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UNITED STATES GOVERNMENT
memorandum

DATE: 9 April 1999

REPLY TO
ATTN OF: DDO

SUBJECT: Thoughts on Strategic Issues for
the Institution ~~(S)~~

TO: DIRNSA

~~(U//FOUO)~~ While money and technology are the raw materials essential to build and fuel the SIGINT enterprise of the next century, our current deficiencies in those areas do not qualify in the top three most critical issues that I would identify. They make the top five, but there are three areas which we must address to ensure that additional money and new technology are well invested and make a difference. If we do not address these three issues, we risk investing in ways that will not meet the demanding needs of our mission. We also risk losing the confidence of potential investors in our 21st century enterprise. We need help.

Congress and others want to help us, but first we must help ourselves. Until we demonstrate that we are addressing these issues, there may continue to be a reluctance to support our appeals for more resources.

~~(U//FOUO)~~ The first and most important issue for NSA/CSS is to reform our management and leadership system. We require fundamental change in the way needs, plans, and programs are established and how decisions are made. The individuals who run our corporation are loyal, dedicated professionals, but the framework within which we work does not allow us to exercise good business practices. We have good people in a flawed system.

~~(U//FOUO)~~ Over the years, our corporate system has devolved so that we have come to believe that being corporate requires equity - that is, a proportional division of time and resources rather than focused support dedicated to execution of the mission. In fact, we have for more than ten years slipped into "fairsharing" fortune and pain. Our crisp focus on the mission has shifted to a great extent to the cradling infrastructure and technology.

~~(U//FOUO)~~ Our faulty decision-making

process is probably most apparent when we deal with the budget. We approach the problem in its mind-numbing detail rather than viewing our resource allocation through the prism of concrete mission outcomes and impacts. At the highest levels, the review of the budget should address issues of proportion and strategies for spending and execution rather than trading off individual line items. Above all, the mission should drive the budget process. In spite of our best attempts through the 1990s, the opposite has most often been the case. Our changes to deal with this have never gotten to the root of the problem. We have merely dressed the problem up in new clothes. ECMRG, CMRG, SRC, etc., etc. are merely examples of the same pattern of activity at different levels. We need to break the pattern. Whatever changes we now pursue must be tested against the problems we are fixing, and the external criticisms we have received. If reform is called for, are we on a path to reform? Whatever path we take, we must establish constructs and mechanisms to support reforms so that we don't back-slide. The old patterns are imprinted strongly in this institution.

~~(U//FOUO)~~ The DDT and I have discussed some organizational and functional ideas that we feel can help in our reforms. We believe they will help us be

mission-focused while we support a continuing dialog on system configuration needs. We further believe that program management and systems engineering activities of the Agency can benefit as well. This responds well to external criticisms the Agency has received in these areas. Mechanisms for focusing other mission support activities are needed as well.

~~(S)~~ The second issue of importance is strengthening and leveraging our strategic alliances. Our goal should be to strengthen those which facilitate our success in the 21st century while de-emphasizing those which do not fit our operational profile of the future. Alliances of most concern to me fall into four categories: Our foreign relationships, our relationships with the CIA, our relationships with the military, and the special partnership which must exist between the DI and the DO at NSA.

~~(S)~~ Issues for our foreign relationships are, in some ways, very much analogous to the military relationships we see in our coalition warfare. The U.S. maintains the lead, both in technology and operational readiness; we bring our partners along. This is also the rubric for our SIGINT relationships with our Second and Third

Party partners. While they may exhibit excellence in particular areas, they depend on us for leadership in operational methodology and advanced technologies. It was apparent in Desert Storm that it is becoming more difficult for the military to operate in coalition because we are moving more rapidly than partners in technology and doctrinal change. Partners are having a difficult time keeping up. This trend is accelerating. Care must be taken to deal with impacts of acceleration away from key partners. NSA's foreign SIGINT partnerships are the means through

[Redacted]

acted alone. We must have a sound business strategy, based both on mission requirements and geopolitical realities, which directs the conditions and extent of sharing, joint operations, and continued access.

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~~(S)~~ Our relationship with CIA is absolutely vital to our future success. As we more aggressively pursue

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and more extensive [Redacted] it is essential that NSA and CIA put our relationship on a sound basis tuned to the needs and realities of the next century. There are many things of great importance to our country that can only be achieved

by NSA and CIA acting together. For these reasons, CIA's DDO and I have taken a number of steps over the past year to cement this partnership to include regular meetings to align our goals and strategies, a commitment to plan together and consult broadly, integration of senior executives in key positions of both agencies, and development of a new breed of intelligence officers knowledgeable in both SIGINT and HUMINT operations. As we rebuild the SIGINT system, it is imperative that there be a corresponding renewal of the [REDACTED]. Perhaps most importantly, we must develop a new set of rules (not SIGINT, not HUMINT) that govern our activities in the area of growing overlap between our institutions.

~~(U//FOUO)~~ Our integration with the military through the SCE's creates the opportunity and reality of true synchronization with the customer. From the relationship with the military, we have achieved a model for responsiveness and understanding of customer requirements which we've applied successfully to our policy customer set. On the other hand, the nature of the requirements from our policy customers requires us to develop advanced technologies and techniques which are later applied to military problems. Herein lies the unique quality and

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strength of our mission. We must continue to produce intelligence for both military and policy customers and avoid placing one mission above the other. We are both a combat support agency and a national agency. It is the essence of our strength that one side of the business bolsters and informs the other. We must be both to be either one.

~~(S)~~ With regard to NSA's support to the military's Information Operations and Information Warfare, we have only scratched the surface of the complexity of the relationships we must create. It is essential that we develop policies and procedures that will allow for deconfliction of operations and ensure that our activities in this area are in synch and moving toward the same national goals.

~~(S)~~ Finally, I include DO's alliance with the ISSO in our strategic alliances because the relationship involves two distinct missions even though they are in the same institution. We are not one team, one mission, but rather two missions, executed by one team, to produce the best outcome. To accomplish this, we must have one strategy.

~~(U//FOUO)~~ The third issue to which I would call your attention is our need to

properly staff (civilian and military) our two missions and to spot and nurture talent and leadership for the future. It is people who create ideas and use technology that are the most critical resource for mission success. In the corporate world, one of the most crucial decisions an enterprise makes is to decide which products, processes, and resources are core to its success and which components or capabilities it can procure more economically and effectively on the open market. We must ensure that our mission critical needs are correctly resourced so that we can make the correct trades on non-critical resources. It is these considerations which must inform our future hiring strategies as we consider whom we should hire and how we develop and maintain our workforce's skills. We must think carefully about human factors as we decide our future. Continuous review of our assumptions in this area is vital.

~~(U//FOUO)~~ We must also consider who our future leaders will be and start to develop new generations who will have the skills necessary to lead in the future. We are at the leading edge of a crisis at the office and division level (Alpha+1/Alpha+2). We must act immediately to identify the individuals with the potential, imagination and flexibility to lead NSA in the future and

provide them with the opportunities and challenges they need to develop their potential into demanding leadership skills. This is the where production and service responsibilities of the institution are executed.

~~(U//FOUO)~~ I have tried to take a strategic view, well above the details of the presentations we made to you earlier. I hope you find them of value in establishing your own focus for the future.

JAMES R. TAYLOR

DEPUTY DIRECTOR OR OPERATIONS

**cc: SALT
SCE Commanders**

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