



## Remarks by Administrator Thomas D'Agostino, National Nuclear Security Administration, to the Energy Facility Contractors Group

### Speech

Dec 6, 2012

Thank you for having me here today. It's always exciting to speak with a group who works so hard to ensure that DOE is operating the way it should.

I know many of you probably woke up again to news of the "fiscal cliff" discussions and are eager to hear of a resolution so you can move forward more confidently. I don't have any insight for you beyond what you see on TV, but all of us have to keep our focus on the mission at hand. These kinds of things often serve as a distraction even though our work load and expectations don't change. I know the uncertainty at this point can be disruptive, but we must remain focused on our mission.

The Department has implemented a number of critical changes to help improve efficiency, provide more effective oversight, and save the American taxpayers money. It's not easy to bring about fundamental change to an organization like ours, but it's absolutely necessary. We're working together at a time when budgets are under increased pressure. There's no denying that. We have to operate in an environment that demands we be smarter and more efficient with the funding we're given. We have to improve the way we do business across the board.

Just as we at headquarters are forced to work through the programmatic implications of budget uncertainty, you're faced with challenges of your own. We're in a tight partnership with our contractors to accomplish our mission, but we can only accomplish our mission if everyone is looking for ways to improve the way they work. We've been successful at that to some extent, from the supply chain management center which has saved EM and NNSA and its contractors millions of dollars so far, to the BMAC, which has helped us move forward with better business practices across the enterprise. Other department initiatives, such as the Asset Revitalization Initiative (ARI), led by Dave Geiser in LM, are initiatives to integrate DOE missions with community interests.

It's important though to realize that we shouldn't just get better because budgets are tight. This is an obligation we all have each and every day. The focus we have right now on efficiency and being smart about how we do business is something that should be part of our culture. It should be embedded in our DNA; how we think, how we act, and how we plan.

I'm encouraged because so much of what we've done will remain a permanent part of the way we do business, no matter what the budget climate. We have a lot to get done as we modernize the complex, from UPF construction to the B61 LEP. Those projects aren't going away, and we need every penny to get done what the American people need us to do. So while cutting waste, improving efficiency, and strengthening management may be the legacy of tight budgets, they're just as valuable when things are not as dire. All of us in this room are taxpayers, and we should all want our government to continuously improve, no matter what its finances look like.

As I look toward the future and see the benefits the fiscal climate has brought to our organization – and, I know, I'd rather not have had it either, but there have been real benefits – I've been thinking about how we stay forward-looking and aggressive. I have a few key lessons that I want all of us to internalize and walk out of this room with. They came from a review I asked Brigadier General Sandy Finan to conduct for me in the wake of the security incident at the Y-12 site in Tennessee, and while the context they were presented in dealt with security and oversight, it applies to everything we do – from project management, to budget development, to securing HEU, to operations, among others. I want to focus our discussion on just a few of these high level "take-aways" that you may find useful. You may be looking for me to tell you about a unique and interesting revelation or a special insight that you had not thought about as it relates to our experience. I am afraid that you will be disappointed. What we will discuss are the basics, the fundamentals. But because they are fundamental, it is worth repeating again and again.

The first lesson is to make no assumptions. When General Finan briefed me on her initial findings, one of the most important things I was reminded of was this point: to never assume things are as they seem. This not only applies to me as a leader of a large organization – but also to every individual within my organization. You cannot just assume that what seems real is actually true, and that after you check that it is true, that it does not remain static or does not change. The security of our enterprise is constantly changing. It changes because equipment gets old and starts to fail. It changes because people are involved and people make mistakes, and it changes because the threat is always adapting and looking for ways to get in. My experience is from the Submarine Force. In the Submarine Force, we work very hard to remove assumptions and doubt from everything we do. We do this for obvious reasons. Captain Chuck Ellis, my Commanding Officer of the USS Skipjack reminded me of this. He said that at the most basic level, the water is always trying to get in the submarine and my job was to work hard at keeping the water out. He also reminded me that while I am asleep, the water is still trying to get in. So we had to be diligent, constantly asking ourselves if what we are seeing is true, never assuming that we have things completely figured out. Keep digging, keep poking, keep checking. Never lose curiosity in any level of detail; never think your job is complete. And once you think things have been settled, once you feel like you know the ground truth, start all over again. By the time you circle back to where you started from, you'll see things you missed the first time around.

In the Y-12 event we assumed we had complete insight into the security conditions at our sites. We had independent assessment teams checking all of our sites. They performed very thorough inspections to include force-on-force exercises and they wrote reports with summary statements saying that security was "fully effective". And I have no doubt that they were fully effective during the inspection period. However, do yourself a favor. Do not rely on the Executive Summary of a report or a one hour out brief on the results of the inspection or report. These types of summaries are by their very nature just that a high level overview of how things appear to be at a particular point in time. Do yourself a favor; do not rely exclusively on independent inspections to validate the extent of conditions. Most sites do well on these inspections because they scheduled, prepared, and ready to go. It's what happens between the inspections that counts! I assumed that all of our status reports, independent inspections, red teams, and briefs gave me the full picture. They did not.

The second key point here is related to the first, and that is to develop a questioning attitude and get into the details. A strong organization — one committed to continuous improvement — needs to develop a workforce that promotes a degree of skepticism, a questioning attitude, and a desire to get into the details. There are some that would say that this questioning attitude may indicate that you do not trust the people that work for you. These people would say that if you question someone about what they have said then you are sending the signal that you do not trust them, that they do not know better, that you want to micro-manage their work. Nothing could be further from the truth! Nothing could be further from the truth!

Asking for details about a situation, a program, an event sends the exact opposite message. It tells that individual and others that you think their work is important. And because of that you want to take the time to understand their work. It also gives them an opportunity to show you how much they know. It has the added benefit of your being able to find areas where additional attention may be needed. And if during your session of questioning, your instincts tell you




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needed someone who felt their job was not to defend the project at all costs, but to deliver the project through hard work and by revealing the actual situation on the ground. Remember, the higher up you are in your organization the more reluctant people are to tell you about problems. This type of thinking must stop. So develop a questioning attitude, get into the details. The independent inspection report summaries gave me the impression that we were on top of security and doing fine. However, within the many hundreds of pages of the report, buried in the depths and into the details of the report, there were indicators that we had more work to do. On this point I am reminded of an Admiral Rickover quote: "The devil is in the details but so is salvation". I want to encourage you to dig into the details, for only in those details will you find your problems — your devils that will eventually get your project. But if you get to these devils early on, you will have time to address them, and the chances of success will improve dramatically.

The final lesson the event made clear is the importance of communication. Open communication is absolutely critical. If we have an organization that does not want to hear about problems, then that is exactly what you will get — problems! Typically in reviews of projects, or security, or operations, a nomenclature is used to summarize how things are going. We call it a stoplight chart. Red if things are going poorly, yellow as warning indicator, and green to indicate there are no problems. If we, as leaders, focus on making "everything green", we will get what we ask for — "everything green". But happy days will not last. Time and again when we look at problems with our construction projects, particularly the ones that do not do well, we find that there was reluctance to bring up bad news. This is not unusual. All of us want to be known as problem-solvers. We want to fix the problem so we can tell our boss that things are OK. We have to change the mindset of our managers. If we see a problem and do not communicate that problem to the right people who can address it, then we have failed as an organization. Even if you manage to keep your organization curious and vigilant, it means nothing if there isn't an environment where people are able to talk openly about the things they see without fear of reprisal or repercussion. Everyone in an organization is part of the mission. For continuous improvement, we need to use the collective brainpower that makes up our organizations.

As a leader, I am well aware that there is a tendency not to bring me bad news or even to express opinions that disagree with my own. It's hard to see what's really going on because nobody wants to tell you — they want you to see what makes them (and you) look best. This leads sometimes to the development of a "clay layer" of middle management where bad news is filtered out and unable to pass through — where only the positive information comes through, providing a false sense of security.

We all have to ensure that our entire organizations understand that we want to hear about problems. Not only do we want to hear about problems, but everyone needs to also understand that it is their obligation to bring problems to our attention. With this openness there also needs to be reassurance that leadership will not "shoot the messenger." You have an obligation to the security of your nation and to the security of every other nation in this room to incentivize honesty and openness.

Remember ....

1. Make no assumptions,
2. Develop a questioning attitude and pay attention to the details, and
3. Embrace full and open communications — then you will find it.

Only after you have done these things will you have rooted out the problems in your organization. Not just security problems, but safety, financial, management and personnel problems.

Within NNSA we have made a number of hallmark changes to our operating philosophy over the past couple of years. We are moving towards more centralized organizational control, creating an empowered interdependent organization where decisions are made at the appropriate levels within a well defined strategic framework. Examples include the creation of the Office of Infrastructure and Operations, establishment of the Office of Acquisition and Project Management, and the development of the strategic performance evaluation plan for our M&O contracts. Just as we expect these institutional changes to produce real mission improvements, other organizations which the department relies on to make enterprise improvements, like the EFCOG, must continuously evolve and demonstrate real value for the resources applied.

So as we watch the fiscal cliff negotiations play out on the evening news, and as we feel the impacts as we go to work every day on behalf of the American people, we need to realize that we have an obligation to never let up on our push for continuous improvement. Everyone in this room has the power to make something better. Everyone has something that's operating a little inefficiently, a little too expensively, a little too chaotically. My challenge to you is to get a little better. We — feds and contractors — are in this together, fiscal austerity or not. It's all of our jobs to improve.

Thank you for having me.

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