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11 May 11

MEMORANDUM FOR THE RECORD

Subj: FLEET READINESS REVIEW PANEL REPORT (ONE YEAR LATER)

Ref: (a) Fleet Readiness Review Panel Report of 26 Feb 10
(NOTAL)

1. In February 2010, a senior panel of subject matter experts led by Vice Admiral (retired) Phillip M. Balisle completed a comprehensive assessment of Surface Force readiness. Admiral Willard (then Commander, U.S. Pacific Fleet) and I had directed this effort in September 2009 because our observations had convinced us that Surface Force readiness and material condition was declining.

2. In short, the Fleet Review Panel report confirmed what Admiral Willard and I had suspected. The report also added detail and context that helped us determine how to make readiness improvements that would sustain near-term operational commitments while achieving ship wholeness and expected service life.

3. Even before the Fleet Readiness Review was completed, the Fleets and Surface Type Commanders had started taking steps to address concerns that required immediate action. In order to build upon this preliminary work and to sustain the Fleet Readiness Review's momentum, U.S. Pacific Fleet and U.S. Fleet Forces Command established a senior executive body, the Fleet Review Panel Senior Leadership Oversight Council (FRP SLOC), to guide and oversee our efforts to improve Surface Force readiness and wholeness.

4. Over the past year, this group has made significant headway in addressing many of the shortfalls cited in the report. Improvements include:

a. Clear administrative control. The Ship Class Squadrons established in 2007 performed important work in readiness metrics development, trend analysis, and ship class advocacy. However, since most of the CLASSRONS operated outside their

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assigned ships' chain of command, they confused authority, responsibility, and accountability for ship readiness. Because of that organizational defect, we disestablished the Ship Class Squadrons last year and reinforced ISIC and TYCOM direct ownership of Surface Force readiness. The Fleets also clarified the supported-supporting relationships between Strike Group Commanders and Type Commanders. Today, there is no doubt as to who is responsible and accountable for the readiness of every ship on the waterfront.

b. Adherence to standards. Through renewed emphasis on the fundamentals of our profession and strict adherence to established procedures, we are putting our crews back in charge of their own destiny and increasing their ability to identify and correct deficiencies. Through the implementation of the Surface Force's Redlines Program, we are changing the attitudes that supported "answering the bell at any cost." Many years of doing whatever was necessary to meet operational commitments artificially suppressed the Surface Force's requirements for people, maintenance, training, equipment, and logistical support. Another unfortunate byproduct of this approach was the perception that broken and degraded equipment, inadequate proficiency, and poor risk management were tolerable. Our crews now understand that they are not.

c. Improved manpower and manning. Next year, we will begin restoring billets to units that had been optimally manned (CG, DDG, LHD, LPD-17, LSD). These restorations will put more trained Sailors in those ships that tend to bear the brunt of high-tempo Fleet operations. Additionally, we have designated specific NECs as critical for safe and effective operations at sea. In partnership with the Navy Personnel Command, we're also launching pilot programs to implement a billet-based distribution system that will generate enlisted requisitions that capture the unique nature of the work associated with specific billets. We expect to implement this model fully by 2016.

d. Increased maintenance. We have extended CNO maintenance periods from 9 to as long as 15 weeks in order to give government and commercial maintenance communities time to execute the repairs and upgrades necessary to achieve ship expected service life. We drove down the backlog of ship's

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force capable (TA4) work, funded Corrosion Control Assist Teams, and reduced our repair work request (2-kilo) screening time by 75% - initiatives that are paying dividends today. We realigned our Regional Maintenance Centers underneath the Naval Sea Systems Command and placed our Port Engineers underneath our Type Commanders - moves that put the right talent in the right places to drive ship maintenance. Additionally, we expect to increase the manning at our Regional Maintenance Centers in the near future in order to provide greater capacity and capability to effect mission-essential repairs between major repair periods.

e. Expanded training. The Surface Force Type Commanders have instituted a Division Officer Introduction Course in Fleet Concentration Areas to expose our junior officers to the fundamentals of shipboard operations, maintenance, and administration. Similarly, the Center for Surface Combat Systems has introduced Advanced Warfare Training to give our technicians and operators in-depth, hands-on training on the finer points of weapon system maintenance and employment. We have extended Basic Phase training from 16 to 20 weeks (and to 21 weeks for BMD-equipped ships). The Senior Officer Ship Material Readiness Course (SOSMRC) at SWOS has been reinstated and we have embedded elements of material technical training in other Surface Warfare Officer curricula in order to give every officer a better understanding of what it takes to maintain shipboard systems properly. Next year, as more billets are aligned to Regional Maintenance Centers, Sailors will have greater opportunities to enhance their technical skills while serving ashore. The Afloat Training Group - the Surface Force's principal waterfront training agency - is shifting its focus from assessing shipboard training teams to providing true "over the shoulder" training for shipboard watch standers. We have launched a revised Basic Phase Pilot Program, which focuses on training to deployed mission requirements with a sequenced, integrated, building block approach; a standard, predictable path; training standards that are achievable, executable, and sustainable; and defined exit criteria for each phase.

f. Enhanced Aegis readiness. Last year, amid expanding operational demands for our Cruisers and Destroyers, growing challenges associated with maintaining and operating their complex Aegis weapon systems, and indications of degraded Aegis reliability and functionality, I convened a senior oversight

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body to determine the state of Aegis readiness, identify material and training shortfalls, and propose solutions that would improve the reliability and wholeness of our Aegis platforms and systems. As a result of these efforts (and related work undertaken by NAVSEA), we took action to correct operability and maintenance challenges associated with Commercial, Off-The-Shelf (COTS) Aegis components; to increase SPY radar operability; to restore Cruiser superstructure integrity; and to strengthen our ability to execute Ballistic Missile Defense tasking.

5. Putting Sailors back in our ships, training commands, and maintenance centers will go a long way toward fixing many of the shortfalls that the Fleet Review Panel identified. These programmed manpower increases, however, won't begin to increase manning until October 2011, so more Sailors will not arrive in meaningful numbers until late 2012. I'm acutely aware of this "flash to bang" difference that separates flagpole and shipboard perceptions of progress, and don't wish to give the impression that the tide has suddenly turned. Some remedies are in place and others are on the way, but most of today's readiness challenges are the same ones that our ships have faced for years. These challenges include striving to operate and maintain systems that were not ready for Fleet service; operating with smaller, more junior crews that have less training and experience; overcoming years' worth of reduced organizational-level, intermediate-level, and deep maintenance; and making do with fewer spare parts and less technical support.

6. One example that illustrates how many of our recent efforts have begun to coalesce involves the April 2011 underway material inspection (UMI) of USS OAK HILL (LSD 51). A year ago, OAK HILL was in poor material condition. But over the past twelve months, the ship's crew - supported by a very engaged chain of command - worked diligently to return OAK HILL to compliance with Fleet standards of operational capability, safety, preservation, and material condition. This task was no easy feat: OAK HILL required much additional oversight, funding, training, and repair resources to correct a long list of deficiencies. But the crew recognized and accepted these challenges, rolled up their sleeves, and executed a complex plan that produced the best INSURV score of any Atlantic Fleet surface ship in the past year.

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7. My commitment to the Fleet is to secure the resources that our crews need to get their ships ready to conduct sustained operations at sea. What I expect of my crews in return is that they uphold established Fleet standards and treat their ships like the national assets that they are. OAK HILL has shown that a determined, well-led crew supported by a properly focused support structure can achieve remarkable results, even with a ship that has not benefitted from consistent, analytically-based maintenance throughout its Fleet service.

8. As we assessed Surface Force readiness improvement progress over the past year, we also identified a number of areas that require additional attention. These include:

a. Achieving wholeness upon delivery. New ships and shipboard systems must arrive on our doorstep ready to operate, not as component pieces that lack the testing, integration, manning, training, maintenance, and logistical support required to make them effective. With those objectives in mind, I established the Fleet Introduction Program (FIP) last year as a vehicle for informing program managers and resource sponsors of issues that risk the viability - i.e., the functionality, interoperability, maintainability, or sustainability - of new systems. By noting potential gaps, omissions, and shortfalls earlier in the acquisition process, the Fleet can influence the delivery of new capabilities, and will stand a better chance of getting assets that can be put to immediate Fleet use. Our OPNAV, PEO, and SYSCOM colleagues are determined to help us get this right.

b. Reducing fluctuating execution year maintenance funding. We must collectively do a better job of budgeting for surface ship maintenance. While responding to global events (e.g., earthquake in Haiti, earthquake and tsunami in Japan, air and strike operations in Libya) will always stress maintenance execution, fluctuating maintenance resourcing complicates availability planning, injects uncertainty and risk into the industrial base, drives up the price of ship maintenance, and ultimately jeopardizes the expected service life of our capital assets.

c. Strengthening third-party assessments and assist visits. The TYCOMs have taken steps to reinstitute shipboard assessments and assist visits that help to maintain standards while

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providing superb training for Sailors and junior officers in the finer aspects of shipboard maintenance, administration, and operations. In 2010 the Surface Force added a Command Inspection as well as assessments involving corrosion control, maintenance (3M) effectiveness, BMD readiness, advanced warfighting proficiency, and total ship readiness (a four-phased process that occurs at various points in the FRTP cycle). Also instituted last year was assist visits focused on INSURV preparations, organizational-level maintenance, and engineering readiness. Much of the capacity for executing these visits will ultimately reside in Afloat Training Groups, the Center for Combat Systems, and Regional Maintenance Centers. Until the additional end strength programmed for those activities materializes, the Fleet will have to rely heavily upon TYCOM and ISIC staffs and existing waterfront training activities (and execution year funding) to perform this intrusive, time-consuming, and vital work.

d. Codifying availability completion and work certification processes. We have initiated pilot programs with a number of ships in different homeports to determine how best to conclude repair periods in a manner that assigns clear accountability and ensures that our ships get the maintenance that we pay for. After we have assessed the results of these pilots, we will modify our approach as necessary and implement these processes Fleet-wide. The Fleet cannot afford to pay more than once to fix what's broken, and cannot allow poor maintenance execution to jeopardize follow-on training and operational commitments.

e. Resourcing engineering (HM&E) and combat systems sustainment. Sustainment programs preserve the reliability and effectiveness of critical shipboard systems throughout their expected service life. These initiatives focus on the core life cycle activities of performance metrics derivation; engineering, logistics, training, and obsolescence analysis; and emergent Fleet support issues. We are working with OPNAV and NAVSEA to fund these activities in order to ensure that the systems that provide the Surface Force's mobility, adaptability, flexibility, survivability, precision, and punch will yield the outputs that the Combatant Commanders require.

f. Sustaining Surface Maintenance Engineering Planning and Procurement (SURFMEPP). We established the SURFMEPP activity last year to provide the engineering, surveying, and planning

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necessary to identify and scope deep maintenance - repairs involving preservation and corrective maintenance on tanks, voids, piping systems, and similarly "hard to reach" components. SURFMEPP has completed its work on the Technical Foundation Papers that identify required ship class maintenance, and is now generating Integrated Ship Class Maintenance Plans (ICMPs). Providing the resources that SURFMEPP requires in the years ahead is critical to the Surface Force's long-term health.

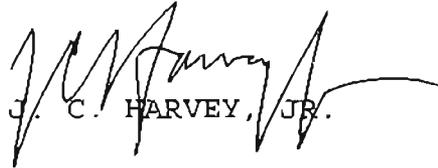
g. Reducing the gap between DH and XO/CO sea tours. Today our post-Department Head officers may spend up to seven years ashore before they return to the waterfront as Executive Officers. The TYCOMs and I will be working with the Navy's manpower and training agencies to determine how we might adjust the Surface Officer career path to avoid such a prolonged gap, which I believe to be detrimental to community health and unit readiness.

9. The least expensive way to expand the Fleet to 313 ships - the Navy's long-term force structure goal - is to ensure that every ship afloat today remains viable throughout its expected service life. Such viability requires consistent, sustained investments in people, maintenance, training, and equipping. As the Fleet Review Panel made clear, near-term savings realized at the expense of long-term effectiveness and sustainability are no bargain.

10. I informed members of the House Armed Services Committee last July that taking the steps necessary to arrest the Surface Force's decline - a decline that was two decades in the making - would take a couple of years. At this stage, there are no easy fixes left, and we're certain to encounter additional challenges along the way as better-trained crews and reinvigorated maintenance and training agencies look more intrusively into surface ship readiness. Moreover, the inherent lag between securing required resources and delivering tangible improvements means that many of our ships will still struggle to meet Fleet standards for the next few years. The good news is that even though the Navy's long-term fiscal outlook remains uncertain, the Chief of Naval Operations is determined to restore the Surface Force to its former luster, and has provided the

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critical enabling resources needed to push the pendulum back in the other direction.


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