**Remarks (as prepared) by Secretary Robert A. McDonald**

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Representative Steve Cohen, it's good to see you here today, and thank you for your strong and important support of Veterans.

Good afternoon to all of you. It is both an honor and a privilege to join you here in Memphis, Tennessee. I spoke with Stewart Hickey at the end of June as I was preparing for my Senate confirmation hearing. But, this is my first chance to speak directly to AMVETS’ quarter-million members and discuss some of the deep concerns we all share—and what we’re doing about them.

Let me say right off—I deeply appreciate your contributions to VA reform discussions on Capitol Hill and across the Nation. I welcome counsel from AMVETS and other Veterans Service Organizations. Your experience and deep devotion to Veterans is not lost on me, and I truly value your insights. Thank you.

National Commander John Mitchell—thanks for that kind introduction. And Linda McGriff, good to see you this afternoon. To both of you, Linda and Commander Mitchell, congratulations on your work this past year, a difficult one, to be sure. I certainly look forward to working with AMVETS’ new leadership in the year ahead.

Stewart Hickey, AMVETS’ National Executive Director—thanks for extending AMVETS’ invitation to help kick off your 70th annual convention. It was good to talk to you last week, and I appreciate your time, support, encouragement, and recommendations. Thanks, as well, for your important collaboration in VBA’s transformation. Your contributions to the Fully Developed Claims process and the Digits-to-Digits initiative will keep paying dividends to Veterans for a long time to come.

Please, let me recognize as well, your delegation from Taiwan: General Hsiao-hui Chin Taiwanese Deputy Minister; General Leon Shaw, Senior Inspector of Taiwan’s Veterans Affairs Council (VAC); and Mr. Leo Liou, Senior Officer of Taiwan’s VAC. Congratulations on your 23 years of partnership and sharing with AMVETS.

You know, I spent a decade in Asia with my family. We lived in both the Philippines and Japan, and I traveled all through that part of the world with Procter & Gamble. I love the people and the cultures there. My time in Asia was one of the most formative periods in my career, and I learned many important lessons.

One of those lessons is especially important as we begin changing VA into a more Veteran-centric institution, and it’s about innovation. Relevant innovation that responds to customer’s needs is inspired by fundamental human truths—we have to understand intimately the needs of those we serve, our customers, our Veterans. And no one understands those needs better than VA’s front-line staff and the Veterans receiving the care we can provide.

So, over these next several months, I am traveling extensively, and I’m hearing directly from employees, from Veterans, and from others—VSO leadership, Congressional members, local community leaders, volunteers, and other stakeholders.

My first stop on the road as Secretary was at the VA Medical Center in Phoenix. The next day, I visited our Medical Center in Las Vegas. Here’s what I’m learning.

We have good people at VA—many of them Veterans. They are passionate about serving Veterans, and they are working hard to fix our system so they can provide superior service. So, we’re on their team, and they’ve got our support.

And we’re counting on those people—on the ground, closest to Veterans—to share their innovative solutions that will help solve our problems in serving Veterans.

By the way—this afternoon, I am honored to visit our fallen Veterans and those who keep watch over them at the National Cemetery here in Memphis. Tomorrow, I look forward to hearing from employees and Veterans at the Memphis VA Medical Center, the Community Based Outpatient Clinic—CBOC—and the Memphis Vet Center. In all these places, I’m sitting down with employees, nurses, physicians and clinicians—our front-line staff—and I’m talking to many, many of the Veterans we serve.

And let me assure you—I’m getting some unvarnished truth about how things work out there. Some good, some bad, some mixed. I’m learning what we need to keep doing, and what we need to do better.

When I visited the Medical Center in Phoenix, I kept hearing an unfortunate nickname—“epicenter.” It’s a term associated with disaster. That’s a bad reputation to have, and it’s going to take time and action to change it. But from what I can tell so far . . . and it’s still early—in about 3 hours and 23 minutes I will have been Secretary exactly 2 weeks . . . but from what I can tell so far, everything is not a disaster. And Phoenix isn’t really the epicenter.

The problems we discovered in Phoenix were systemic, extending well-beyond that one location and that one moment in time. And the Phoenix story is about more than just a crisis in Veteran access.

To be sure, it is a story of failed leadership—but Phoenix is also a story about some dedicated people who have had the moral courage to stand up and help serve us Veterans better. So, my thanks to them.

Coming face-to-face with the reality that some Veterans have endured isn’t disaster. I want to hear your stories. I want to know when you’re not being served well. I have to know so we can make things better.

All of this is opportunity.

Deputy Secretary Sloan Gibson put it like this when he was testifying to Congress. He said, “We can turn these challenges into the greatest opportunity for improvement in the history of the Department.” And the former president of the Institute of Medicine, Dr. Harvey Fineberg, took that notion one step further: Dr. Fineberg said that because of this crisis, “VA can accomplish things now it never could have accomplished.”

So that’s what we’re going to do. With the continued support of President Obama, Congress, great employees at VA—and especially the strong support of AMVETS and other Veterans Services Organizations, we’re going to do what we could never have done otherwise.

It is a great opportunity, and it is a rare opportunity. And it’s an opportunity we cannot miss, nor underestimate.

Before my confirmation hearing, I consulted and talked with a lot of leaders—besides Stewart Hickey, I spent time with leaders of other Veterans Service Organizations and many members of Congress. Again and again, people asked me, “Why do you want to be Secretary of Veterans Affairs?” Here’s what I told them, and I believe this very strongly. To me, there is no higher calling. And this is a chance to make a difference in the lives of Veterans whom I care so deeply about.

My wife, Diane, and I both come from military families. Diane’s father was a tail gunner in a B-24 during World War II—he was shot down over Europe, and he survived harsh treatment as a prisoner of war. My father served in the Army Air Corps after World War II. Diane’s uncle was a 101st Airborne Division Screaming Eagle in Vietnam. He was sprayed with Agent Orange, repeatedly, and he still receives care from VA. And right now, today, my nephew, a pilot in the Air Force, is serving and flying missions in the Middle East. So, Veterans are very special people to me. It’s not just about me. It’s about my family. It’s about all of us.

I graduated from the United States Military Academy in 1975 with our Deputy Secretary, Sloan Gibson—he’s a great leader, and he’s been a good friend of mine for many years.

My time at West Point and as an Airborne Ranger in the 82nd Airborne Division—All the Way—instilled in me a lifelong sense of duty to country and strong values. Four decades later, the words of that West Point Cadet Prayer still guide me. It encourages us “to choose the harder right instead of the easier wrong.”

And, I’m fortunate for my 33-years’ experience at Procter & Gamble. There, I learned the importance of effective management, strong leadership, and of being responsive to the needs of customers. At P&G, we worked hard—and successfully—to improve the lives of our customers around the world. Many of those same lessons will help us change VA to better serve Veterans.

At VA, we are going to judge the success of our individual and collective efforts against a single metric—customer outcomes, Veterans’ outcomes. VA’s own Strategic Plan already makes this point clear, “VA is a customer-service organization. We serve Veterans.”

If we fail at serving Veterans, we fail.

We have a lot of work to do.

Those values and leadership experiences are what inform my actions and decisions as Secretary of VA—just as I promised the President they would. Just as I promised Congress. And just as I am promising all of you this this afternoon.

Those lessons from the Army and P&G translate—whether you’re an entry-level employee or head of an organization. Here are a few of them.

First lesson—have a clear purpose. President Lincoln charged us 150 years ago to care for those “who shall have borne the battle” and for their families. To me, that means providing Veterans the effective and efficient, high-quality healthcare and benefits that you have earned. This is unconditional. You’ve already earned that care and those benefits—we at VA are obligated and honored to serve you.

Second lesson—people want to succeed. It’s my job to make sure that all the employees at VA have the opportunity to succeed. All of them.

Third lesson—the biggest barriers to success in any organization are ineffective culture, ineffective strategies, and ineffective systems. VA has strong institutional values—Integrity, Commitment, Advocacy, Respect, and Excellence—I CARE. If we live and work by those values, we cannot go wrong. My first day as Secretary, I asked all VA employees to join me in reaffirming our commitment to these core values. And I have directed our under secretaries to take the same step and reaffirm our mission and values with their people. That’s a first step in beginning to earn trust.

VA has a good strategic plan. We just have to make sure that every day we are working together to execute that strategic plan and accomplish our goals.

So, the framework for success is there—the most inspiring mission in the world, the right values, and an effective strategy.

But there have been failures in the system. Somewhere along the way, some in the organization lost track of the mission and those core values. Here’s how those systematic failures have manifested themselves. You’re pretty familiar with these—AMVETS helped outline some of them from the beginning.

* Veterans are waiting too long for care.
* Performance metrics became an end in themselves—they weren’t measuring outcomes for Veterans.
* Widespread attempts to “game the system” hid the problems—making Veterans wait even longer for care.
* Employees looking out for Veterans identified systemic problems or poor leadership—but they were sometimes punished for doing so.
* We didn’t hold accountable the managers who hid their poor performance or retaliated against whistleblowers.
* And our antiquated scheduling system is cumbersome.

Now, we can’t tackle all these issues long-term without unprecedented and critical cultural change and accountability. And I think there are already seeds of that happening, perhaps in some unprecedented ways. Consider this for a moment—from President Obama’s nomination of a new Secretary of VA to confirmation and swearing-in, it took only 30 days. The Floor vote in the Senate was 97-0. That’s not a commentary on me. It’s a clear sign of a Nation’s extraordinary commitment to Veterans.

Last Thursday at Fort Belvoir, President Obama signed into law the Veterans Access, Choice, and Accountability Act of 2014. That law allocates $15 billion to VA over the next three years—That’s $5 billion to hire physicians and other medical staff and improve VA’s infrastructure. And that’s $10 billion to fund additional purchased care while we build the internal capability to meet current demand. The legislation authorizes VA to enter into 27 major medical facility leases in 18 states and Puerto Rico to give VA more space for clinicians to treat patients.

And the law grants VA new authority to remove or transfer senior executives based on poor performance or misconduct—accountability. As I said earlier, the vast majority of VA employees are deeply dedicated to the mission and VA’s core values. But where that is not the case—where there has been a violation of the trust of the Nation and of Veterans—there will be accountability. This is about restoring the trust of Veterans, of our elected representatives, and all Americans.

That legislation is another sign of strong support for Veterans. I appreciate the work of Chairman Sanders, Chairman Miller, and the many other Members of Congress who came together to pass it.

And I appreciate AMVETS’ role in candidly informing Congress of how it saw things as the House and Senate started determining what was needed to help VA. We couldn’t have done it without you. I know that’s not the first time, nor the last time, AMVETS will share its recommendations on positive changes for VA. Your voice is loud. It’s clear. I hear you.

You aren’t just stakeholders—you’re “shareholders” and customers, and we need your input.

As Acting Secretary, Sloan Gibson was doing some great, great work. Sloan has us heading in the right direction, and I fully support all the efforts he has in place right now. He’s grabbed hold of these problems like a snapping turtle, and he’s not letting go.

Here are a few of those first steps:

* We’ve suspended all VHA senior executive performance awards for fiscal year 2014.
* The 14-day access measure has been removed from all individual employee performance plans—that’s to eliminate motives for inappropriate scheduling practices or behaviors.
* We’ve frozen VHA Central Office and VISN Office headquarters hiring.
* We’re making good progress in getting Veterans off of wait lists and fixing scheduling problems: We’ve reached out to over 240,000 Veterans to get them off wait lists and into clinics sooner. In just the last two months, we’ve made over 838,000 referrals for Veterans to receive their care in the private sector—that’s up more than 166,000 over the same time last year. Each one of these referrals, on average, results in seven visits or appointments. So, we’re talking about more than 1.1 million additional appointments in the private sector just from increased referrals over the last two months.
* Until we get systems up to capacity, we’re expanding our use of private-sector and other non<-VA healthcare care to improve access for Veterans experiencing excessive wait times. And we’re better monitoring non-VA care to ensure Veterans receive the best that they deserve.
* We’re updating the antiquated appointment scheduling system—in the short-term, enhancing existing systems. But we’re going to get a comprehensive, state-of-the-art, “commercial, off-the-shelf” scheduling system. We’re going to have to continue expanding digital technology to free-up more people to care for veterans. Facilities are adding more clinic hours.
* We’re deploying mobile medical units and using temporary staffing resources to provide care to more Veterans as quickly as possible in all our healthcare facilities.
* We’re contracting with an outside organization to conduct a comprehensive, independent audit of scheduling practices—that’s across the entire VHA system, and that’s beginning early next fiscal year.
* VHA has dispatched teams to provide direct assistance to facilities requiring the most improvement—there’s a large, multi-disciplinary team on the ground right now in Phoenix.
* Every medical center and VISN Director are now conducting monthly, in-person inspections of all their clinics—that includes interacting with scheduling staff to assess scheduling practices and identify obstacles to timely care for Veterans. So far, over 2,300 of these visits have been conducted.
* We’ve taken action on every one of the IG’s recommendations in May’s Interim Report on Phoenix.
* We’re going to improve forecasting for resources—then, we can develop an effective strategy for meeting increased demands.
* We’re determining which processes need to be streamlined and where we need to reorganize—that’s to more efficiently and effectively use resources to serve Veterans. To help with that process, I’m establishing a board of physicians to advise me on best practices for delivering timely and quality healthcare.
* We’re aggressively recruiting to fill physician vacancies. Let me pause here for a moment—I heard at both Phoenix and Las Vegas that it takes us way too long to get people in and assigned and that our hiring policies and procedures are laborious, complicated, and time consuming. We’re going to fix that.
* Right now, we need about 1,000 doctors, nurses, and clerks in Phoenix and about 500 in Las Vegas, and we’re going to need more beyond that—so I want your help in recruiting the great doctors, nurses, and clerks who will make VA the best healthcare system in the country.
* We’re building a more robust, continuous system for measuring patient experiences, to provide real-time, site-specific information on patient satisfaction. And we’re going to learn what other leading healthcare systems are doing to track patient access experiences.
* Finally, we’re improving communications—between the field and the central office, between employees and leadership, and between VA and AMVETS and other Veterans Service Organizations and stakeholders. High performance companies get their best innovations from those closest to the customer. We are going to create a more open, less hierarchical culture so that employees can more easily and confidently contribute their ideas and help us improve.

Collaborating closely with VSOs is a top priority to make the right changes in the days ahead.

And it is not enough simply to listen to your concerns, thoughts, and ideas. We have to strengthen our collaboration in changing the Department—we have to gather your ideas and make them happen.

So VA leadership at Central Office and in the field is going to work with AMVETS at all levels and improve communications. Remember, back in 1944 it was collaboration between Federal Employees and Veterans on the campus of George Washington University that produced this great service organization, AMVETS. Today, that same spirit of collaboration is going to help bring the change we need to VA.

We have huge challenges ahead. Veterans are in need. It’s going to be tough work to transform VA into the provider of choice for Veterans’ healthcare and benefits. But we have people rolling up their sleeves and excited to do it.

We can, and we will.

And we can’t do it—won’t do it—without you. The best technology and systems are no substitute for looking at ourselves through the eyes of Veterans. And AMVETS has been doing that going on 70 years now.

Let me close by saying how grateful I am to President Obama and Congress for entrusting me with this opportunity to lead the Department of Veterans Affairs.

Thank you, AMVETS, for being a friend of the Department.

Thank you for your work, your commitment, your enduring devotion to Veterans.

And thank you for sharing your time with me this afternoon.