



William Owens

EDITORS' NOTE Admiral Bill Owens is the current Chairman of Centurylink, and the private companies Red Bison, Eastern Airlines, and Flow Mobile. He is on the boards of the public companies Wipro, Polycom, and Viasystems, and has served on more than 20 public boards including Daimler, British American Tobacco, and Telstra. He was until recently the Chairman of AEA Investors ASIA and the Vice Chairman of the New York Stock Exchange for Asia. A board member of the East West Institute and the Council on Foreign Relations, he has been active in philanthropy to foster Chinese-American relations. Owens is an established expert on U.S.-China relations, and he helps Asian organizations break into the U.S., and American companies navigate the Chinese business environment. Owens had responsibility for the reorganization and restructuring of the armed forces in the post-Cold War era. He was a principal architect of the Revolution in Military Affairs. His long career in the military includes serving as the Deputy Chief of Naval Operations for resources, warfare requirements, and assessments. He was commander of the U.S. Sixth Fleet during Operation Desert Storm in Iraq and the Senior Military Assistant to Secretaries of Defense Frank Carlucci and Dick Cheney. In 1994, Owens became the Vice Chairman of the Joint Chiefs of Staff, the second highest ranking military officer in the United States. He has written more than 50 articles on national security and authored two books, *High Seas and Lifting the Fog of War*. Owens is the former CEO and Vice Chairman of Nortel Networks, and the CEO and Chairman of Teledesic. Before that, he was the President, COO, and Vice Chairman of Science Applications International Corporation (SAIC). He has founded the technology companies Lumera, Extend America, Amerilink, Yangtze, Flow Mobile, Red Bison, and Prometheus. In 2004, Owens received the Intrepid Salute Award in recognition of his business achievements and support of important philanthropic activities. He has been awarded the French *Ordre national de la Légion d'honneur* and was the David Sarnoff Award winner for his contribution to advanced technology. Owens received his master's degree in business from George Washington and is a graduate of the U.S. Naval Academy and Oxford University.

Leadership Lessons

An Interview with Admiral William Owens, Former Vice Chairman of the Joint Chiefs of Staff

Why did you join the military and what contributed to the success you had there?

From a North Dakota upbringing, I graduated from Annapolis and joined the nuclear power program, serving in nuclear submarines for almost 20 years, including two submarine commands and four senior command positions as an Admiral.

One of those was as the commander of a submarine group, including over 55 nuclear submarines. Forty of those submarines had the same mission. What I observed was that when the captain of one of those submarines changed, the whole ship changed. The tone that is set at the top is enormously important.

I was put into an important position in the Navy, at the end of the cold war by the Chief of Naval Operations, with the expectation that we would realign the Navy for a new world.

During that two-year time, we decommissioned essentially half of the Navy, cutting the defense budget during the Clinton years from \$500 billion to less than \$300 billion.

Importantly, it was not done proportionally and, with my support, my own submarine force took a much bigger hit than the Army, Marine Corps, or the rest of the Navy.

I left the job at the Navy without a lot of friends, but I was confident that we had done the best we could to prepare the Navy for the future with the right kind of focus on smart technologies. We had also plussed up considerable money into smart systems, and we had significantly changed the balance in the Navy.

I was later sent to be the Pacific Fleet Commander in Honolulu. I was in that role for three days when I got a call from Al Gore saying the President would like me to come back and be the Vice Chairman of the Joint Chiefs of Staff (JCS), the number-two ranking officer in the military.

With the Chairman of the JCS and the Secretary of Defense, we wanted to effect the same transformation with the entire U.S. military. I learned that you need to have a great team with you, and very supportive bosses and boards of directors to make these changes. When this was done with support from the "system," and with full commitment to the defense of our country, doing the right thing, no matter how hard, was possible. This is very true of boards of directors.

What are your views on today's military preparedness and spending?

When you become more senior, you must not go with the tide. You have to try to put in place what you think is best for the country, and that's very difficult to do.

The Chairman and Vice Chairman of the Joint Chiefs are advisors to the President and Secretary of Defense, but they are not the commanders who direct the wars. The commanders of the geographic regions report directly to the President on war fighting.

So the Joint Chiefs, who are the most senior members of our military, are responsible to provide the best military for the future. Since many of these systems take years or sometimes decades to deliver to service, it's enormously important that you do the right things, working very hard to cancel outdated programs and bases and putting in place new ones which are best for the country, and remember that the budget is now over \$500 billion a year, without Afghanistan and Iraq.

I have a sense that today, the discussion is locked up in traditional debates about "not taking more from my service than you're taking from another guy's." In many ways, I believe brave decisions are being avoided. And Eisenhower's Military Industrial Complex (a complex system of military contractors, congress, and senior military) is alive and well.

Our country is blessed to be able to have the best, most sophisticated ships, tanks, and airplanes in the world. We have to ask ourselves whether those platforms are always the right ones to take the huge majority of the money available from the defense budget. We have to ask ourselves whether we need as many of the very high technology ships, airplanes, and tanks as we needed 20 years ago. These decisions go in many different directions; joint platforms such as very large floating bases make a lot of sense to me. They are much cheaper than carriers, and a few of them made available for our joint forces around the world would make a lot of sense. It might be at the expense of a number of very high-tech submarines or airplanes, or the maintenance of too many high-end battle tanks for an unknown future land war, for which hundreds of billions of dollars are being spent over the next 10 years.

We should provide the best quality information, intelligence, and surveillance to the troops in a battlefield. For our soldiers and Marines, we have every ability with commercial off-the-shelf technology – which is not brought along as much

or as soon as it should be – to put in place intelligence and communications systems for those troops in a battlefield so they know what is around the next corner when they're in the streets of the next terrorist failed state. We owe them our best efforts in this very possible capability.

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We have to do everything we can to outfit the troops in a battlefield, be it on the streets of Basra, or Marines or Seals or Delta Force in special operations around the world. I think we don't do that well enough. The battlefield of the future will be a very different one.

We have managed to make the F-35 Joint Strike Fighter program into one from which each of the services wants its own version. It has become enormously expensive: compromise and leadership is necessary to make it much more affordable. We should keep it, but what you see is the service mentality – each individual service wants its own, rather than finding a way to unify the program to save the country money and put that money to other uses. A bit more funding for the state department for engagement programs and to international military training would be a good way to spend money that is saved in the defense department.

Since President Clinton left office, the defense budget has gone from short of \$300 billion back to over \$500 billion in real dollars (without Afghanistan and Iraq). We need another budget-trimming exercise.

We have only a few "joint bases" around the U.S. now, but you find many that are not. It doesn't make sense to have a military that tends to not live and operate jointly as it should be.

When you left the military, what were you seeking?

Most senior generals who have had the blessing of moving to the four-star level don't get into profit-and-loss businesses – they become advisors for a defense contractor, or they join a board or two, but they usually don't engage in running businesses unrelated to defense.

Do you consider how you might have often applied your business acumen in military situations?

When you get into the military and go to West Point, you become an Army officer, and that's what you are. When you go to Annapolis, you become a Navy or Marine officer and that's what you are. You then get further channeled into those individual branches of service.

It's not until 20 years later in most cases that you start to see outside that branch of service, and very few get the chance to see the breadth of the U.S. military.

When I was a commander on a submarine, there was a Navy program called the Strategic Studies Group. They chose one officer from each branch of the Navy and Marines and set us up with a challenge to organize ourselves and figure out how to make the Navy a better service.

We had a chance to visit leaders and battlefields for a year, and we visited the other services around the world. I also learned an enormous amount about my own service. We worked seven days a week, and it was a game-changing experience for me.

At the time, I realized how crazy it was that we were living in these vertical stovepipes. That gave us all something to think about. My years at Oxford coupled with that Strategic Studies Group experience had a big impact on how I would try to contribute to the Navy, the military, and later to my business life. I have found that willingness to be a bit more revolutionary is much needed in our government (and in business.). If you're not worried about what people think and if you have confidence in your articulation of ideas, then you can make a real difference.

What is the status of U.S.-China relations today and is enough being done to foster positive relations?

This has been, and will continue to be, my passion. I initially experienced China through the eyes of a businessman doing business there as the CEO of Teledesic, a Gates/McCaw vision for global bandwidth, and then, later as the CEO of Nortel, when we were challenged by an upstart company called Huawei. Yet, I was welcomed into China with Nortel telecom's equipment, wireless systems, metro-optical systems, etc.

This led me to a series of discussions with the CEO of Huawei, (with whom I remain close), about the merger of Huawei and Nortel.

I started to appreciate that we were losing billion-dollar contracts to Huawei not because they were undercutting our price, but because they were starting to have better quality systems than we had.

It was their momentum that would overtake us, as well as Lucent, Siemens, and Ericsson. Huawei is now the number-one telecoms equipment provider in the world.

That experience convinced me that the partnership between China and the U.S. is the

most important geopolitical benefit for our children. I started to look at anything I could do to help make that partnership happen.

I was offered the chance to go to China to head AEA Holdings and I loved that idea. I moved to Hong Kong as a full-time Chairman/CEO where I could do some interesting things for AEA but also start to engage the U.S. and China.

Seven years ago, I had established the Sanya Initiative to bring together a group of JCS-level retired generals with a similar group from China.

This is a relationship that has changed my own and my U.S. colleagues' minds about Chinese intentions, and where they're going. Likewise, it has changed those Chinese generals' view about where Americans are going.

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The Sanya Initiative has resulted in a similar philanthropy, which we've called the Summer Palace Dialogue with Minister Liu He. Liu He is very close to President Xi Jinping on economic and central planning issues. He and I have, for four years, brought together a group of great economists along the lines of the Sanya model to talk about economic issues between the two countries.

This has convinced me that even old, set-in-their-ways military guys can end up forging strong relationships.

In light of the new world reality, there is much to be done to support the U.S.-China relationship.

Do you take moments to reflect on your successes?

I don't want to downplay how much good luck and being in the right place plays into success, but I have always been blessed by thinking things can be better, and that we can influence them to be that way. ●