

## Executive Summary:

CINO should serve as an advocate for innovation and coordinate, oversee, and synchronize innovation activities across the Department

CINO should establish a program office to build capacity to spur workforce-driven innovation, such as innovation tournaments and educational activities

The goal is not to centralize innovation activities, but to foster a culture of innovation and entrepreneurship across the workforce by connecting and enabling the people and programs throughout the Department who are doing innovative work

## Full Recommendation 1

Proposal: Appoint a DoD Chief Innovation Officer (CINO) to coordinate, oversee, and synchronize innovation activities across the Department, serve as a champion for innovation, and lead capacity-building efforts to promote innovation in the workforce. Working with relevant senior officials in the Department, the CINO should (a) design a template for innovation and set of principles that can be broadly applied; (b) establish a program office to build capacity to spur workforce-driven innovation, such as innovation tournaments and educational activities; and (c) launch a Defense Innovation Network (DIN), a community of interest and internal technology platform for information-sharing. The DIN will spearhead activities to increase rapid incorporation of the best available innovations and practices, and facilitate internal crowdsourcing activities.

Comment: To create a culture of innovation, the Department should create an office to supervise, coordinate, and spur the use of the best available ideas and approaches. The Department has an “innovation archipelago”: many offices within DoD are engaged in excellent and important work on innovation, but each is an island, disconnected from the rest. This lack of communication and collaboration is hampering progress. A supervising and coordinating office, headed by a single person, and promoting a coherent strategy, can signal a sense of prioritization; further the use of best practices and information sharing; engage with the rest of government and the private sector; and draw attention to systemic barriers, including legal and regulatory barriers that might go unchallenged.

The Board is aware of the potential unintended consequences of centralizing innovation efforts into a single coordinating office, and acknowledges the need to balance the benefits of increased coherence with the advantages of diversity and planned redundancy. Adjustments to budget authority, reporting structure, and distribution of responsibilities can be difficult to implement and will require time to plan deliberately, especially in the context of other potential structural changes to adjacent organizational functions, such as the role of the DoD Chief Technology Officer, which the Board sees as distinct. Nevertheless, the benefits outweigh these potential challenges. Within the private sector, parts of the federal government, and in many states and cities, the establishment of chief innovation officers (or similar roles) has paid significant dividends. DoD may benefit most from this structural change and added emphasis

Background: Today, CINOs – or their equivalents – are leading innovation efforts at organizations such as the U.S. Agency for International Development, Department of Veterans Affairs, and Department of Health & Human Services, MasterCard, Citi, Wells Fargo, AARP, Dentons, 1776, the State of Colorado, and the City of San Francisco. CINO equivalents usually lead companies’ designated innovation labs, such as the labs at Amazon, Walmart, CVS, Nordstrom, and others. These leaders have also spearheaded the kind of innovation tournaments that have been organized by companies such as Ford, Netflix, Google, Cisco, JP Morgan, Intel, Microsoft, GE, and PayPal.

The purpose of the DoD CINO is not to centralize the many innovation efforts taking place in disparate pockets across the DoD enterprise – indeed, doing so would undermine the very bottom-up culture of innovation DoD seeks to foster – but to better facilitate, support, empower, and connect these efforts. Many companies view innovation through a technology or research and development lens, but DoD is already strong in those arenas. A CINO focusing primarily in this space would be duplicative or worse. Through interviews with experts both within and outside of DoD and the federal government, in addition to the DIB staff’s own research, it is clear that the CINO should focus on ways to enhance workforce capacity, human capital, professional training programs, and an underlying culture of innovation. Concentrating in these

areas, which includes an emphasis on applying successful private sector methodologies to identifying and addressing problems, will enable DoD personnel in diverse locations, positions, and ranks to change the way DoD operates in vastly more constructive, collaborative, efficient, and effective ways. The Board views this function as separate, distinct, and complementary to the function of a Chief Technology Officer.

In the same interviews, the question of where the CINO would sit within the DoD structure and hierarchy surfaced often. There are a variety of approaches here, but there are two poles at each end of the spectrum that experts have identified:

The CINO should report directly to the Secretary or Deputy Secretary of Defense to expedite timely and authoritative decision-making, even on controversial issues, ensure the role would carry weight alongside other senior DoD leaders, and accrue the budgetary resources and manpower to fulfill its mandate. This would require Senate confirmation, which would maximize the authority of the CINO. On the other hand, Senate confirmation would lengthen the process of implementation of this reform, and even stall it entirely. This approach carries with it greater risk of bureaucratic resistance to the new role, and a higher likelihood of tensions with other DoD organizations that have overlapping or adjacent missions.

Making the CINO a term-appointed advisor to the Secretary within the Office of the Secretary of Defense (OSD) would carry less seniority, but have significant advantages and expedience. It could be done immediately, and would not need Senate confirmation. If the CINO was known to have support from OSD, the position would have the influence to make progress. The risk with such an approach is that it could relegate the CINO to a role where he/she would lack the proper support or resources, and would regularly fight from the sidelines to have equity in key efforts. This in turn would reduce the CINO's capacity to undertake the kind of activities that would be most helpful, and could create a position with insufficient heft to create sustainable change.

For the long-term health of the Department, an approach closer to the first option is preferable, even if an official CINO office would not be established in the near-term. If the CINO is to guide enterprise-wide attitudinal changes in how DoD employees think about and solve problems, then the CINO must have significant resources, regular access to the Secretary of Defense, and an understanding with other DoD leaders on how the CINO can work with them. However, it is important not to ignore the second option, given the uncertainty around the required statute change and Senate confirmation process.