

BRIEF

M O N D E R M A N

I N S T I T U T I O N A L P E R F O R M A N C E R E S E A R C H

# Accumulated Drag

## Administrative overhead in the U.S. Department of War.

How accumulated structure degrades decision velocity and absorbs institutional capacity – and why successive reform waves have diagnosed the problem without altering the architecture that produces it.

## EXECUTIVE SUMMARY

The United States Department of War carries administrative overhead that, across independent external sources, appears elevated relative to comparative benchmarks. This paper organizes that evidence around three findings.

### FINDING 01

#### **The overhead is structurally significant.**

A 2015 study by the Defense Business Board and McKinsey – reported by the *Washington Post* in December 2016 – estimated approximately \$125 billion in annual administrative spending, nearly one-quarter of the Department’s budget at the time.

### FINDING 02

#### **It degrades decision velocity.**

Major weapons acquisition timelines have expanded from roughly four years during the Cold War to approximately 22 years today. The Rand Corporation and CSIS have documented that organizational complexity accounts for a significant share of this expansion.

### FINDING 03

#### **Reform stalls because the problem is architectural.**

Successive reform waves – from the 1860s to the 2020s – have diagnosed the problem, produced partial results, and been overtaken by the next cycle of expansion. The Brookings Institution and Rand have independently documented this pattern.

The paper concludes with four structural pathways: clarity, velocity, redesign, and alignment. Each includes mechanisms, a measurable indicator, and an implementation caveat.

### A NOTE ON NAMING

This paper uses “Department of War” to refer to the institution that has governed U.S. military administration from 1789 to the present. The choice reflects institutional continuity, not political endorsement. The overhead problem documented here spans both the War Department era (1789–1947) and the Department of Defense era (1949–present). Where precision requires it, the paper distinguishes between eras.

### HOW THIS PAPER USES EVIDENCE

**Formal government analyses** (GAO, CBO, CRS) provide the most rigorous evidence and are cited with report numbers. **Academic and policy research** (Brookings, Rand, CSIS, OECD) provides comparative benchmarks and structural frameworks. **Investigative journalism** (the *Washington Post*’s December 2016 investigation) provides the key quantitative finding on overhead scale – treated here as a credible historical data point, not a current estimate. **Management research and memoir** (HBR, BCG, Gates’s *Duty*) provides qualitative context, not precise quantitative inference. Where the paper synthesizes across categories, it says so. Figures labeled “stylized” or “approximate” indicate illustrative representations.

# 01

## The overhead is structurally significant

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### What the independent record shows

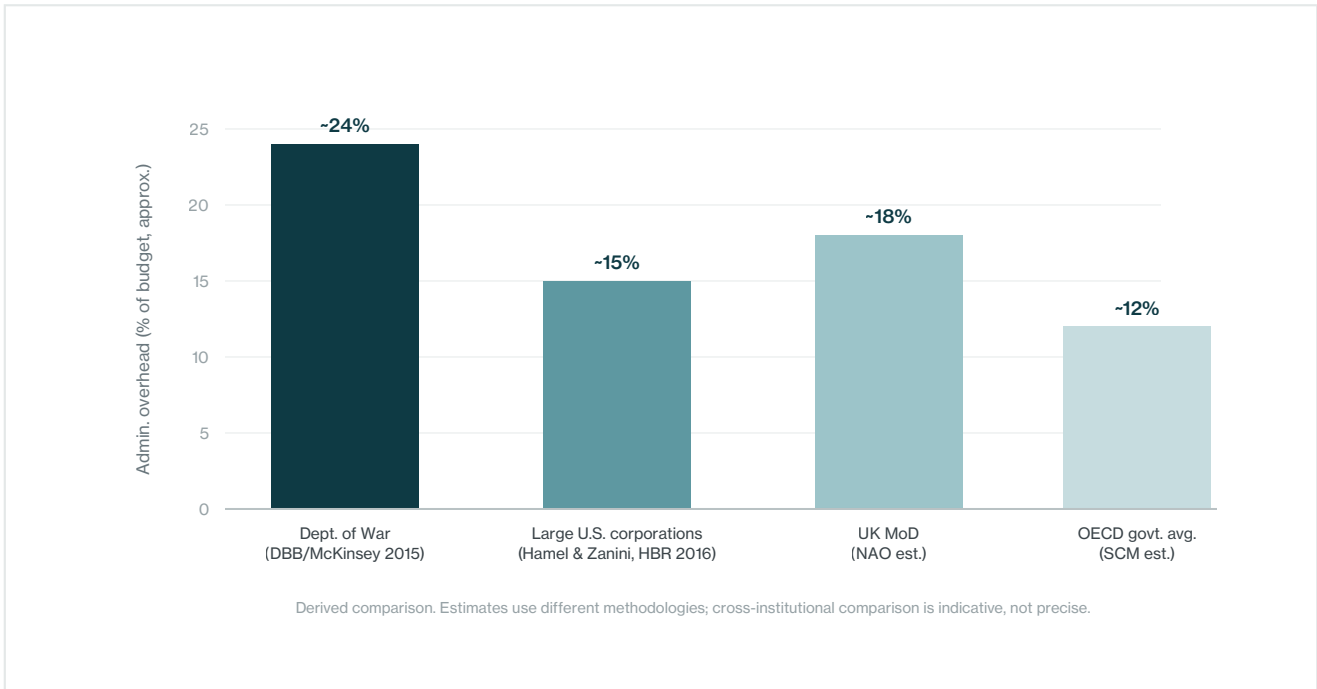
The most rigorous independent estimate was reported by Craig Whitlock in the *Washington Post* on December 5, 2016, based on a leaked Defense Business Board/McKinsey study. It found the Department spending approximately \$125 billion annually on back-office operations – accounting, human resources, logistics, procurement, property management – nearly one-quarter of its then-\$580 billion budget. Over one million personnel filled these roles, supporting 1.3 million active-duty troops.

That figure establishes a credible historical floor. It was produced by a respected firm using detailed internal data, commissioned by the Deputy Secretary of Defense, and independently verified by the investigative team that obtained it. It cannot be directly extrapolated to the present. The budget has since grown to approximately \$890 billion, and no comparable study has been published. The absence of structural reform is consistent with continued overhead pressure, though this paper does not claim to know the current figure.

### How this compares to external benchmarks

Gary Hamel and Michele Zanini estimated in *Harvard Business Review* (September 2016) that excess bureaucracy costs the U.S. economy more than \$3 trillion annually. Their research suggested managers in large organizations spend 20 to 40 percent of their time on reporting, approvals, and coordination. A subsequent HBR survey of over 7,000 respondents (August 2017) found bureaucratic drag significantly worse in larger organizations.

The OECD's Standard Cost Model estimates that administrative requirements absorb a material share of institutional capacity. A 2026 OECD working paper (Andrews, Turban, & Tyros) found the U.S. wage share devoted to compliance tasks rose from 4.0 to 4.2 percent between 2012 and 2024, associated with a 0.5 percent productivity decline. These figures apply economy-wide, not to defense specifically, but illustrate the general mechanism.



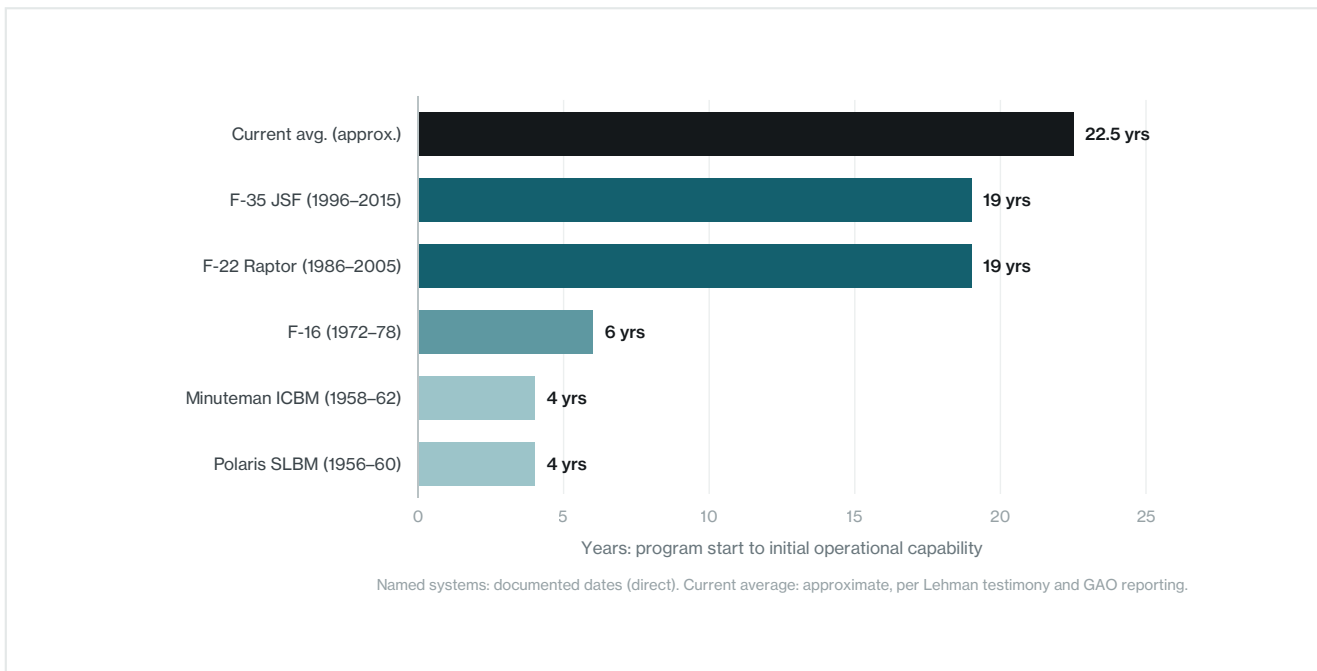
**Figure 1.** The Department's overhead appears to exceed comparative benchmarks. Derived comparison; different methodologies apply. Sources: DBB/McKinsey (2015); Hamel & Zanini, HBR (2016); NAO; OECD SCM.

## 02

### Overhead degrades decision velocity

The most consequential cost of overhead may not appear in any budget line. It is the time between a decision being needed and a decision being made.

John Lehman, former Secretary of the Navy, testified that major weapons systems now take approximately 22 years from program start to deployment. During the Cold War, the Polaris SLBM and Minuteman ICBM were each fielded in roughly four years. The F-16 took six. The F-22 and F-35 each took approximately 19. The Rand Corporation and CSIS have documented that organizational complexity accounts for a significant share of this expansion.



**Figure 2.** Acquisition timelines have expanded roughly fivefold. Named systems: direct data. Current average: approximate. Sources: Lehman; CSIS; Rand; GAO.

Robert Gates identified 30 layers of staff beneath the Secretary of Defense in *Duty* (2014). His account is qualitative and reflects one leader’s perspective, but it is consistent with patterns the GAO and CSIS have documented more systematically: decisions pool where approval chains converge.

BCG, in a 2024 analysis adapted for *Harvard Business Review*, identified a self-reinforcing cycle: organizations add layers to manage complexity, generating incremental cost and convolution. BCG found cases where half of planning resources produced reports that did not serve leadership goals. The parallel to defense reporting is suggestive, though not directly measured here.

## 03

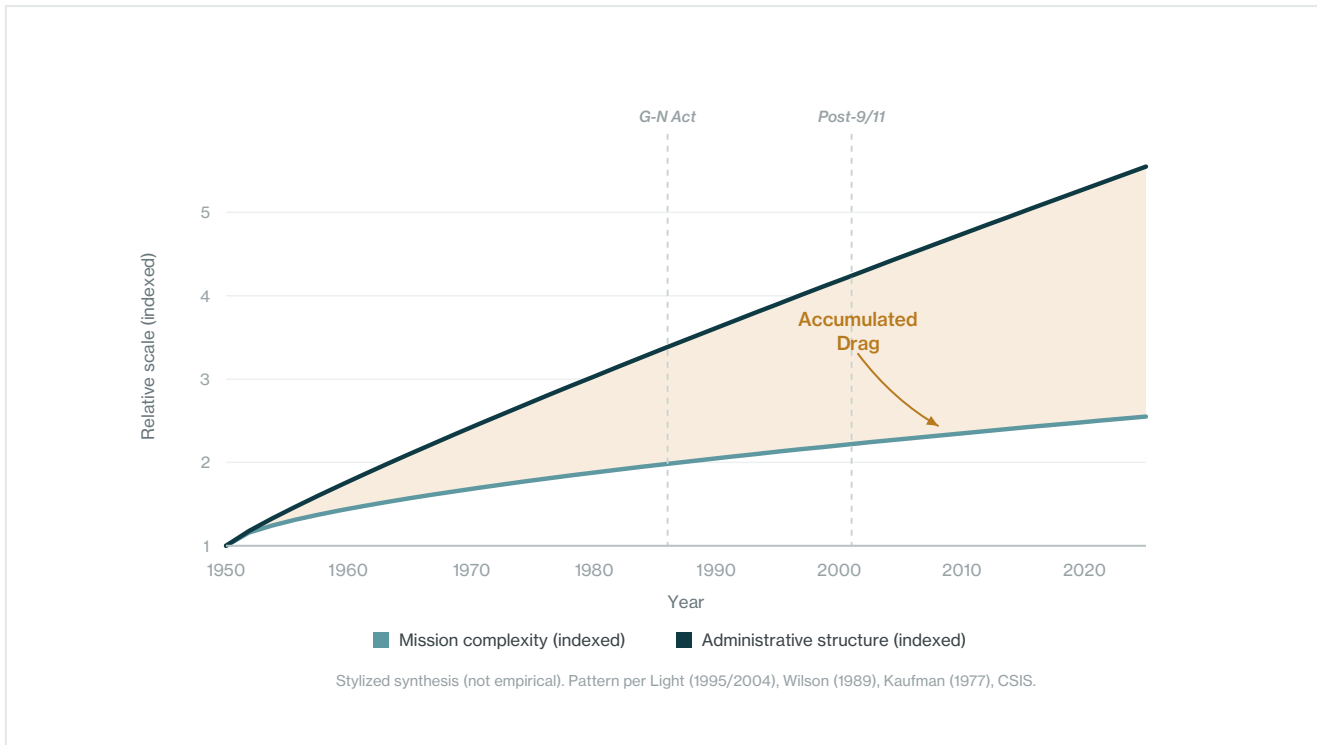
# Reform stalls because the problem is architectural

### How structure outpaces mission

Wilson’s *Bureaucracy* (1989) documented how agencies accumulate procedural requirements. Kaufman’s *Red Tape* (1977) showed controls accrete faster than they are removed. Light (*Thickening Government*, 1995) documented 64 new layers of federal leadership since 1960, with defense contributing disproportionately.

This paper uses the term *accumulated drag*: the compounding difference between the complexity an institution needs to govern and the administrative structure it has built. In practice, it would be diagnosed by mapping the gap between current decision architecture and the minimum structure required for mission execution – then measuring the time, cost, and capacity the difference absorbs.

The reform record is consistent. Brookings and Rand have documented that successive initiatives – from the Truman Committee to the 2020 Defense-Wide Review – produce partial, often temporary results without altering the administrative architecture. The GAO has over 100 open recommendations, with a median estimated benefit of \$36 billion if implemented.



**Figure 3.** Administrative structure has outpaced mission complexity. Stylized synthesis (not empirical). Sources: Light (1995/2004); Wilson (1989); Kaufman (1977); CSIS.

### Structural signals: audit failure and contractor costs

The GAO has documented that the Department remains the only major federal agency never to achieve a clean audit opinion – eight consecutive disclaimers since 2018. Without reliable financial data, overhead ratios cannot be established and reform progress cannot be measured.

The GAO (GAO-18-399) and POGO have found contractor employees cost significantly more than civil servants. *Just Security* (NYU) reported a ratio of approximately 2.94:1. The *Washington Post*'s 2016 investigation reported per-contractor costs of \$189,000 (Army) and \$171,000 (Navy). Congressional civilian personnel ceilings incentivize this substitution – a structural distortion, not a management choice.

# 04

## Pathways forward: a structural framework

The history of defense reform suggests the problem is not a shortage of recommendations. What has been absent is a structural approach. The following framework identifies four pathways. Each follows the same structure: what it fixes, what to do first, how to measure, what can go wrong.

| Pathway                     | Fixes                                 | First step   | Measure                                     | Risk   |
|-----------------------------|---------------------------------------|--|---|--|
| <b>Structural clarity</b>   | Drift between authority and execution | Inventory approval chains above five concurrences; publish a reduced authority map             | Layers from intent to execution (quarterly) | Removing operational layers carries mission risk |
| <b>Decision velocity</b>    | Friction that stalls decision cycles  | Maximum cycle times for below-threshold procurement (90-day pilot); decision-latency dashboard | Average days from requirement to decision   | Speed without judgment is recklessness           |
| <b>Operational redesign</b> | Processes that constrain performance  | Burden-audit the top 50 recurring reports; apply the OECD Standard Cost Model                  | Staff time on admin. vs. mission activity   | Some reporting is statutorily mandated           |
| <b>Governance alignment</b> | Re-accumulation of drift after reform | Sunset clauses for new administrative processes (24-month renewal)                             | Overhead ratio trend, year over year        | Governance mechanisms can become overhead        |

**Figure 4.** Four structural pathways for reducing accumulated drag. Design framework, not a prescriptive plan. Sources: Wilson (1989); Kaufman (1977); Light (Brookings); OECD administrative simplification guidance.

**Structural clarity** addresses drift between authority and execution. First step: inventory approval chains above five concurrences; publish a reduced authority map. Measure: layers between intent and execution, quarterly. Risk: removing operational layers carries mission risk; sequence by function.

**Decision velocity** targets friction in decision cycles. First step: maximum cycle times for below-threshold procurement (90-day pilot); decision-latency dashboard. Measure: average days from requirement to decision. Risk: speed without judgment is recklessness; pair with escalation criteria.

**Operational redesign** rebuilds administrative systems around performance. First step: burden-audit the top 50 recurring reports; apply the OECD Standard Cost Model. Measure: staff time on administrative versus mission activity. Risk: some reporting is statutorily mandated; distinguish discretionary from non-discretionary.

**Governance alignment** prevents re-accumulation of drift. First step: sunset clauses for new administrative processes (24-month renewal). Measure: overhead ratio trend, year over year, published. Risk: governance mechanisms can themselves become overhead; design for simplicity.

## 05

# Conclusion

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Across diverse external sources, the broad contours of the problem are consistent. The Department of War carries administrative overhead that appears substantial by comparative benchmarks. Its decision velocity has measurably declined. Its reform history shows a recurring pattern of diagnosis, partial implementation, and structural reversion.

Over eight decades, administrative structures have accumulated faster than mission requirements. The structures that once supported execution have hardened into friction. The pathways forward are structural: clarity, velocity, redesign, and alignment. These interventions are constrained by statute, politics, mission risk, and inertia. The constraints are real. But the Department does not need to become simpler. It needs to become more navigable – an institution whose systems convert complexity into opportunity rather than drag.

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