



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

MAY 17 2010

MEMORANDUM FOR THE CHAIRMAN, DEFENSE BUSINESS BOARD (DBB)

SUBJECT: DBB Terms of Reference – “Reducing Overhead and Improving Business Operations”

I remain concerned over the ability of the Department of Defense to sustain current force structure levels and to continue critical modernization of military capabilities given the current and projected fiscal climate. For these reasons, it is imperative that the Department identify and pursue every opportunity to economize and increase the efficiency of its business operations.

As the Department’s independent advisory board for economic and business affairs, I request you form a task group to provide recommendations on options to materially reduce overhead and increase the efficiency of the Department’s business operations. This effort should identify both short- and long-term opportunities to achieve budget savings as well as make process or organizational changes that will yield long-term operational efficiencies.

The offices of Under Secretary of Defense (Comptroller), Cost Assessment and Program Evaluation, and Director of Administration and Management will serve as your principal support resource and will provide assistance as necessary. Other Department of Defense elements will provide assistance if determined to be necessary.

This effort should be completed by September 1, 2010, with an interim briefing to me by July 1, 2010.

A handwritten signature in black ink, appearing to read "Robert M. Gates".

