

Testimony of Mr. Robert A. McDonald
Nominee to be Secretary of Veterans Affairs
U.S. Department of Veterans Affairs
Before the Senate Committee on Veterans' Affairs
July 22, 2014

Chairman Sanders, Ranking Member Burr, Distinguished Members of the Committee on Veterans' Affairs, and veterans here and across the country – thank you for the privilege of addressing you today. I am honored to be before you today seeking your endorsement to become the Secretary of the Department of Veterans Affairs. Thank you for scheduling this hearing so expeditiously.

I would like to recognize my wife of nearly 37 years, Diane. Diane and I are blessed with three living parents (her father has passed away), and two children Jenny and Rob. Jenny is married to Scott, and Jenny and Scott have blessed us with two grandchildren, Matthew and Michael. Only Diane could be here today.

Over the last several weeks, I have had the opportunity to meet with many of you individually. I deeply appreciate the Committee's concern for and unwavering support for our veterans and for the mission of the Department of Veterans Affairs. I've listened carefully to your concerns and advice, and have benefited from your counsel.

I very much appreciate the confidence of President Obama in this nomination and am fully committed to fulfilling his charge to me—that is, to transform the Department of Veterans Affairs into an organization that delivers on its Mission. That Mission is to fulfill President Lincoln's promise 'To care for him who shall have borne the battle, and for his widow and his orphan' and by serving and honoring the men and women who are America's Veterans. I also want to create an organization that lives by its Core Values of integrity, commitment, advocacy, respect, and excellence.

My life's purpose has been to improve the lives of others. I went to West Point to be an officer in the Army to try to help free people who were living in non-free societies. I became an Airborne Ranger Infantry Officer in the 82nd Airborne Division because I

wanted to be on the front line in leading that change. I joined The Procter & Gamble Company 34 years ago because of its purpose, which is to improve the lives of the world's consumers.

My time at West Point and as a Captain in the 82nd Airborne Division instilled in me a lifelong sense of duty to country. My values are steeped in my experiences at West Point and in the military. Those values are what allowed me to be an effective leader at Procter and Gamble – and those values are what I will bring to the management of the VA. I am still guided by the West Point Cadet Prayer, which encourages us to “choose the harder right rather than the easier wrong.”

For me, taking care of veterans is personal. I come from and care deeply for military families. My father served in the Army Air Corps after World War II. My wife's father was shot down over Europe and survived harsh treatment as a POW. Her uncle was exposed to Agent Orange in Vietnam and still receives care from VA. My nephew is in the Air Force, deployed in the Middle East.

My 33 years with the Procter & Gamble Company taught me the importance of effective management, strong leadership, and of being responsive to the needs of customers. When I joined the company in 1980, we recorded \$10 billion in sales with over 60,000 employees and with an extensive domestic and international field structure. Today that business is over eight times larger, at \$84 billion, with almost double the number of employees. Now P&G's brands are present in nearly every country of the world. I helped lead this transformation.

I am a forward-looking leader who spent my business career expanding P&G to serve new, emerging, and underserved customers. For example, during my time at the company, we worked to digitize the operations of P&G from end to end, including using digital technology in remote areas to acquire and serve new customers. We added approximately one billion new customers over four years.

That's the experience needed to modernize VA to serve the next generation of returning warriors, including women, post-9-11 veterans with complex injuries, and those suffering from Traumatic Brain Injury and Post-Traumatic Stress Disorder.

As I have met with members of this Committee over the past few weeks, you have told me the depth of the crisis at the Department of Veterans Affairs. While there is much that is going well, there have been systematic failures, which suggest that some in the organization have lost track of the Mission and the Core Values. The Department's problems with access, transparency, accountability, and integrity have been well documented by this Committee and your congressional colleagues, as well as by the President, Secretary Shinseki, Acting Secretary Gibson, the Inspector General, the Government Accountability Office, the Office of Special Counsel, Veterans Service Organizations, and Military Service Organizations. There is a lot of work to do to transform the Department and it will not be easy, but it is essential and can be achieved.

The seriousness of this moment demands urgent action, and if confirmed, I pledge to this Committee, and to our nation's veterans, to take a series of immediate actions over the first 90 days to deliver the needed reforms our veterans deserve. I will put the veteran at the center of all we do, consistent with our Mission.

If confirmed, on day one, I will lay out my leadership vision directly to all VA employees on a national video conference with all VA sites. My charge will be to provide veterans the care they have earned in the most effective way possible. I will ask VA employees to join me in reaffirming our commitment to VA's Mission and Core Values. I also plan to ask all employees to bring forward any additional flags, concerns, or problems, so as the leader, I know the full picture of what's going wrong and what can be improved. If confirmed, it will be important to incentivize this process and reward those that constructively come forward to solve problems. I have much to learn about the organization and look forward to gaining valuable input and insights from its employees as well as veterans and other stakeholders.

If confirmed, I will also renew the Department's strategic plan and ensure it is properly deployed, so that each individual in the organization knows how their work every day

ties back to the strategic plan and the Mission of caring for veterans. In the short term, this will mean asking employees to refocus on the Mission and Values of VA. By getting out in the field and talking with veterans and employees and learning as much about the organization as possible, I would be able to determine the processes that would need to be reorganized or streamlined. In the longer term, this will require restructuring employees' performance metrics and evaluations.

In order to regain the trust of the American people, and most importantly veterans, we must ensure every employee has an action plan in their annual performance review that rolls up to the strategic plan and Mission of the Department. The majority of employees at VA are dedicated to the Mission and Values of the organization. But, those employees that have violated the trust of the Department and of veterans must be, and will be, held accountable.

If confirmed, I plan to improve the communication between the field structure and the central office; between the employees and the leadership. I will start by hosting quarterly video conferences with the entire field structure. I also plan to travel extensively over the first several months to hear directly from employees, veterans, and other stakeholders. I also plan to establish a board of physicians to advise the Secretary on best practices for delivering timely, quality health care.

If confirmed, I will also focus on reorganizing the Department to most efficiently and effectively use our resources to get veterans the care they earned and deserve. The Department must improve its forecasting and develop a strategy for meeting increased demand. At the same time, I believe the Department will need to continue to expand the use of digital technology to free human resources that can be applied more to care for the veterans. Further, I plan to take advantage of VA's scale to improve productivity and flow people to the work. Today, the Department operates as loosely-connected individual Administrations. Tomorrow, I hope the Department can be "one team with one dream" that will be to get the best care and services to our veterans in an efficient and timely manner.

It is clear that VA must be more efficient and productive. The Department needs to demonstrate that it can manage a complex facilities portfolio; that it can create, with Department of Defense, an integrated records system; that it can regularly and accurately produce key data for decision-makers and oversight entities; and most importantly, providing to veterans the highest quality and most cost-effective benefits possible. All of these things are possible through some of the steps I've outlined here and will continue to pursue: expanding the use and application of technology; redefining roles, and increasing accountability.

If confirmed, I will work to transform the Department of Veterans Affairs. I will continue to partner with you, members of the Senate Committee on Veterans Affairs, others in Congress, government agencies, Veterans Service Organizations, and other stakeholders.

The Department has made great strides in serving veterans thanks to the commitment of many dedicated employees, and hard work with our partners and advocates in the community. But the VA is in crisis. The veterans are in need. There is much to do. I can think of no higher calling than to serve our veterans who have so selflessly served our country. With your support, I am confident we will succeed at the Department of Veterans Affairs. Thank you. I look forward to your questions.