it's something that we don't even think about.

When you take a look at the National Performance Review, when you take a look at the Performance and Results Act, when you take a look at what this government says they want to do as a federal servant for Americans, it goes like this:

Find out who your customers are. Survey them to determine what they want you to do for them. Then develop performance standards on how to accomplish that service. Then develop measures to measure yourself to see that you're conducting those performance standards.

Based on your performance and based on your service to them, if you've satisfied those customers, that will be the deciding factor on whether you should obtain resources to continue to do your job and go on as an agency in government. That's our quality program.

I mean, we've been doing this thing for four or five years. So it's no wonder to me that as an organization, even though we're given until 1999 in some cases to meet some of these standards, that we'll be on board by 1997 or before that because we've been on this quality journey together already for three or four years.

It kind of goes by the board. We don't think about that. But we are well-equipped, well-educated and well-prepared to take care of the very vital thing that's going to be the performance standard for all of government, and it really gives us a leg up.

How are we pursuing new technologies to achieve gains in productivity? Well, we've been very successful there, and I could go through a whole laundry list of things. This last year, RADM (Gerald F.) Woolever studied the whole research-and-development organization of the Coast Guard. He's given me a proposal to make it more effective, to really focus on the things our programs need so we can continue to get more bang for the buck.

We've melded that in with what the department is doing, which is looking at all the different research-and-development programs in all the different modes to make sure that they're in consonance with each other.

We've developed a couple of neat things. One of them is called Ionscan. I don't know if you've heard of it, but we had 23 drug seizures in the last couple of months because of this.

Ionscan is a little black box that would sit here on this table. A boarding officer goes aboard the ship and takes a little, dampened medical pad and asks the crewmembers to hold out their hands. The pad is wiped on their hands then put it in the machine. The machine can register positive for cocaine, even if it's within 1/10,000 of a nanogram.

Better than that, the boarding officer can go through the ship wiping the pads around a little bit and going back to the machine. It takes

one second for a readout. And we've been able to focus in because the readings get stronger. It's like a geiger counter. The readings get stronger and stronger as you get to where the dope is cemented into a hull, hidden under the engine, in the fuel tank, the water tank, the stacker, or wherever it is. Very, very successful.

There are a few problems with it, however. It's so sensitive that every \$20, \$50 and \$100 bill in South Florida scores positive for a hit.

Our attorneys know that because we have a great problem building a case because about anything touched turns positive. But we've been able to seize most of the vessels and stop most of the drugs when we've been using this equipment.

And now we're making a miniature version of this that will weigh less than 25 pounds that our people can take with them in the field. That's just one example of many.

Perhaps the one that will have the greatest impact on America is the Differential Global Positioning System. The Office of Navigation Safety and Waterway Services and the Office of Command, Control and Communications have put this together, and I can tell you what it really means.

It means that when I visited the buoy tenders in Mobile (Ala.) the other day, from the ones that were 50 years old to ones that were brand new, on their bridges they had a DGPS and they could tell in the fog, in the rain, in the dark, where they were with respect to their aid within less than a five-meter accuracy.

And they drive that pusher and barge right up to where their DGPS is, where they need to go, drop the spuds, and that's where the sinker is. Every time, 100 percent accuracy.

Not only that, it's good out to almost 200 nautical miles. And in combination with new satellites that are being put up hopefully this month if not next month, we will have cellular telephone communications out to 200 nautical miles. And one of these little receivers is also going to have a DGPS. You say, 'Gee, I think I'm lost.' Dial 911. Say 'This is George, I'm at latitude, longitude so and so. I need a little help. Come and get me.'

You don't need fancy radios. We don't need fancy communication stations. This is all modern technology in a little transceiver that's going to cost less than \$200. And we're moving there very rapidly.

Our DGPS will be in coast-wide around the whole United States and finished within the next two years.

When you see the effect on our units and aids to navigation, it's unbelievable. And when we incorporate that into our vessel traffic systems, it even enhances them beyond what you would believe.

Business is good. We have more than what we can do, and I think that's good. I've told the committees on the Hill that I was not here to say that I have more than we can do and I need more. I've told

them we have more than we can do and we like to manage that way because then we can apply some management flex-

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ibility deciding what are the real national security needs of the United States as far as the Coast

Guard is concerned. What do our customers really want now?

We have this tool kit of assets. We can focus on those most important things. And I think we can streamline all at the same time.

What's the next couple of months and the future look like for us, especially with respect to our goals? We're going to be busier than ever in marine vessel safety as far as going toward international standards, continuing to make port control work. And then there are some new things happening that have monumental impact on us:

•Casino boat gambling. That sounds nice. This would only fill up half of one deck on the new casino boats that I've seen because they take out 2,000 to 2,500 passengers every four hours. There are 70 of them either underway or under construction in the United States right now. There are 13 states that approved casino boat gambling, and we're responsible for inspecting all these things so they'll be safe.

Now the first thing that happened is local Congressmen came to us and said, 'Well, we think we ought to put a 41-footer up there in Baton Rouge (La.) because when that casino boat goes out when the 2,500 people on board, somebody's going to have to save them.'

I said, 'Well, it's not going to be that 41-footer. That's for sure. I think what you need to do is build this thing so safe and take responsibility because it's such a cash cow for you, it's making so much money, that you ought to make sure that it fully meets with the complete standards for passenger-carrying vessels as far as stability is concerned, fire safety is concerned and everything else.'

That's the direction we're going. But it's a brand-new business line. We didn't ask for it and it's growing like topsy right now. So there are those things that we have to keep ready for.

•Regulatory reform. It's a big topic on the Hill. It's a big topic in government. It has been in this whole administration. We have to be timely.

(RADM) John Shkor, our chief counsel, and others have done a great job on cleaning our act up. But on our regulations, the benefits should exceed the cost. And we need to achieve that balance I talked to you about before between safety, the environment and the industry.

We need to satisfy our customers. And more important than anything else, the customers we serve ought to be involved in the regulatory process.

We ought to ask them straight out, 'Is this going to be helpful to you? Is this going to serve your interests? Is this going to satisfy you?'

Sometimes we have a tendency to dream up these things all by ourselves and then they get a life of their own, and then we're six or eight years down the road and any semblance of what we've come up with as a regulation to satisfying our customers, no longer exists.

We've put together a new procedure using a quality action team again that RADM Shkor put together to look at

our whole process for this, on how it works and to shape it up.

I think we're going to be a good example in government on how to do that better.

•National security and peacekeeping. Where are we headed? We need to stay flexible. Jointness is the word. If we continue with the concept of jointness, we'll be able to meet every contingency that arises that's on the horizon. Operations other than war, which the Department of Defense talks about, whether they're limited-intensity conflict or peacekeeping, that's been our business for years. And sometimes it's more apropos for us to do some of those things; all of them, like the Cuban migration, if not parts of them.

We're going to be challenged, and we are right now, on another look at privatizing some of our missions, privatizing portions of SAR, aids to navigation, operations in the Arctic and the Antarctic, and our VTSs.

I think it's healthy to be challenged. We shouldn't be defensive about this because maybe there are better ways to do things. And we need to look at that.

I can tell you, it's a fact, that if you were to take a look at our new VTS program, that maybe we will get the \$300 million it's going to take to build this new system. But I don't know where we'd ever get the \$56 million extra in operating and maintenance funds yearly to operate that system.

So we're going to have to be very innovative and take a look at privatization or partnerships or whatever on how to run some of these new programs, because I see no growth for the Coast Guard over the next four years. Rather, living within our means and still being able to be good managers and good leaders to find out how to run these new programs with the same amount of resources that we have today. And I feel it's possible.

We have to be adaptable to political change. What an understatement. Why? Because we work for the people.

And I can't think of any organization that's more adaptive than we are.

It was difficult for me at the latest set of hearings because I thought all the guys on the right-hand side, the speaker, should have been on the left-hand side. It looked to me like they all changed sides.

I wasn't sure who was in charge. It took a while. But our new committees, every single one of them, admires the Coast Guard. They value us. They want to hear our story, and they're all very, very supportive of what we do.

We need the best people. We need to be the employer of choice. The Coast Guard needs to be like the rest of America. I think that's our greatest challenge, our greatest challenge to be able to do that.

It's so easy to say; it's so hard to do. We're on the right course there, and we need to stay the course. We need to be a leader in quality.

I'll tell you one short sea story, and it isn't original because a retired admiral told me this story. He said, 'I'll know when you finally reach becoming the best in quality management in the entire government.' And I said, 'When is that?'

Business is good.  
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He said, 'Well, I'll know, and I kind of think it will be maybe 1998, maybe the year 2000, but it's coming. I can see it on the horizon. When on the cover of Time magazine there will be a picture of the commandant of the Coast Guard, and the commandant of the Coast Guard will be accepting the Baldrige Award for being the best quality organization in the government.

In the interview inside Time magazine, the president of the United States has told the commandant that the Coast Guard is such a good idea, it has done such a good job in this, it has such good ideas in quality, that he'd like the Coast Guard to take over the Internal Revenue Service.

You know what the commandant told him?

She told him, 'Mr. President, we'd be happy to do that for you.'

That's not too far away.

We have to do better about empowerment. As I go into the field, our people say, 'We're not empowered. You're telling me that we're empowered to do things. You've given me all of this responsibility. I want the authority to be able to do it.' Well, I want to tell you my beeper hasn't gone off in three weeks, not even on the golf course the other day with (RADM) Dave Ciancaglini. We played a whole 18 holes and I came back and checked the battery. I knew it was broken.

It was working fine, though, because we have delegated to those who are in charge, the authority that they need to do the job.

I know of no other organization in the United States that's as empowered as the Coast Guard because we are empowered operationally. We are empowered to go out there and save the lives of people in distress. And the people doing it are 20 years old, 22 years old, 25 years old.

They're in charge of rescue boats. They're in charge of firefighting teams. We have empowered the young people who work for us to a degree that nowhere else in the armed forces, much less in the federal government, is anyone empowered. And I think we all need to remember how much we do empower our people because I think we're the example of empowerment.

We're just thinking that empowerment is letting people do administrative and policy things rather than in the operational things, which is about 95 percent of their responsibilities.

Well in closing, I think the most important thing that we need to do to be successful today and in the future is to live our vision. It wasn't very hard for me to put together a vision statement. I've shared that with you before.

I simply looked at the history of the Coast Guard and what all of those who preceded us have done to be successful because there are some lessons to be learned from success, just as we learned lessons from our parents. I heard (CDR) Manson Brown (winner of the first CAPT John G. Witherspoon Inspirational Leadership Award) say that the lessons he learned from his dad are significant in his life today, and I shared with his dad the lessons I learned from mine.

We all have opportunities to learn from those who have preceded us.

We need to continue to have pride in being the lifesavers and guardians of the sea. That's our bread and butter. That's our bedrock.

We need to continue our strong leadership values of honor, respect and devotion to duty. So easy to say it rolls off your tongue. I spent a lot of time in the field and talking about honor and respect because I want to tell you, successful organizations have respect for each other and respect for employees and respect for colleagues and coworkers, respect for the public.

Those that have trouble, don't. I won't point any out. You can just think about it. You can think about 20 instances right away on those that have problems, don't have respect. And they lack that. Our organization does it. We must maintain that as one of our strong cultural leadership values.

We need to continue our journey to be the premiere maritime service in the world. We're looked upon as a leader. There are 119 nations in the world lined up right now because they want to model their navies and their coast guards after our Coast Guard.

The vice commandant is in, of all places, Sweden, and he is going to Lithuania, Latvia and Alstonia because they want to make their coast guards like ours. We just came back recently from Russia and Norway. Norway has already made their coast guard like ours. The Russian border guards have 100,000 people and they want to make their 20,000-member coast guard like ours.

We're going to be operating with them in the Bering Sea on fishery patrols and SAR cases and everything else this summer.

Our legal department has put together a here's-how-to-do-it model Coast Guard book based on international law and policy and said, 'If you really want to establish a Coast Guard, here's a guidebook for you.'

The State Department and DOD funds some of these missions. We're not off doing these things by ourselves.

The fact of the matter is, the relationships with those countries are important and they want the Coast Guard to do it because we relate to the type of things those countries are doing.

The most important thing in our vision that we need to do is to live our motto every day: Semper Paratus, to be always ready. That's the thing we're most valued for. It must be our seagoing heritage. When the gong goes off we run to the aircraft, we run to the boats, we run to help people. We do that in all of our missions. We react the same way. Our ability to be ready and to be helpful

goes a long way in this day and age and we're very much valued for that.

The message I sent out to all of our men and women this morning closed with the statement: 'I admire your professionalism. I admire your devotion to duty, and together we'll remain Semper Paratus. Thank you very much.'

We need to continue to have pride in being the lifesavers and guardians of the sea. That's our bread and butter. That's our bedrock.

