



SUMMARY MEETING NOTES October 17, 2007

The Defense Business Board (DBB) held an Administrative Work Session on October 17, 2007 in the Pentagon. *No public session was held during this DBB meeting.*

DBB Members present:

Michael Bayer (Chairman)
Fred Cook (Vice Chairman)
Neil Albert
Barbara Barrett
Denis Bovin
Henry Dreifus
Carly Fiorina
Robert Hale
James Haveman
Mel Immergut
Madelyn Jennings
James Kimsey
John Madigan
Arnold Punaro
Bill Phillips
Mark Ronald
Atul Vashistha
Joe Wright
Dov Zakheim

Others present for all or portions of the meeting:

General James Cartwright, Vice Chairman, Joint Chiefs of Staff
Robert Earl, Special Assistant to the Deputy Secretary of Defense
Craig Fields, Member, Defense Science Board
Jeff Green, Office of the General Counsel
Richard Haver, Member, Defense Science Board
Robert Lentz, Deputy Assistant Secretary of Defense for Information and Identity Assurance
Phil Odeen, Member, Defense Science Board
Bill Schneider, Chairman, Defense Science Board
David Walker, Comptroller General of the United States (DBB Observer)
Chris Williams (Acting Chairman, Defense Policy Board)

DBB Staff in attendance:

Ryan Bates, DBB Staff Assistant
Nelson Ericson, Assistant to DBB
Brian Ferguson, Special Assistant to Ryan Henry, and Assistant to DBB
CAPT Dave Knapp, DBB Military Assistant
LtCol Joseph Reimer, DBB Military Assistant

Stephan Smith, DBB Consultant
CAPT Spruill, DBB Military Assistant
Kelly Van Niman, Executive Director

BOARD SESSION

The Defense Business Board's (DBB) quarterly meeting began at 8:00 AM in the Pentagon Conference Center. Michael Bayer, the DBB's Chairman, began the meeting by thanking Captain Joseph Spruill, USN, who was departing the DBB from his detail as a Military Assistant to the Board for military retirement after 27 years of service as a Naval Supply Corps Officer, and welcoming Captain David Knapp, USN to the DBB's staff. Mr. Bayer also provided a brief review of the day's agenda.

Following the Chairman's kick-off, the DBB received two administrative briefings. The first was an awareness briefing for all Department of Defense (DoD) badge-holders. Next, Jeff Green updated the DBB members of ethics and standards-of-conduct news, especially as it relates to special government employees

The Board then began its Administrative Work Session by receiving briefings on current DBB's task group work plans.

Task Group on DoD's Strategic Relationship with Industrial Base

The DBB Task Group on DoD's Strategic Relationship with the Industrial Base is being co-chaired by Denis Bovin and Phil Odeen (Defense Science Board). The DBB is working in collaboration with other DSB members on this task. Denis Bovin introduced the Task Group's work plan noting that the objectives, processes, and regulations of the Department and Industry are not aligned. Specifically, several small- and mid-sized companies seek to enter the DoD market, but they face significant barriers to entry. The Congressional appropriation process (e.g., annual appropriations, colors of money, etc.) does not align with the private sector's financial planning methods. Small and midsized companies and other non-traditional suppliers find significant barriers in trying to enter and compete in the DoD marketplace. Therefore, Mr. Bovin explained that this Task Group will provide actionable recommendations for how the Department can better align its objectives with its industrial base suppliers, which will include approaches to: realign DoD's acquisition and regulatory frameworks; provide the right incentives, including metrics to measure them.

Following Mr. Bovin's introduction, the Board discussed additional aspects of the Task Group's work: the role of Congress; how to expand the workforce that supports public and private sector entities in the defense industry; and how DoD can become faster and more agile in the way it operates. In summary, the Task Group will recommend a "toolkit" of relationship models for the DoD-Industrial Base relationship for different acquisition situations.

Task Group on DoD Corporate Governance

Similar to the previous Task Group, this Task Group will be conducted in collaboration with select Defense Policy Board (DPB) members. Barbara Barrett briefed the DBB on the work plan

for the Task Group on DoD Corporate Governance, which is being co-chaired by Ms. Barrett and Chris Williams (Acting Chairman, Defense Policy Board (DPB)). The desired outcome for the group is to recommend governance models that could enable the Department to achieve alignment and clarity of strategy and outcomes and strategic choices. The recommended governance model(s) will include improved processes, responsibilities, and authorities of the model(s).

As the Board discussed the task group's work plan, it was noted that a clear articulation of DoD's current governance bodies (ad hoc verses statutory, and decision-making verses information sharing) and their potential overlaps would be important to show to the Department's leadership. It was noted by a DBB Member that the Task Group could look at the role of the Combatant Commanders given their significant power in the budget and planning process. In addition, a DBB Member suggested that the Task Group could look for ways to improve DoD's transparency and effectiveness, especially as it relates to linking national security strategies to successful execution. Another DBB Member suggested considering an alternate name for "Corporate" in the Task Group's title. And finally, a DBB Member recommended that the Task Group identify gaps that may exist in the governance structure, which result in improper execution of DoD's strategic initiatives.

Tooth-to-Tail Task Group

Co-Chairs Henry Dreifus and Arnold Punaro provided an update on the work plan for the Tooth-to-Tail Task Group.

The Task Group has reviewed the metrics DoD uses for designing, shaping and measuring the organization. The measures and metrics are lagging the organization and as a result are reflective rather than prescriptive in nature. While ratios may be useful at times, contrasted to the private sector best practices where forward-looking tools and metrics are applied to design, shape and measure their organizations. Best practices care little for "ratio-based" management. Amongst the issues the Task Group discovered was the basic definitional obstacle to accurately distinguish between "tail" and "tooth" given the contexts and diversity of the military's missions against and its various human capital roles and capabilities (e.g., Are service-members operating unmanned aeronautical vehicles (UAVs) "tail" or "tooth" – and when?).

The Task Group noted how the private sector continuously looks to (re)structure aggressively to reduce overhead ("tail") wherever and however it can.

The Task Group will provide its draft recommendations to the full Board in January 2008 (the next DBB meeting).

At 9:30 AM Mr. Robert Lentz (Deputy Assistant Secretary of Defense for Information and Identity Assurance) from the Office of the Assistant Secretary of Defense for Networks and Information Integration (ASD-NII) provided the DBB a classified briefing on the threats posed via cyberspace.

Following Mr. Lentz's briefing, Carly Fiorina initiated a discussion about how DoD can best approach and engage U.S. businesses to support U.S. security objectives. The goal of this

discussion was to engage in a discussion about an issue that is in the background of much of the DBB's work.

From 12:15 PM to 1:30 PM the DBB had a working lunch to finish Task Group work plan updates. Neil Albert updated the DBB on the Department of Defense's (DoD) Transformation Priorities. Mr. Albert noted that the Department developed a list of Key Management and Process Milestones in February 2007 at the Deputy Secretary's request, and the Deputy Secretary England asked the Board to review the Milestones in the July Board meeting and decide on any areas where the DBB could assist.

The primary areas highlighted by Mr. Albert related to cyberspace, personnel management, and acquisition. Mr. Albert noted that this meeting was the first real engagement that the DBB has had on cyberspace, but ideas for future engagement could revolve around addressing the IT workforce gap, helping DoD better engage industry and/or DHS, and provide insight into how DoD can achieve greater system assurance. Regarding personnel management, Mr. Albert highlighted that the DBB had done a significant amount of work on the National Security Personnel System (NSPS) and that the DBB may be able to engage on this again, specifically in strengthening it and institutionalizing its implementation. In discussing acquisition, Mr. Albert noted that the DBB would probably best engage on the strategic planning aspect; namely, helping DoD move from a platform-based acquisition process to a capability portfolio management acquisition process.

Mr. Albert suggested a potential task in the future may include proposing a management agenda, which can be facilitated within the transition from the Bush Administration to the next Presidential Administration.

As the group discussed Mr. Albert's update, the DBB decided that if they proceed on any of the aforementioned activities, they should be done under separate task groups. With respect to the management agenda, the Board discussed how they may best engage in the transition process for the next Presidential Administration.

At 1:15 the DBB Members had a Preparatory Work discussion with the Vice Chairman of the Joint Chiefs of Staff, General Cartwright, to discuss his top business-related priorities.

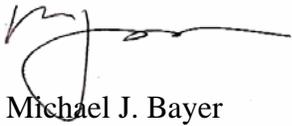
Next was a brief courtesy call with the Secretary of Defense, Robert Gates.

Closing the day, the DBB received a classified briefing from Dr. Craig Fields and Mr. Richard Haver of the Defense Science Board (DSB) on the preliminary findings of the DSB's Summer Study, which is entitled *Challenges to Military Operations in Support of National Interests*.

ADJOURNMENT

Mr. Bayer adjourned the DBB's October 17, 2007 quarterly meeting at approximately 3:45 PM.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

A handwritten signature in black ink, appearing to read 'Michael J. Bayer', with a long horizontal flourish extending to the right.

Michael J. Bayer
Chairman
Defense Business Board