

DEFENSE BUSINESS BOARD



**DEFENSE BUSINESS BOARD  
QUARTERLY PUBLIC MEETING**

**22 October 2015**

# DBB Public Meeting Agenda

1:50– 1:55 PM\* Opening statement from Designated Federal Officer

1:55 – 2:20 PM Public Updates on:

- ***“Logistics as a Competitive War Fighting Advantage,”*** by Task Group Chair: Arnold Punaro
- ***“Creating Virtual Consultancies: Engaging Talent (Innovative Culture Part II),”*** by Task Group Chair: Atul Vashistha
- ***“Evaluation of Position of Under Secretary of Defense, Business Management and Information,”*** by Task Group Member: Howard Cox
- ***“Future Models for Federally Funded Research and Development Centers,”*** by DBB Chair, Michael Bayer

2:20 – 2:30 PM Public Statements (if time permits)

2:30 PM Adjourn Public Meeting

\*Note: All times are tentative and subject to adjustment

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# Logistics as a Competitive Warfighting Advantage

## *Public Update*

October 22, 2015 – Mr. Arnold Punaro

# Subject (Terms of Reference)

The Department of Defense (DoD) operates one of the largest logistics enterprises in the world; its annual cost to operate and maintain is over \$170 billion, including **supply**, **maintenance**, and **transportation**.

This massive enterprise exists to support the “tip of the spear” and gives the U.S. a significant qualitative advantage over our adversaries.... While the enterprise has made significant progress the last several years reducing inventory and streamlining processes, additional opportunities exist.

- Virtual Consultancies TOR, signed 31 Jul 15  
<http://dbb.defense.gov/TaskGroups.aspx>

- Logistics Task Group will recommend actions the DoD should take to *optimize its logistics enterprise*, including:
  - Within governance structures
  - In inventory management; reducing annual operating costs
  - Activity prioritization and incentive structures
  - Proposed changes to legislation or policy



# Details

- Task Group Members
  - Arnold Punaro (Lead)
  - Bill Phillips
  - John O'Connor
  - Lt Col Lisa Mabbutt (DBB Military Representative)
- Interviews underway
  - DoD: AT&L, Joint Staff, DLA, TRANSCOM, Service Logisticians
  - Studies / Think Tanks / Academia: DBB, DSB, GAO, Rand, NDU
  - Industry (TBD): Amazon, Walmart, FedEx, auto industry, others
- Findings and recommendations due NLT 21 Apr, 2016
  - Aiming for actionable recommendations; mix of immediate/longer term



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**Innovative Culture, Part II:  
Virtual Consultancies – Engaging Talent**  
*Public Update*

October 22, 2015 – Mr. Atul Vashista

# Subject (Terms of Reference)

- Innovative Culture, Part I
  - Focused on increasing DoD's engagement *outside* the Department
  - Engaged fairly senior levels within DoD – O-6 / GS-15 and above
- **Virtual Consultancies (Innovative Culture, Part II)**
  - **Aims to engage DoD *internal* talent**
  - **Across the spectrum of rank and position**

“The DBB should review and make recommendations on options for the DoD to **engage and retain its best and brightest employees....** This effort should look to **emphasize simplicity and inspire participation by any who can materially improve problem solving in the Department.**”

- *Virtual Consultancies TOR, signed 31 Jul 15*  
<http://dbb.defense.gov/TaskGroups.aspx>



# Details

- Task Group Members
  - Atul Vashistha (Lead)
  - Shelly Lazarus
  - Bill Swanson
  - Lt Col Lisa Mabbutt (Military Representative)
- Interviews underway
  - Departmental: CNIC, NIN
  - Think Tanks / Academia: CSIS
  - Industry: KPMG, GE, Raytheon, Ogilvy & Mather, United Health Care
- Findings and recommendations due NLT 21 Jan, 2016



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***Evaluation of Position of Under  
Secretary of Defense, Business  
Management and Information  
Public Update***

October 22, 2015 – Mr. Howard Cox

# Problem Statement

How do we help the Defense Department respond to legislation directing the establishment of an Under Secretary of Defense for Business Management and Information in a way that meets congressional intent without creating additional bureaucracy?



# Background

- For the last decade, Congress has continuously pressured the DoD to elevate its *internal management* function by reorganizing OSD to strengthen business transformation efforts;
- Multiple reports have identified both progress and shortfalls:
  - **GAO** (e.g. *DoD has Taken Some Steps to Address Weaknesses, but Additional Actions are Needed*, Feb '15)
  - **IDA** (e.g. *Does DoD Need a Chief Management Officer?* Dec '06)
  - **DBB** (e.g. *Creating a Chief Management Office in the Department of Defense Task Group Report*, May '06)



# Current Legislation

- The Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 directed DoD to:
  - Establish a USD(BMI) through the conversion of DCMO;
  - Elevate the position to Executive Level II, and make third in DoD precedence;
  - USD(BMI) assume authority over:
    - DoD Chief Information Officer
    - Performance Improvement Officer
    - Deputy Chief Management Officer
- Effective date is **February 1, 2017**.



# Our Approach

- In the early, formative stage of planning;
- Researching existing reports and legislation;
- Planning to interview “thought leaders” from both inside the Department, as well as the private sector, academia, think tanks, etc.



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***Future Models for Federally Funded  
Research and Development Centers  
Public Update***

October 22, 2015 – Mr. Michael Bayer

# Terms Of Reference

- Factors that created FFRDC contracts have changed
- Today's private sector has well established core competencies in the areas of analysis, engineering, acquisition support, and research and development
- Pace of threat development may require expertise beyond traditional Defense Industrial Base & FFRDCs
- Reduction in Industry self-funded R&D presents challenges that require fresh look at role of FFRDC contracts as an innovative national resource



# Problem Statement

- Review existing governance models
  - DoD sponsored FFRDC contracts
  - Non-DoD government agency sponsored
- Compare management of current R&D activities
  - To those of similar private sector companies
  - To those of other governmental organizations
- Identify areas currently being accomplished under the DoD FFRDC contracts
  - Should this construct continue?
  - What barriers need to be overcome?



# Way Ahead

- Task Group Team has yet to be determined
- Scheduled due date April 2016

# DBB Public Meeting Agenda

Public Statements  
(as time permits)

Adjourn Public Meeting