

**BLEEDING TALENT: HOW THE U.S. MILITARY  
MISMANAGES GREAT LEADERS AND WHY IT'S TIME  
FOR A REVOLUTION<sup>1</sup>**

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*Public services are never better performed than when  
their reward comes only in consequence of their being  
performed, and is proportioned to the diligence  
employed in performing them.<sup>2</sup>*

I. Introduction

On January 17, 2001, in his farewell address, exiting Secretary of Defense William S. Cohen shared with the audience the answer he had given when asked by foreign leaders how their military could be more like America's. It's not just rigorous training, advanced technology, and revolutionary tactics, he explained, "We have the finest military on Earth because we have the finest people on Earth, because we recruit and we retain the best that America has to offer."<sup>3</sup>

In *Bleeding Talent*, Dr. Tim Kane offers a different view of the American military. He proposes that the military indeed recruits the best America has to offer<sup>4</sup> and turns them into great leaders,<sup>5</sup> but fails so badly at retaining them that it should serve as a "cautionary tale" for other organizations.<sup>6</sup>

Ten years and two wars after Cohen's speech, when it was Secretary of Defense Robert S. Gates's turn to bid the troops farewell, he expressed

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<sup>1</sup> TIM KANE, BLEEDING TALENT: HOW THE US MILITARY MISMANAGES GREAT LEADERS AND WHY IT'S TIME FOR A REVOLUTION (2012).

<sup>2</sup> 2 ADAM SMITH, AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS bk. 5, ch. 1, pt. 2, 211 (Edwin Canna ed., Methuen & Co.1904) (1776), available at <http://www.econlib.org/library/Smith/sm WN.html>.

<sup>3</sup> William S. Cohen, Sec'y of Def., Remarks as Delivered at Fort Myer, Virginia (Jan. 17, 2001), available at <http://www.defense.gov/speeches/speech.aspx?speechid=320>.

<sup>4</sup> KANE, *supra* note 1, at 7, 37-41.

<sup>5</sup> *Id.* at 43-51.

<sup>6</sup> *Id.* at 25, 85-107.

similar concerns. Speaking at the United States Military Academy at West Point on February 25, 2011, Gates alerted that the military's biggest challenge is this: "How can the Army break-up the institutional concrete, its bureaucratic rigidity in its assignments and promotion processes, in order to retain, challenge, and inspire its best, brightest, and most-battled tested young officers to lead the service in the future?"<sup>7</sup>

Gates's question echoed Kane's assertion that the "nearly blind to merit" personnel system, managed by "a faceless, centralized bureaucracy" is at the root of a retention crisis facing the military.<sup>8</sup> *Bleeding Talent* is aimed at proving this thesis, and providing an articulate answer to Gates's question, in an effort to "shape the debate on how to save the military from itself."<sup>9</sup>

## II. A Broken Personnel System

Kane is an economist, an avid entrepreneur, and a former captain in the U.S. Air Force.<sup>10</sup> As a veteran—turned—entrepreneur, his milieu

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<sup>7</sup> Robert S. Gates, U.S. Sec'y of Def., Speech at the U.S. Military Academy at West Point, New York (Feb. 25, 2011), <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1539>.

<sup>8</sup> Tim Kane, *Why Our Best Officers Are Leaving*, THE ATLANTIC, Jan./Feb. 2011, available at <http://www.theatlantic.com/magazine/archive/2011/01/why-our-best-officers-are-leaving/308346/>. Kane notes that Gates supported the views expressed in the article, but does not explain how, implying that the speech was a show of support. KANE, *supra* note 1, at 101. It is a well-founded theory. In fact, except for one point where Kane and Gates diverge, *id.* at 26, the speech parallels so many of Kane's claims, that one may wonder if he took part in its drafting. Note also that the article was largely founded on a survey of West Point graduates, coinciding with the chosen venue for Gates's speech.

<sup>9</sup> KANE, *supra* note 1, at 4.

<sup>10</sup> Dr. Tim Kane is a graduate of the Air Force Academy, and holds a Master's and Ph.D. from the University of California San Diego. He served as an intelligence officer in the U.S. Air Force, attaining the rank of captain, and founded a number of software companies. Dr. Kane held several positions as a professional economist, and currently serves as the Chief Economist of the Hudson Institute, a Washington think tank "dedicated to innovative research and analysis that promotes global security, prosperity, and freedom." *See id.* at 1–2, 5; Tim Kane, HUDSON INST. at [http://www.hudson.org/learn/index.cfm?fuseaction=staff\\_bio&eid=TimKane](http://www.hudson.org/learn/index.cfm?fuseaction=staff_bio&eid=TimKane) (last visited Sept. 10, 2013); San Diego Cnty., California, Full Biography for Tim Kane, Candidate United States Representative; District 53; Republican Party (Mar. 5, 2002 Election), at [http://www.smartvoter.org/2002/03/05/ca/state/vote/kane\\_t/bio.html](http://www.smartvoter.org/2002/03/05/ca/state/vote/kane_t/bio.html) (last visited Sept. 10, 2013); Tim Kane's Biography, at <http://www.growthology.org/growthology/aboutgrowthology.html> (last visited Sept. 10, 2013); The Hudson Inst. Mission

consists largely of former officers who went on to succeed outside the military. As an economist, he was puzzled by the contrast between the military's ability to foster his friends' and colleagues' leadership skills and its failure to retain them in uniform.<sup>11</sup> In *Bleeding Talent*, he approaches the issue armed not only with his three perspectives but also with a question to be answered: "Why does the U.S. military generate some of the finest, most entrepreneurial leaders in the world, but then mismanages them using the most risk-averse bureaucracy possible?"<sup>12</sup>

Kane suggests that the military is facing a retention crisis because its personnel system is flawed. Personnel managers are not willing enough to take risks and the system does not reward initiative. To prove this theory, he spares no effort. The result is a well organized, detailed, and meticulous analysis.

### III. A Three-Act-Play: How the Best Join the Military, Why They Leave, and What the Solution Is

Kane ably guides the reader through the large amount of data, resources, and ideas at the basis of *Bleeding Talent*<sup>13</sup> by adopting an organized step-by-step approach. In the first part of the book, after a lengthy introduction, he provides evidence that the military is in fact a "leadership factory."<sup>14</sup> Laying the foundations by debunking the "myth of the stupid soldier," Kane goes on to prove that veterans are over-represented among corporate chief executive officers, and points out that their companies over-achieve.<sup>15</sup> He wraps up the argument by providing an explanation: early responsibility, excellent training, and a value-oriented environment enhance leadership capabilities.<sup>16</sup> So does the fact that the military culture is entrepreneurial, by various definitions of the term.<sup>17</sup>

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Statement, available at [http://www.hudson.org/learn/index.cfm?fuseaction=mission\\_mission\\_statement](http://www.hudson.org/learn/index.cfm?fuseaction=mission_mission_statement) (last visited Sept. 10, 2013).

<sup>11</sup> KANE, *supra* note 1, at 3–4.

<sup>12</sup> *Id.*

<sup>13</sup> *See id.* at 235–54 (bibliographical notes to the book), 255–61 (a selected bibliography).

<sup>14</sup> *Id.* at 43.

<sup>15</sup> *Id.* at 37–41, 43–44.

<sup>16</sup> *Id.* at 45–52.

<sup>17</sup> *Id.* at 52–56, 60–61. *See also id.* at 62–85 (Kane's effort to show that many military leaders have shown entrepreneurial traits).

The heart of the book is in its second part. Kane relies on previously published studies and some examples to show that the military has been “bleeding talent” for a long time, a trend worsened by the years of fighting in Iraq and Afghanistan.<sup>18</sup> He then relates the results of a survey he administered, completed by a sample of 250 West Point graduates. The respondents feel that most of the best officers (an undefined term, in Kane’s opinion the least biased alternative) leave the military; and point at the military bureaucracy as one of the main causes they have left the service, among other factors.<sup>19</sup> Additional findings are that the military is viewed as rewarding seniority over merit more than in the private sector, and that traits of the personnel system are perceived as the aspects of military life that least foster “innovative and entrepreneurial leadership.”<sup>20</sup>

The survey is the first of Kane’s two main contributions to the debate. Clearly, he views it as a completion of the missing link in the research about retaining talent. While previous surveys pointed in other directions, Kane’s respondents indicated the personnel system as a significant attrition factor.<sup>21</sup> Thus, the survey corroborates his thesis, and supports his call for reform.

Before putting forward his reform proposal, Kane educates the reader about the history and mechanics of the military personnel system, crafted in the industrial era. Officers are expected to follow similar career paths and to be promoted at fixed times or leave the service. There is little room for rewarding merit or allowing for specialization. Management is in the hands of a centralized bureaucracy, focused on the military’s broad needs and not on matching positions with talent or considering personal desires.<sup>22</sup>

Kane’s proposal is his second meaningful contribution. Adopting a start-from-scratch approach, he advocates for a revolution: a shift from the All Volunteer Force (AVF) model adopted with the abolition of the draft in 1973, to a Total Volunteer Force (TVF). In the AVF, officers

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<sup>18</sup> *Id.* at 85–94

<sup>19</sup> *Id.* at 95–99, 217–34.

<sup>20</sup> *Id.*

<sup>21</sup> See Lieutenant Colonel (LTC) Michael J. Slocum, *Maintaining the Edge: A Comprehensive Look at Army Officer Retention 16–19* (2012) (unpublished M.Sc. dissertation, The Army War College), available at <http://www.dtic.mil/cgi-bin/GetTRDoc?Location=U2&doc=GetTRDoc.pdf&AD=ADA561974>.

<sup>22</sup> KANE, *supra* note 1, at 109–26.

join the military voluntarily, but have little or no choice of career path. The TVF will allow officers and commanders more choice, by replacing the centralized management of personnel with an internal market for talent. Career paths will not be dictated, for the most part, and officers will be able to apply for any position they wish to fulfill. Commanders will hire the best candidate among applicants, possibly including former officers. They may even be authorized to reward officers according to their skills. In the TVF system, promotions will be based primarily on merit and not seniority.<sup>23</sup> Kane's terminology is not coincidental. As he explains, many opposed the shift from the draft to the AVF model when it was proposed, but economic giants such as Milton Friedman strongly supported it.<sup>24</sup> In retrospect, the AVF model is widely acclaimed.<sup>25</sup> The comparison serves to show that the adoption of market mechanisms does not "lead to a mercenary, unprofessional force."<sup>26</sup> But it also draws a comparison between the author and those economic giants, and between his critics and others who have been proven wrong. Kane does not settle for putting forward a proposal. He showcases the responses to a second questionnaire where, facing criticism of his first survey,<sup>27</sup> he put

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<sup>23</sup> *Id.* at 136–41.

<sup>24</sup> *Id.* at 7–8, 25–27, 170–76. See also David R. Henderson, *The Role of Economist in Ending the Draft*, 2 *ECON J. WATCH* no. 2, at 362 (Aug. 2005), at <http://econjwatch.org/articles/the-role-of-economists-in-ending-the-draft>; The Report of the President's Commission on an All-Volunteer Armed Force (New York, N.Y.: The Macmillan Company, 1970), in particular, 11–20, (relating the debate regarding the shift from the draft to an All Volunteer Armed Force (AVF)), 129–59 (addressing the main oppositions to the shift); see also generally BERNARD ROSTKER, *I WANT YOU!: THE EVOLUTION OF THE ALL-VOLUNTEER FORCE* (2006).

<sup>25</sup> KANE, *supra* note 1, at 7–18, 170–76. According to a 2011 poll, 74% of the public and more than 80% of veterans oppose a return to the draft. See PEW RES. CTR., *WAR AND SACRIFICE IN THE POST-/9/11 ERA: THE MILITARY-/CIVILIAN GAP*, October 5, 2012, at <http://pewresearch.org/pubs/2111/veterans-post-/911-/wars-/iraq-/afghanistan-/civilian-/military-/veterans>. Kane asserts that the AVF is not only popular but also efficient, noting his findings on the quality of military personnel. KANE, *supra* note 1, at 7–8. Addressing the efficiency of the AVF is beyond the scope of this review. See generally ROSTKER, *supra* note 25; CONGRESSIONAL BUDGET OFFICE, *THE ALL-VOLUNTEER MILITARY: ISSUES AND PERFORMANCE* (2007) available at <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/83xx/doc8313/07-19-militaryvol.pdf>.

<sup>26</sup> KANE, *supra* note 1, at 27.

<sup>27</sup> *Id.* at 100. See also Eric Tegler, *The Officer Market: The Army Responds*, at [http://www.ericteglar.com/wp-content/uploads/2011/03/http.www.defensemecianetwork.com\\_stories\\_the-officer-market-the-army-responds\\_.pdf](http://www.ericteglar.com/wp-content/uploads/2011/03/http.www.defensemecianetwork.com_stories_the-officer-market-the-army-responds_.pdf) (last visited Sept. 10, 2013). Interestingly, Kane mentions the story, without citing it. Instead, he cites the interview Tegler conducted with him prior to the Army's response. For another critique of the first survey, see also Erick E. Ricks, *No, Our Best Officers Are Not Running Off: 4 Officers Respond to That Atlantic Article*, *FOREIGN POL'Y*, Mar. 23, 2011, available at

elements of the proposed reform up for a vote. The results show unequivocal support.<sup>28</sup>

The third part of the book ties the remaining loose ends. Two chapters are devoted to reinforce the call for a revolution in personnel management. According to Kane, the military is not innovative and adaptive enough. Consequently, unconventional leaders are passed over for promotion. There are no means to recruit and retain individuals with unique capabilities, such as cyber warfare wizards and drone pilots.<sup>29</sup> An additional chapter is devoted to explain that market principles are not in contrast with military values, anticipating a likely criticism.<sup>30</sup> In the last chapter Kane notes one exception where in his opinion there is a need for more regulation: performance evaluations.<sup>31</sup>

#### IV. The Book's Unique Contribution

*Bleeding Talent* is not the first endeavor into the study of the military personnel system, nor the only work pointing at the possibility of serious retention problems among the officer ranks.<sup>32</sup> The main question is therefore, what is its unique contribution?

The answer is that *Bleeding Talent* is one of the most comprehensive, reliable, and approachable tales of the personnel system in the armed forces written so far. The quality of the research is outstanding. The book relies on hundreds of sources, including economic and strategic studies, interviews, surveys administrated by the author and by others, media publications, and more.<sup>33</sup> Sources are up-to-date and put to use in a scholarly manner, leaving no claim unfounded.<sup>34</sup>

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[http://ricks.foreignpolicy.com/posts/2011/03/23/no\\_our\\_best\\_officers\\_are\\_not\\_running\\_off\\_4\\_officers\\_respond\\_to\\_that\\_atlantic\\_articl](http://ricks.foreignpolicy.com/posts/2011/03/23/no_our_best_officers_are_not_running_off_4_officers_respond_to_that_atlantic_articl).

<sup>28</sup> KANE, *supra* note 1, at 98–99, 132–35.

<sup>29</sup> *Id.* at 144–61, 183–98.

<sup>30</sup> *Id.* at 162–82.

<sup>31</sup> *Id.* at 199–15.

<sup>32</sup> See, e.g., Slocum, *supra* note 21; Casey Wardynski, David S. Lyle & Michael J. Colarusso, *Towards a U.S. Army Officer Corps Strategy for Success: Retaining Talent*, STRATEGIC STUD. INST., January 2010, available at <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB965.pdf>.

<sup>33</sup> See *supra* note 14.

<sup>34</sup> *Id.*

The author's unique perspective has a valuable contribution as well. His military experience is well reflected in the detailed description of facts, trends, policies and organizational traits. His passion for the subject shines through. His access to commanders, current and former officers, and prominent business leaders is also put to a good use, adding valuable insights and interesting ideas. In addition, his position as an insider-outsider<sup>35</sup> enables him to ask tough questions.

The book is also well organized. Every issue is tackled step by step, and every claim and idea is based on the ones previously exposed. Kane spots possible fallacies in his argument,<sup>36</sup> and probable criticism,<sup>37</sup> and presents answers and explanations. Finally, the book is also an enjoyable read. The author is an able narrator, and he alternates well between organizational analysis and skillful storytelling. His persuasive tone makes his arguments hard to overlook.

#### V. Not a Persuasive Tale

However, *Bleeding Talent* was meant to persuade that there is a problem, and to offer a viable solution, goals that are only partially met. A closer look at the book's three main additions to the existing body of knowledge reveals why.

The book's first meaningful contribution is the survey of officers. Although the author goes a long way to show that he adhered to strict rules in conducting it,<sup>38</sup> at least four weak spots are apparent. First, as others have argued, the sample is not representative.<sup>39</sup> Second, it seems

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<sup>35</sup> KANE, *supra* note 1, at 7.

<sup>36</sup> For example, by explaining after pointing to the high number of veteran CEOs that "this military CEO story can be overinterpreted . . . there can be hiring bias," thus referring to a study that cannot be biased in the same manner, regarding the veteran CEOs' performance. *Id.* at 44.

<sup>37</sup> For example, by conducting a second survey in response to criticism of a previous one, or devoting a chapter to a possible claim regarding a conflict between a market-based approach and military values, as previously noted in Section III of this review.

<sup>38</sup> KANE, *supra* note 1, at 100–01.

<sup>39</sup> Ricks, *supra* note 27 (noting that a small number of graduates from a single institution, West Point, from specific years, are not a representative sample of the Army population. According to Ricks, a representative sample would have included officers from various institutions and service tracks; and it would have been beneficial to poll officers from the other services as well).

that Kane's assertion of neutrality<sup>40</sup> is questionable.<sup>41</sup> Third, questions about the "best" that leave call for subjective judgment, and no comparison to other organizations is provided as a benchmark. Finally, while a survey of opinions may indicate displeasure with current practice, it is not necessarily indicative of the required changes. It may, for instance, reflect an antagonism towards rules that the respondent did not have the power to influence.<sup>42</sup>

The book's second meaningful contribution is the TVF model. While Kane asks good questions about the current personnel system,<sup>43</sup> his reform proposal is extreme and not well defined. His focus on entrepreneurship seems exaggerated. Furthermore, Kane does not address some serious concerns his proposal presents. Enabling officers to leave the military and come back might enlarge the pool of applicants for military jobs, but it would also make leaving the military easier. Few may return. Aligning the military completely with practices in the private sector might make it hard to compete with private companies for talent, under financial constraints. Those are just two examples. Indeed, even the author concedes that his proposal it is just one of many to be considered.<sup>44</sup>

The book's third contribution is its collection of case studies and interviews. They are interesting, but anecdotal. A new personnel system cannot be built on personal stories. Those are probably some of the substantive reasons Kane has eventually not been able to shape the debate on personnel reform in the services.<sup>45</sup>

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<sup>40</sup> KANE, *supra* note 1, at 101.

<sup>41</sup> For example, the military's degree of meritocracy is compared only to the private sector but not to other public organizations; when focusing on innovative and entrepreneurial leadership incentives, bureaucratic traits such as the "job assignment system" are compared to tangible experiences such as "experience in the field." *Id.* at 219–20 (tbls. A.3, a.4).

<sup>42</sup> See Eric Jackson, *Top Ten Reasons Why Large Companies Fail to Keep Their Best Talent*, FORBES (Dec. 14, 2011, 10:31 AM), at <http://www.forbes.com/sites/ericjackson/2011/12/14/top-ten-reasons-why-large-companies-fail-to-keep-their-best-talent/>.

<sup>43</sup> See KANE, *supra* note 1, at 136–41, 199–25.

<sup>44</sup> *Id.* at 215.

<sup>45</sup> Roxanne Bras, *Will We Ever Stop Bleeding Talent? An Interview with Tim Kane*, DEF. ENTREPRENEURS F. (Aug. 22, 2013), available at <http://def2013.com/will-we-ever-stop-bleeding-talent/> (noting that Kane has not received any formal invitations from any of the military services to elaborate on his work).



Two writing and editing choices also affect the book's appeal and ability to convince. The author's tone is often very confident and critical of differing opinions and practices.<sup>46</sup> As a result, the book does not seem balanced and objective enough. The fact that at times sources seem to have been put to use in a way that is overly supportive of the author reinforces this impression.<sup>47</sup> In addition, the book suffers from a tendency to repetition.<sup>48</sup>

## VI. Conclusion

*Bleeding Talent* is a fascinating journey into the United States' military personnel system that delivers thorough academic research in an organized, interesting, and thought-provoking manner. The book does not meet its primary objective to persuade the reader that what the military needs is a revolutionary reform based in classical economics. However, it is a worthwhile read, because of the approachable writing and well-organized analysis, as well as the poignant questions posed by the author.

*Bleeding Talent* is recommended reading for those interested in exploring the subject of personnel management in the military. Readers interested in human resources management in the current era may

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<sup>46</sup> In this regard, the introduction to the book stands out. Not many would open a book by describing their own success, KANE, *supra* note 1, at 1–2, and go on to examine why an organization that let them go in the past fails in retaining talent, making use of their own story as an example. Also, it is not common to see an author stating that his book “will shape the debate” on the issue it tackles. *Id.* at 4. *See also id.* at 25 (“Pentagon leaders know they have a problem, but I’ve come to the conclusion that they fundamentally have no idea how to design an alternative. And so the book offers a blueprint for that alternative.”); *id.* at 98 (relating Kane’s survey’s success and an officer’s struggle to understand it); *supra* note 24 (Kane’s apparent comparison to renowned economists such as Milton Friedman.)

<sup>47</sup> *Supra* note 27 (noting that Kane addresses an article critical of his work, but cites a previous one that does not contain said critique); KANE, *supra* note 1, at 11 (stating that Secretary of Defense Gates’s speech has been quoted in a way that is more persuasive, but does not reflect the original (attaching two distant parts)). The omissions in these two cases may also be the result of inadvertent mistakes.

<sup>48</sup> The vast majority of the book’s contents are summed up in the introduction and the first chapter, KANE, *supra* note 1, at 1–34, in itself a modification of Kane’s 2011 article, *supra* note 8, as stated in KANE, *supra* note 1, at 99. Repetitions are common throughout the book as well. *See, e.g., id.* at 25, 36 (the author uses a surprising story as a narrative device, but the underlying facts have been revealed a few pages earlier); *id.* at 137–41, 160–61 (recurring discussion of the fallacies of the current promotions system).

appreciate Kane's broad introduction to the military practice, as well as his novel perspective and comparative approach. The book would also be beneficial to military managers and those engaged in leadership development. Policy-makers may also find it thought-provoking.