

**Women in Negotiation Summit  
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1 October 2015**

SECRETARY JAMES: Good afternoon, everyone. As you heard, Linda, of course, started her career as an officer in the United States Air Force. So, everybody now knows that.

But what you may not know about Linda is that she also taught key negotiation skills to many of our young cadets way back when in our United States Air Force Academy. And boy, she did a really great job in teaching them how to negotiate - - maybe too good of a job, I might say, because, as it turns out, my chief speechwriter -- who is now a Lieutenant Colonel in the United States Air Force -- was one of her students. He remembers her very fondly. And I want you to know, Linda, I am forever negotiating with him over the language that I'm going to present to different groups. So, you did a great job with Lieutenant Colonel Ian Fairchild. He says, hey.

Before I start, I want to just take a moment and thank the Negotiation Institute for inviting me here today. It is really a high honor. From what I understand, this is the first conference of this sort -- that normally, the Negotiation Institute will go into a particular company or a particular venue, and do it for a senior team -- this type of negotiation skills and presentations. But this was a kind of new idea, and I think it's a fantastic idea. I've been sampling throughout the lunch period, asking people about the last day and a half, and it sounds to me like you've got a home run hit on your hands. So, thank you very much for allowing me to be part of this Women's Summit.

Now it's an honor to be here on a number of levels for me -- not only as a woman, but, let me tell you, as only the second female service secretary ever in

American history. So, how cool is that? [inaudible] high honor for me. The first was Dr. Sheila Widnall. She also served as the Secretary of the Air Force, back in the 1990s. So, let me see if I've got that straight -- two female service secretaries, U.S. Air Force. For the Army, zero. For the Navy, zero. So, every time I meet with my Army and Navy colleagues, I tell them, hurry up; you've got some catch-up work here to do.

What I'd like to do this morning -- or this afternoon, rather -- is to share with you some of my own experiences, especially how negotiation has played a key role in my career and in my life -- and, also, wanted to offer just a few remarks about a topic we've been talking about periodically over the last day and a half; that's diversity and inclusion.

And the reason I'm so passionate about that is because I am convinced that getting different people with different backgrounds and different thought processes around the decision-making table at different levels within any organization is the way to essentially unleash different types of innovation and different approaches for any kind of a go-forward strategy -- whether you're in business or whether you're in government. And unleashing innovation is certainly what we're all about within the United States Air Force.

So, before I get too far ahead of myself, let me begin with a subject that I know a great deal about -- and that subject is me. So, I'd like to just tell you a little bit about me.

As you heard, I've been in the workforce now for over 30 years. It's about 34 years specifically -- which is rather strange in and of itself, considering that I stand before you today having just celebrated my 39<sup>th</sup> birthday. So, you see, I was a child

prodigy; that's my story. I'm sticking to it.

I suspect a number of you will agree with me, particularly if you're anywhere near my age -- which is really not 39; it's 56, to be exact. But if you look back over your career and over your life, did any of us really have a linear plan? Did any of us really have a grand strategy that we were able to map out step by step by step -- whether we're talking about our careers or our family lives? Did any of it really come out that way? And perhaps there might be one or two amongst us that really, truly did that, but most of us, I think, would agree that's not the way life usually happens.

And in fact, my story, my professional story I will tell you, started way back when, with a dream. It was a very firm dream that I pursued with vigor -- and that dream went completely bust. It went completely bust. You see, I never ever thought I would have a career in national security. My original dream was, I wanted to be a diplomat. I wanted to be in the Foreign Service.

So, beginning at the beginning, I grew up in a small town in the State of New Jersey, as you heard. I had a love of language. I had a love of international affairs, politics, travel. I grew up; took Spanish in high school -- actually was a foreign exchange student in high school, and became fluent in Spanish.

Went off to Duke; went off to Columbia University here in New York City, and got a masters degree in international affairs. I even had some internships in those early days, which were related to international affairs.

So, let me see if I've got this straight. I had the education. I had the internships. I even spoke the language. I thought I had done all the right things. I then moved to Washington, D.C. right out of graduate school, and I rented an apartment,

signed a lease, and promptly sent off my application to the Foreign Service. And I sat back, and I waited for that acceptance letter to roll in -- because this was way, way before email, by the way.

So, you may be guessing where I'm going with this story. And the answer is, the letter did come rolling in eventually, but it wasn't an acceptance letter; it was a rejection letter. It's a very nice letter, which said, "Dear Ms. Roche" -- that was my maiden name -- "Thank you for your interest in the foreign policy of the United States, but we will not be requiring your services at this time."

Well, I think I was 23 years old when this happened. And I swear, my whole life was flashing before my eyes. I had now spent -- what are we up to, maybe eight years of my young life at that point, planning and working toward this particular dream, and it just seemed to go up in smoke before my very eyes.

So, as I remembered that period, I think I went to bed and cried for about four days or so. I was literally devastated and didn't know what I was going to do.

But then -- I think it was on the fifth day that I remembered, gee whiz, I signed that lease, and now I have a financial commitment. So, note to self -- for those of us who have children who may be facing such things -- it's always best to get the job before you sign the lease.

But somehow or another, I got out of bed, and I got dressed, and I started trying to come up with plan B. Now I did want to be in the government. I did want to work on policy matters. And so I literally started sending my resume to all the rest of the government agencies that I could think of -- because I needed to have a job. Now it was just a matter of, I had to have a job.

And luckily, I did receive one job offer, and it was with the Department of the Army, as a civilian. So, that was actually my first job out of school -- the Department of the Army.

I had no particular interest in national security. My dad had been a World War II veteran in the Army Air Corps, as a matter of fact, but didn't really speak about it, like many of those of his generation. So, I hadn't had exposure to it, but it was a job. And at that point, I was just grateful to have that job.

And then a few months after that, the most remarkable things started to happen. And the remarkable thing was, this particular area of national defense -- which I had never even thought much about -- suddenly was becoming hugely interesting to me. And I felt like I had the opportunity now to work on issues of high national importance -- just like I would've, had I ever entered the State Department. And I had a great team of people around me -- a wonderful boss, who I considered to be my first great mentor in life, who took an interest in my development.

And from that point forward, from that very first job, one thing led to the next, led to the next, led to the next.

I went on eventually to leave the Army, and I spent 10 years on Capitol Hill, as a member of the House Armed Services Committee. It's one of the four committees in Congress that reviews and ultimately approves defense budgets and defense policies.

From there, as you heard, I had an opportunity to go over to the Pentagon, and I was an Assistant Secretary of Defense during the Clinton administration -- five years, from 1993 to 1998. My portfolio then was the National Guard and Reserve

forces of the United States.

And from there, I left government and tried my hand at defense in the private sector; did about 14 years, most of which was with a company called SAIC. SAIC, of course, today, has split into two companies, one of which is still called SAIC, but the other is Leidos. And, of course, Leidos is one of your sponsors here today. So, hey, guys over there at Leidos -- my former colleagues, who I love seeing.

And then the honor of my professional lifetime came just about two years ago, when I got the call and the opportunity to come back into government as the Secretary of the Air Force.

Along the way, I would be very remiss if I didn't tell you that I was married; I was divorced. I've been remarried. I lost that father that I told you about. I also lost a brother to cancer. My mother is now 91 -- and in some ways, she is like a child to me. By the way, I have two terrific children -- 29 and 31 years old.

So, lots of zigs and zags in life. And by the way, I have what I call my top 10 lessons learned in life. And number one is, be prepared to zig-zag in your life, because you will get thrown many curveballs, both professionally and personally, just like I have. And I'm sure many of you have already felt some of these zig-zags. And if you haven't, you will in the not-too-distant future.

And the other one I want to tell you about is my 10<sup>th</sup> lesson learned. I always save the best for last. And that is, make sure that as you are building your professional career, make sure that you love your family, that you have friends, that you have hobbies, that you have that balanced life. It is so very important for your own personal health and development.

So, that is my career and background in a nutshell. And I hope it will now serve as a little bit of a backdrop as I turn to some experiences in negotiation.

So, bottom line upfront -- the art of negotiation has been extremely important to me throughout my career, as well as in my personal life. So, let me just give you a few examples, and let me start with a very simple one on the personal side.

So, back in 2007, I needed to get a new car. I hadn't done this in a while, so I was a bit rusty on how to go about it. So, first thing, of course, what do you do? You start by doing some basic homework. So, I had to research the models, and the makes, and the prices, and try to zero in on what I was going to try to buy.

And I even tried to look into when car dealers were more likely than not to offer good prices and have a sale. So, it turns out I learned that end of the year is a good time to buy a car, because car dealers are trying to move inventory off of their lots.

So, I picked the period right after Christmas, literally -- December 26, 2007, when I went to several competitors and actually talked to different salesmen. And I found one who was this far away -- he just needed one more sale before the end of the year to win a sales prize that his dealership was offering. Now that was a key piece of intelligence, which, if he had it to do over again, perhaps he wouldn't have told me. But I probably used that piece of intelligence to my best advantage. And keep in mind, there's only a few days left until December 31, and the clock was ticking.

Well, by that point, I had done the research. So, therefore, I knew exactly what I wanted. And I tried to be very, very clear with this salesman: This is the deal I want. I don't want these extras. Here's what I'm willing to pay, and if I can't get my deal, thank you very much, but I'm walking.

So, I gave the salesman my offer. And at first, he said, oh, no, no way; can't do that. And so I did what I said I was going to do; I walked out.

And the next day, don't you know, he called me back. So, I hung in there with the best amount of persistence that I could show. I reminded him about that sales prize that he told me about. And after all, there were only a few days left to do, and it was Christmas, and not many people were coming into his sales office; I might just be the last train leaving the station.

Well, he eventually did come down on the price, and he sold me that car at a loss -- provided, of course, that I took possession of the car by December 31 -- because, remember, that was the key date.

So, as it all turned out, it was a win-win-win for all of us. It was a win for me, because I got the car that I wanted, and I got a really good price. It was a win for that dealership, because they were able to remove the inventory off of the lot by the end of the year. And it was a win for that salesman because he did go on to win that sales prize. So, that fellow, within the next two weeks, was sipping margaritas on the beach of Cancun in January of 2008.

So, that's just a little personal vignette on negotiations.

A big part of my professional life right now, as Secretary of the Air Force, also involves negotiation. I am constantly working with Congress to get the funding levels and the flexibility that we need to manage a large and complex enterprise like the U.S. Air Force.

Now some of you probably follow the defense budget process; others, perhaps not. But let me just say, it boils down to two basic processes, which are both

very important to us. There's the appropriations process, which is all about funding, and then there's the authorizations process, which is about policy and what we're allowed to spend money on. And as I said, we need both of these, typically, in order to properly execute on our programs and have a properly functioning budget.

Now speaking of the budget, there's both good news and bad news out of Washington when it comes to the budget. So, let me start with the bad news.

The bad news for me is, in the 34 years that I have been in this business, this is the most divisive politics I have ever seen go on in Washington, D.C. We have major fights between our President and the Congress, and then there's even bigger fights, it seems, within the Congress -- between the two parties and between factions within parties.

Meanwhile, everyone agrees, it seems like, that the deficit and the debt are a big problem in this country, and we need to reduce both the deficit and the debt. But there is no agreement on how to get this done -- which is why we periodically lurch toward the possibility of a government shutdown.

And sometimes, we squeak by and avert it -- which is exactly what happened yesterday; we squeaked by with just hours to spare, and did not end up shutting down the government.

And then other times, we don't make it, and we do actually shut down -- which we did a couple of years ago -- which, needless to say, causes enormous additional work and additional cost to the government. If anyone thinks that this costs less money, you are wrong; it ends up costing us more money each and every time.

Now because it's so hard for the Congress to agree on what to cut, they

came up with sort of a default position a couple of years ago called sequestration. Sequestration is an automatic mechanism that will kick in, and if the defense level is above a certain level, it will automatically cut just about every program by the same percentage. And thereby, it relieves people of making the hard choices of what to cut, and by how much, and what to invest in. It's a haircut across the board in an automatic way.

Now we believe very strongly -- all those of us who are working in defense -- that we have to get sequestration lifted. But so far, we haven't been able to get this done in Washington.

So, all of that is the bad news. And you might be saying, well, what's the good news?

Well, the good news, to me, is that many people in Congress do believe that the military at large needs roughly the amount of money that we have asked for in our President's budget. Well, once again, the how to get this done part is what has proven to be so very, very difficult, and problems have resulted.

We will likely have another showdown over this question in the next couple of months. So, we are now under a short-term continuing resolution that funds the government through December 11. So, come December 11, we will face this once again, and we may even face this kind of a problem in November, because that is when the debt ceiling may come up. And if there can't be an agreement on what to do about the debt ceiling issue, that, too, could cause the possibility of a government shutdown.

In any event, I'm an optimist. I continue to hope that, come the debt ceiling time in November or come the middle of December, when this continuing

resolution runs out -- I still hope that the coolest of heads will prevail, and that we will get roughly, roughly the right amount of dollars in the right accounts, with enough flexibility to run our Air Force and our military at large efficiently. That is what we must do.

Now most of what I've just described to you is way, way above my pay grade, in terms of negotiations and how to come to resolution. So, this is at the Presidential level and the leadership in Congress level. I am a key observer on the scene and care deeply how it comes out. However, it doesn't fall to me to do these negotiations that I just described.

But what does fall to me -- and what I do on a day-in and day-out basis -- is, I work with the Congress, and I negotiate with them about specific Air Force priorities and programs. And that, as I said, is very much within my job jar.

And to me, it all begins with telling the story of the Air Force and our needs clearly. So, here comes back to the point about clear communications -- getting across the consequences if they act in this way or consequences if they don't act. So, it's the so-what factor that has to be told as part of the story.

So, for example, I've testified in front of Congress, and I've urged them to approve the level of funding that we need to carry out the missions in defense. We've talked about the individual programs. We've talked about the importance of people. And I've explained to them consequences of the failure to act on people, and modernization, and training. I've explained that today's Air Force -- though we are still the best in the world -- and make no mistake about it -- we are under strain from a very high operational tempo.

Just look at your morning news, and whether we're talking about action in Syria, or Iraq, or humanitarian assistance around the world, or war programs in Europe to counter a resurgent Russia, the Air Force is on the front lines everywhere. And we are doing this at a time when we have aging aircraft that must be modernized, and when we have to kick it up a notch when it comes to our training, to be prepared for a high-end fight -- should we get into a high-end fight in the future.

So, we go through all of this. And for me, it's all about engaging with key members, and understanding what the sticking points are, and then being able to communicate effectively a way around those sticking points.

Now some of you may be thinking, well, is this really negotiation? And I would say, you're doggone right it is. It absolutely is negotiation. And at the end of the day, Congress doesn't always agree with our plan on how we best, from a military perspective, feel that we need to meet these objectives. And an essential part of negotiation is resolving those differences and getting a path forward.

So, when, for example, Congress proposes or legislates approaches that we don't like or that we think are not workable, we go back to Congress, and we try to negotiate a change. Obviously, you got to do, once again, your homework, your research to come up with these compromises. You got to be persistent, and you got to be clear with the message to Congress. And how do we best translate for them into plain English? You know, we in the military don't always speak plain English. Sometimes, we don't come across as clearly as we should.

And if at all possible, you've got to find that win-win -- a win-win that will be meaningful to Congressmen and Senators back home in their states and districts, but

also a win for national security.

Now here comes some more of my lessons learned in life. First of all, there's nothing more important than building, establishing, and maintaining relationships. Relationships are real important. And the most important aspects of relationships, I think, is trust. If you have an established relationship built on trust, when it comes to negotiating or collaborating with that person or organization in the future, most of the time, it should be easier, if that trust is already established. If only, by the way, we had more of that kind of trust in Washington, D.C. right now.

So, my advice to all of you is to build those networks and partnerships with people and organizations that you know that you'll be working with -- and really, really work on trust.

Always do your homework. So, be competent in your fields. This also means knowing, who are the people that you're going to be negotiating with, what their position is. And again, these are the kinds of things that I always try to do in my job now as Secretary of the Air Force. Then you have to communicate and tell your story clearly; get your point of view across clearly.

I would also say that persistence is important. Persistence pays off, more often than not. Frequently, things don't happen all that quickly in business; certainly not in government. So, if you want something, you have to keep at it. And if you want something to change, you need persistent leadership to stay focused on that issue -- and not take your eye off the ball.

And again, what you really want is to come in with a win-win solution, as it's very likely that you'll continue working or negotiating with some of those same

people over time. So, if you can avoid it, try not to burn bridges.

Overall, it's also very important to keep your cool, even when things can become extremely frustrating in a negotiation. And there will be times when emotion might almost take over, but try to keep that in check, because if you boil over, that, too, may come home to haunt eventually.

Now I tried to cover some ground on negotiations and a little bit about the Air Force. Let me now turn a few minutes to diversity and inclusion, especially about women in our United States Air Force.

Now, again, there's good news and there's not-so-good news here. First of all, let me give you some of the good news. The Air Force today leads the Department of Defense with the highest percentage of women in the service. So, that's kind of thumbs-up. That's some good news.

When it comes to racial and ethnic diversity, on the other hand, our profile is not nearly as positive. So, that's the not-so-good news.

When it comes to our junior enlisted force, it's a pretty diverse force. So, that's good. But as we go up in ranks, the percentage of females and minorities in senior, noncommissioned officer ranks go down. And if you look at our officer statistics, it's the same sort of story. We're much more diverse in the junior ranks, but as we go up through the ranks, we are losing a lot of good people. They are attriting. In fact, women attrite at twice the rate of men when they reach the mid-career point in our Air Force. And to me, that is really, really bad news.

In addition, there's currently only four female four-stars in the military; that's representing only 10 percent of the overall total of four-stars. We have one

female four-star in the Navy, three in the Air Force; none at the moment in the Army and Marine Corps.

So, I look at all of these statistics, and I say, I am convinced that we can do better. And so last spring, we instituted a series of initiatives designed to advance the ball on diversity and inclusion in our Air Force. We began -- General Welsh, who is our top Chief of Staff of the Air Force, our top four-star general, Chief Cody, who's our senior enlisted in the Air Force, and myself -- we signed out a three-signature memo, and sent it to the entire Air Force, with the case for diversity and inclusion, why we think it's important, why it's important for our future readiness, unleashing innovation, and then we laid out some of our initiatives.

So, these initiatives, just to give you an idea -- we set a female applicant pool goal for officers of 30 percent. Right now, we're at 25 percent; of all of the applicants who seek to join our Air Force, 25 percent are women. I said, let's kick that up a notch, and see if we can't bring home 30 percent as applicants to our Air Force.

We're trying to be a little bit more accommodating for women right after childbirth. So, we're giving a little bit more time before women in the Air Force will be subject to being deployed overseas -- a little bit more time before they'll have to undergo the PT test and pass the PT test once more.

We're also increasing mentorship opportunities in the Air Force for all Airmen -- men and women. So, we've instituted a new program called MyVECTOR. And think of it as a Match.com for mentoring, where we have people who want mentoring who register, put their interests in, and we have people who are willing to mentor; likewise, they put their experience and interests in, and we come up with

matches, and link people who otherwise would not have an opportunity, perhaps, to meet. I personally am mentoring five people through this new program called MyVECTOR.

And then the last one I'll tell you about is, we launched something called the Career Intermission Program, where some of our top-performing Airmen can take between one to three years off -- leave the active duty, go into what's called the IRR -- the Individual Ready Reserve -- and they can do this to go back to school, to take care of an aging parent, to start a family -- any life-balance kind of a reason -- and then come back to us and not lose their place in line for promotion -- so pick up with their work pretty much where they left off.

So, the Career Intermission Program is something that we're going to give a try. Think of it as a sabbatical. And we hope to retain more people at the mid-career point as a result.

So, my hope is that these initiatives will create a force that better reflects the population that we in the Air Force serve down the line. And in the future, we'll have more women in our ranks than we do today.

Now let me turn one more time back to the important subject of negotiation -- because I do have an announcement that I would like to share with all of you today. And that announcement is that, in collaboration with the Air University, as well as our Air Force General Counsel's Office, we are now committing resources to solidify the Air Force Negotiation Center as the focal point for the Air Force's negotiation, research, teaching, and outreach efforts.

So, this center is part of what we call our Air University in Maxwell Air

Force Base, Alabama. And the effort that I'm announcing today is designed to, number one, initiate the research and development needed to build an enterprise-wide negotiations capability, to include tools that leverage the Airmen's individual skills as they engage in complex negotiations.

Number two, it's designed to increase the Negotiation Center's ability to reach and teach all of our Airmen across the Air Force, using a standardized model developed for the military leader. Basically, stated another way, we are building negotiations teachings and learning into all of our core curriculum in the Air Force, for all of our leadership programs.

And number three, we're expanding its outreach, web, and at-base tools to ensure that all Airmen have access to these materials online. So, this can be done in-residence or it can be done online. And even more interesting, I hope, for this crowd, is that our models and methods are entirely open source -- which means, we are making this available to the public.

So, if any of you here today would be interested in looking at these materials for yourselves or for your organizations, please check it out online. If you just Google Air Force Negotiation Center, it will pop, and you will see it, and you can check it out. There are materials that can provide dozens of hours of coursework, or there's materials that can provide an hour or two of coursework in the art of negotiation.

In this next fiscal year of 2016, we intend to provide negotiation education and training to about 35,000 Airmen in the Air Force, hopefully with the goal, over the next five years, of touching about 200,000 members of our Air Force.

So, this is a big deal, and I'm so happy that I could be here at WIN to tell

all of you about this today.

Ladies and gentlemen, despite all of the many challenges that we face -- on budget, in modernizing our Air Force, and some of those that I touched upon today -- I do want you to know that I'm extremely excited and optimistic about the future of our Air Force and American air power -- and ensuring that our Airmen have the right negotiation skills going forward, I am certain, will help them to make better decisions. And that will ultimately help the Air Force remain the strongest on the planet.

I can't emphasize enough, but it's all about relationship building, relationship management, and collaboration -- because this is what enables all of us to get our mission done.

So, I, once again, thank you for your time and attention today. Appreciate your listening, and would now open it up to your questions.

Thank you.