



DEFENSE  
BUSINESS  
BOARD

DEFENSE BUSINESS BOARD  
1155 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1155

August 27, 2010

MEMORANDUM FOR WILLIAM PHILLIPS AND LEIGH WARNER

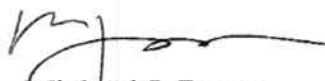
SUBJECT: Terms of Reference – “Strategic Sourcing”

The Secretary of Defense is committed to reshaping the Department of Defense (DoD) by modernizing processes to achieve real savings and efficiencies. As the Secretary continues to make tough decisions in this constrained budget environment, DoD must strategically manage its expenditures to optimize results. Implementation of the management philosophy of strategic sourcing has helped industry leaders achieve 15-30% enterprise savings over time while also creating competitive advantages through efficiencies. Likewise, DoD seeks savings and efficiencies to enhance critical military capabilities.

Request you co-lead a DBB Task Group to develop recommendations to enable DoD to employ the philosophy of Strategic Sourcing, both within DoD and with its global partners, as a means to position DoD to meet today’s requirements and future threats. Consider global best practices, definitions of and approaches to strategic sourcing, and the proven successful management techniques that delivered desired outcomes. Assess DoD’s current strategic sourcing activities and propose alternative management approaches to better optimize results.

Please provide me with an update on your findings at the October 2010 DBB meeting and present draft recommendations for the Board to deliberate at the January 2011 DBB meeting. Kelly Van Niman will serve as DBB Secretariat Representative.

As a subcommittee of the Board, and pursuant to the Federal Advisory Committee Act of 1972, the Government in the Sunshine Act of 1976, and other appropriate federal regulations, this Task Group shall not work independently of the Board’s charter and shall report its recommendations to the full Board’s public deliberation. The Task Group does not have the authority to make decisions on behalf of the Board, nor can it report directly to any federal officer who is not also a Board member. The Task Group will avoid discussing “particular matters” according to Section 208 of Title 18, U.S. Code.

  
Michael J. Bayer  
Chairman

