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The Foord Report: DI Restructuring Options

Presentation to DI Corporate Board
13 July 1994

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In a time of geopolitical uncertainty and sharp cutbacks in U.S. defense spending, the flexibility and foresight provided by good intelligence may be America's most important foreign policy and defense asset in coming years.

January 1994

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Agenda

- Presentation
 - Marching Orders
 - Process
 - Goals for a New Structure
 - Three Options
 - ▶ *givens*
 - ▶ *structure*
 - ▶ *features*
 - ▶ *pros and cons*
 - A Fourth Option
- Discussion
- Next Steps

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Marching Orders

- Examine new organizational concept that will provide:
 - flexibility
 - flattening
 - relative increase in number of analysts.
- Take two months to review resource bases, mission and customers, and outside factors.
- Orders revised, time frame shortened; asked to deliver pros and cons of:
 - a lean DI
 - a "super-office" concept
 - a matrix organization.

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Process

- Began with review of how we do business:
 - tasking and production
 - allocating resources
 - managing people
 - providing support
 - defining core values.
- Concluded:
 - resource allocation not closely linked to substantive priorities
 - need an inventory of what skills we need for the future
 - need for more corporate decisionmaking
 - structural change alone will not result in desired behavioral and cultural changes.

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Goals for a New Structure

- Match structure to lower personnel numbers.
- Better respond to changing customer needs.
- Improve corporate approach to resource allocation.
- Ensure core competencies.

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Common Features of All Options

- Require priority setting and resource allocation by Corporate Board.
- Push substantive authority and responsibility down; accountability remains with senior management.
- Preserve both regional and functional capabilities.
- Eliminate need for structural symmetry.
- Point to need for systematic assessment of DI strategic direction.
- Expect disruptive impact on personnel.

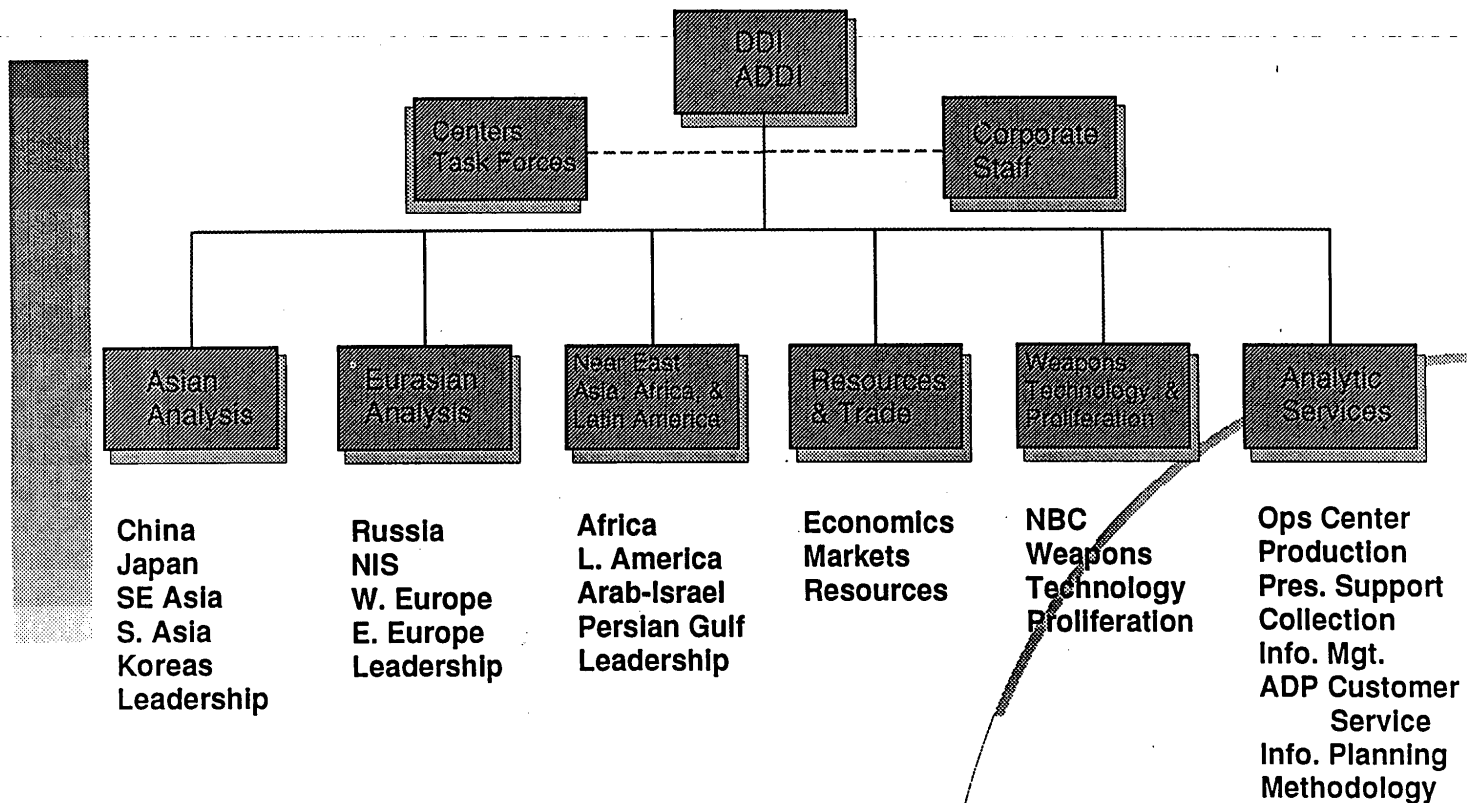
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Lean DI--Givens

- Maintain basic architecture.
- Reduce number of Offices.

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Lean DI--Structure



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Lean DI--Pros and Cons

- Pros
 - Familiar structure.
 - Easy to see transition.
 - More resources per Office.
 - Fewer Offices help corporate decisionmaking.
- Cons
 - May just give illusion of flexibility.
 - More disruptive than appears
 - ▶ *winners and losers*
 - ▶ *merging Office cultures could create pain.*

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Matrix--Givens

- Sets up dynamic system for allocating resources to complex issues.
- Requires multidimensional communications.
- Relies on teams, but single issue manager has substantive responsibility.

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Matrix--Features

- Structure:
 - Six Directorate-wide Career Services based on analytic disciplines.
 - Issue Managers for both core and short-term work.
 - Multidisciplinary teams cover analytic issues.
 - Teams vary in size and structure to fit problem.
 - Centers and Task Forces continue as now.
 - Corporate Board (DDI and Career Service heads) set substantive and resource priorities.
 - Support Career Service oversees Directorate-wide needs for information technology, etc.

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Matrix--Features (continued)

- Substance:
 - Issue Manager is senior substantive officer.
 - Issue Manager is responsible for formulating yearly substantive and resource plan for Corporate Board approval.
- Personnel Management:
 - Career Service heads responsible for ensuring expertise and for staffing issue teams.
 - Evaluation (PARs) would be based on 360-degree process.

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Matrix--Pros

- Flexible structure responds to changing substantive needs.
- Facilitates sharing of human resources.
- Eliminates layer of review and allows issue manager to focus on substance.
- Rewards analytic expertise; encourages development of management skills.
- Demonstrates clear change.

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Matrix--Cons

- Personnel management more complex.
- Time consuming--frequent meetings and conflict resolution sessions.
- Participants need extensive training.
- Confusion over dual authority.
- Difficult transition.
- Matrix management not necessary for bulk of analytic activity.

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Super Group--Givens

- Significant reduction in number of components.
- Senior managers focus on setting priorities and resource levels.

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Super Group--Features (continued)

- Personnel Management:
 - ADD for Human Resources and Plans
 - ▶ *acts as Directorate's comptroller*
 - ▶ *establishes and monitors compliance with Directorate's evaluation standards and career board procedures*
 - ▶ *serves as chairperson of assignments panel*
 - ▶ *develops and manages programs to maintain core competencies and corporate values*
 - ▶ *administers Directorate's diversity program*
 - ▶ *facilitates and guides cultural and organizational change.*

Super Group--Pros

- Streamlines and flattens organization without undercutting already effective work processes.
- Adapts readily to fast change in an unstable environment
 - increases operational flexibility through broadened role of Corporate Board
 - increases flexibility through larger units.
- Familiar lines of accountability.
- Increases analyst to manager ratio by significantly reducing senior management positions.
- Establishing ADD for Human Resources and Plans stresses importance of managing and developing our people.

Super Group--Cons

- Managerial span of control may be too broad.
- Expanded role for each management level requires behavioral and cultural change.

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A Fourth Option

- **Commit** to a reorganization, but defer decision on structure pending:
 - a strategic review of the DI's
 - ▶ *customers*
 - ▶ *products*
 - ▶ *services*
 - ▶ *core competencies*
 - ▶ *community relationships*
 - the outcome of ongoing discussions regarding broader inter-Directorate or Community-wide reorganization.

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Fourth Option--Pros

- Pros
 - Recognizes that a zero-based review of the DI's roles and functions is essential in the post-cold war period.
 - Responds to--and gets ahead of--criticism in Congress and larger society calling for a new strategic vision of national intelligence.
 - Minimizes disruption for DI personnel during period of uncertainty.

Fourth Option--Cons

- Does not respond to need to show collapsed DI organization immediately.
- Does not take advantage of opportunity now to make existing DI structure more flexible.

Values to Guide Any Transition

- Maintain open and continuous communications; listen.
- Pay attention to views of Hill, policy consumers, etc.
- Consult with colleagues in other Directorates.
- Keep the focus on ways to enhance quality work.
- Ensure open selection processes.
- Maintain commitment to diversity.
- Pay attention to impact on all our people.
- Devote time to managing change, avoiding stress on our people, and disrupting work.
- Step back for frequent sanity checks and mid-course corrections.