

Subject: President's Homeland Security Advisory Council Two Page Summary Recommendation:

The opportunity for Homeland Security to establish a vision and plan that will have significant historic consequence is a bit daunting. There have been few similarly bold and historic governmental visions established *and* implemented. Governor Ridge has noted those of Truman and Truman's address to the increased unification of our defense...*and yet it took over a decade for success*. Kennedy marshaled more bipartisan support for his vision to put a man on the moon. More recently, Reagan tapped into and purposefully fueled the private sector with Star Wars. Its weapons innovation continues to deter those who oppose the free world. I am confident that establishing a vision and strategic intent for Homeland Security can have an even greater impact, if we optimize bipartisan cooperation of Federal, State/Local, Private and Academia in planning. I am known within Dow as a zealot for leveraging. *This* task, if we implement as few historic visions have, will be the mother of all leveraging.

It is obvious that a great deal of thought and study have gone into the emerging Homeland Security organization. It is not evident, however, that "best practice" methodologies are being used to develop the strategy, implementation plans, and the consequent organization and measurements. I will offer, therefore, a few preliminary comments on how we would approach this re-engineering in the business world, an organizational note and some private sector perspectives.

Vision & Strategic Intent

Strategic vision should be simple and unambiguous. It should be compelling to the point of memory and mobilization. It is the ultimate *destination* that inspires and guides those choices that determine the nature and direction of an organization(s). We need to create more *vision and strategic intent* with Homeland Security. So far, we have done more to establish an office or department than a vision. Thus, our journey will likely be more similar to Truman's than Kennedy's or Reagan's. We have moved forward on the wave of patriotism to this point, but the riptide of time will work against us without a nationally compelling vision that the American people can buy into.

Having a "step change" of an historically impactful vision is only the beginning of the work. Establishing the strategy, implementation plans, organization, and measurement plans are where the real work lies and the *sustainable* benefits derived. It is also true that nothing of this magnitude happens without excellent "change management" processes.

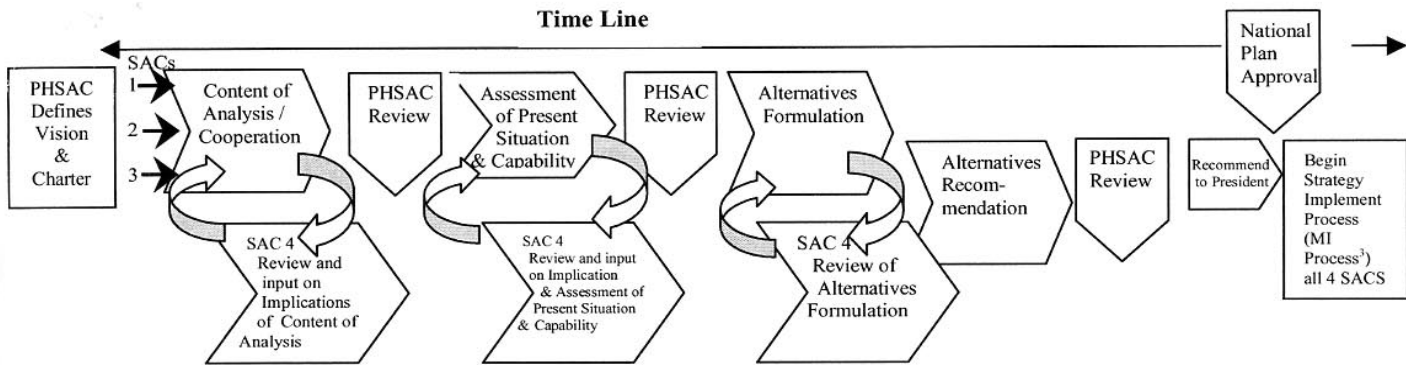
Many Tools but a Holistic Approach Imperative

There are a wide variety of tools and methods practiced to develop the components of fulfilling a vision. The best processes are those which connect all of the components through iterative work between decision-makers and multi-functional expert work groups. This not only enables parallel work, but also sets the culture for teamwork and leveraging of knowledge and best practices. Good process and project management will include accountability for milestones, measurements as well as methods for continuous improvement. Six Sigma methodology has a proven global track record of improving the quality and efficiency of work. It should have a similar effect on our Homeland Security as we both modify and develop new work processes.¹ The National Plan must improve our security *and* reduce our costs.

The task may seem Herculean but there is a great deal of private sector large-scale re-engineering experience that we can tap into - there are many who have fought the corporate turnaround battle and won. It will require a great deal of *change management and leadership*. We must change what we do and how we do it. We must develop an intolerance for variation, inappropriate redundancy and cost. We must measure input, not just output. Measurements and accountability are mandatory while all results must be sustainable. Everything should be leveraged as if life itself depended upon it because for some, it will. Resources should be driven from and by the strategy. Homeland Security Information Technology (IT) is a good example. It is clear that our National plan requires a comprehensive, supportive IT strategy. But it must be driven from the Homeland Security strategy and implementation plans. I suggest that three² of the SACS follow the identical process outlined on page 2, so that the PHSAC and the President see a consistent approach and can compare and contrast progress more efficiently and effectively.

¹ Mikel J. Harry PhD., the guru of the Six Sigma Academy is recommended, see attached letter to Senator Kyl.

² State and local officials, Academia and Policy Research, Private Sector



The fourth SAC⁴ should lag the other three, such that there is a recycle at each step of the process (because the fourth SAC crosses and is critical to the first three). (The fourth SAC would then complete each step for its area of responsibility)

Areas of Interest for Value Add: Private Sector

- **Managing & Integrating Change:** Private sector skills in marshalling complex change should be integrated. Additionally, in partnership with government, the private sector is responsible for critical assets and infrastructure, employees, the communities in which we are based, and the public's trust. As owners and operators of critical infrastructure, we are well placed to manage and shepherd complex transformations—such as those requiring enhanced security, robust public-private collaboration and utilization of scarce resources. The private sector can help integrate change.
- **Risk Management:** Homeland Security should leverage private sector expertise in assessing and managing risk. The private sector has a sophisticated understanding of risk management and the importance of integrating risk management across the entire landscape of an enterprise and its stakeholders. Leveraging private sector knowledge into complex risk assessment issues, such as infrastructure criticality, will create policy options for the President's strategy.
- **Infrastructure Interdependencies:** Private sector owners of critical assets and infrastructures are in a unique position to assess Homeland Security strategies *across* critical sectors of the economy. The safe and secure functioning of the chemicals sector, as an example, is dependent on other infrastructures—including energy, telecommunications, manufacturing, and multiple modes of transportation. Our companies understand the challenges associated with managing infrastructure interdependencies—in fact, costs associated with *not* accounting for, or failing to manage such relationships are unacceptable as a matter of business and risk management.
- Voluntary industry advocacy vs. legislative admonishment is the fastest, most appropriate way to achieve our goals.

Organizational Note:

I admit not knowing a great deal at this time about the total work done to date on Homeland Security. Based upon my current knowledge, however, I would suggest that *Academia* be either a) Split into its own SAC or b) Given a separate "charter" vs. the Policy Research group in order to take advantage of the considerable R&D, technical/intellectual resources available to address issues around infrastructure within the telecommunications industry, computerization and biological research. The academic sector is very valuable and very different from any of the others.

Summary:

During the coming months, our nation will experience significant political, economic and cultural transformations. We must be careful to lay an appropriate foundation to support the strains and tensions inherent in such a national undertaking. The Homeland Security National Plan can be a vehicle to transform the United States in the eyes of other nations, our citizens and those employed by our government. We can use it to make a step change in our Homeland Security, decrease costs and simultaneously reduce government employee frustration over redundancy, rework, broken processes and less than Six Sigma quality. The President's Homeland Security strategy must incorporate insights that industry owners and operators are uniquely qualified to offer. Strategies for managing change and risk are two of the most essential. Public-private collaboration, information sharing and other tools for securing our assets depend on clearly defined performance objectives and metrics for success. Developing a strategy that accounts for cross-sector dependencies is an additional priority that private sector clearly understands. The PHSAC must find ways to obtain these insights as we address our strategy for the coming year.

Kathleen M. Bader
Business Group President
The Dow Chemical Company

*3 Managing Implementation Process attached.
4 Emergency Services, Law Enforcement, and Public Health and Hospitals*