



DEFENSE
BUSINESS
BOARD

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

April 27, 2011

MEMORANDUM FOR JOSEPH WRIGHT

SUBJECT: Terms of Reference – “Corporate Downsizing Applications for DoD”

The Department of Defense, while maintaining the highest level of combat effectiveness, is facing increased pressure on its ability to finance its many diverse operations around the world due to reduced budgets. This situation is not likely to improve in the near future because of the Federal deficit. Companies in the private sector have often been faced with similar challenges, particularly in the past few years. These companies have had to substantially reduce costs in order to maintain financial health or to just stay in business, including:

1. Sharply reducing overhead expenses;
2. Reducing personnel, pay, and benefits;
3. Streamlining facilities and supply chains – reducing excess capacity;
4. Eliminating low priority R&D, product lines, and operating entities;
5. Renegotiating supplier contracts; and
6. Developing innovative ways to increase productivity.

As DoD’s independent advisory board for business affairs, we are forming a task group to review the downsizing activities of private sector companies that have been the most effective in reducing costs without impacting performance and to make recommendations to the Department on best practices for cost containment.

The Task Group will consist of you, Phil Odeen, Bob Toll, and Jack Zoeller. Please provide me with your findings and any recommendations to improve our processes by the Defense Business Board’s Quarterly Meeting in July 2011. Captain Ron Carr, USN will serve as the Task Group’s 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.

John B. Goodman
Chairman

