

DEFENSE BUSINESS BOARD MINUTES

Public Meeting

January 21, 2016

9:30 AM to 10:45 AM

The Pentagon, Washington, D.C.

The Defense Business Board (DBB) is a federal advisory committee within the Department of Defense (DoD) operating pursuant to the Federal Advisory Committee Act of 1972, the Government in Sunshine Act of 1976, and other appropriate federal regulations. The DBB meets quarterly and held its second public session for Fiscal Year 2016 on January 21, 2016 from 9:30 AM to 10:45 AM in room 3E863 in the Pentagon, Washington, D.C.

DBB Members (voting)(20)

Trudell, Cynthia (Vice Chairman)

Killefer, Nancy (Vice Chairman)

Apgar, Sandy

Bovin, Denis

Decyk, Roxanne

Hultin, Jerry

Langstaff, David

Lazarus, Shelly

Levin, Lon

O'Connor, John

Odeen, Phil

Phillips, William

Punaro, Arnold

Ronald, Mark

Vashishta, Atul

Walker, Kevin

Werfel, Danny

Wright, Joe

Zackheim, Dov

Zoeller, Jack

DBB Members (non-voting)(1)

Bayer, Michael (Chairman)

DBB Consultants (non-voting)(0)

DBB Ex-Officios (non-voting)(3)

Berrick, Cathy, Government Accountability Office

Dodaro, Gene, Government Accountability Office

Sandy, Mark, Office of Management and Budget

DBB Staff Support (non-voting)(6)

Laster, Roma, Director

Bridges, Webster, Deputy Director

Kotulan, Linda, COL, USA, Military Representative

Mabbutt, Lisa, Lt Col, USAF, Military Representative

Cianciolo, Anthony, Lt Col, USANG, Military Representative

D'Itri, James, Capt, USMC, Military Representative

Public Session Attendees (13)

Appleby, Christopher, ODCMO, P&DSD

Bohn, Michael, Private Citizen

Bruins, Amy, OSD/Office of the DCMO

Erwin, Sandra, National Defense Magazine

Etherton, Kevin, SAG/MG

Matl, Emily Grace, CSIS

Marcuse, Josh, OSD Policy

Martinez, Armando, DON/DUSN(M) S&I

Mishory, Jordana, Daily Business News

Nicosia, Joseph, SAF/MG

Roberts, Jane, DON/DUSN(M)

Willson-Quayle, James, DON/DUSN(M)

Zuhlsdorf, Michael, DTSA

PUBLIC SESSION

At 9:35 AM, Roma Laster, Designated Federal Official, opened the public session and introduced the members of the public.

Mr. Bayer opened the meeting with a short discussion of future work of the Defense Business Board. The Board briefly discussed:

- The House Armed Services Committee has directed, in the Report of the Committee on Armed Services House of Representatives #114-102, to conduct a study of the effects of current mandates and processes regarding the determination of suitability for the selection of senior officials in the acquisition workforce.
- DLA / TRANSCOM: Still working out whether to fold into a current study or to do a new one; value of revisiting this topic in particular is to signal that the Department is ready to tackle its biggest, toughest problems -- iconic symbol of delaying. It was noted by Mr. Bovin that even if we did nothing more than ask for meaningful benchmarking against industry, a study would give the Department good data to consider. Mr. Wright posited that benchmarking for these "big businesses" like logistics and real estate at least gives the Department an "embarrassment factor" where they can no longer ignore that their practices are much less efficient than industry; can sometimes spur actions. Mr. Werfel suggested the study would need to parse it carefully, though, so that the benchmarking was apples to apples, otherwise DoD can poke holes and ignore it -- things like office space to office space.
- Non-Appropriated Funds: A possible study intended to focus on tip-to-tail; the expenditures -- what is gov't spending / the obligations driven by NAFs (recreation centers, etc). Mr. Werfel suggested an alternate view that NAF monies at least provide a way to offer these services under closer-to-commercial rules, without additional cost burdens levied by APF. If DoD is going to provide them, may as well be under better rules than APF. Many agreed that the study will likely leave the commissaries out.
- DoD Schools -- third-rail issue.
- Acquisitions oversight entities -- intended to look at the totality of the effort.

Presentation of Task Group Update

Mr. Michael Bayer, DBB Chairman, introduced Mr. Mark Ronald, Task Group Chair for *Evaluation of Position of Under Secretary of Defense for Business Management and Information*

Mr. Ronald gave an overview of the study's scope and objectives and described the overall tasking from the Deputy Secretary of Defense, emphasized the areas the study will not address, and remarked on the breadth of interviews already conducted. Mr. Ronald concluded his remarks noting the final recommendations would be presented for deliberation and vote at the DBB's April 2016 meeting.

Deliberation of Task Group Recommendation

Mr. Bayer introduced Mr. Atul Vashistha, Task Group member for *Creating Virtual Consultancies: Engaging Talent (Innovative Culture Part II)*

Mr. Vashistha introduced the Task Group members: Ms. Nancy Killefer and Dr. Dov Zakheim and also recognized Ms. Kelsey Keating and CAPT Shelby Mounts, former members of the DBB staff. He then thanked those who graciously participated in interviews, responded to data requests, and supported the Task Group. Mr. Vashistha described the tasking, the approach, and the Task Group's recommendations. The tasking involved studying and providing recommendations on how the Department can establish "virtual consultancies" that engage its internal talent. The overall effort looked to emphasize simplicity and inspire participation by any and all participants who can materially improve problem solving in the Department.

A DBB member noted that in industry, innovation programs are tied to reward; and asked if the juxtaposition of compensation systems (in DoD) and the VC recommendations was considered. To which another DBB member agreed there is always some kind of reward system; in this case, the interviewees were pretty clear that the psychic part was most important -- who is promoted, who is awarded and called out in a visible way, that rewards make the whole difference and are not necessarily tied to compensation.

Mr. Vashistha stated that in most cases the Task Group found that reward was explicitly not monetary, and in DoD, those programs that tried to monetize it had some issues making that system work.

A DBB member asked what obstacles were anticipated in implementing virtual consultancies in the DoD.

Mr. Vashistha called out three obstacles –

- 1) HR practices aren't conducive to it, mostly out of fear of career impact, no clear incentive, etc.;
- 2) Some senior leadership attitudes, lack of buy-in, misunderstanding of value to the "company;" and
- 3) A mid-level mistrust or fear of junior folks challenging the status quo, for which management training has to change.

A DBB member noted it was easy to do the top; and easy to engage the most junior people, the place one has to actively manage is in the middle level of management. To which another DBB member posited that feedback loops are always the challenge, if you ask junior folks to contribute and then don't get back to them, that lack of feedback can kill the program. That member then asked if the Task Group looked at that.

Mr. Vashistha responded "Yes, absolutely" noting that the Task Group dealt with and heard about it frequently in interviews. Those responses are partly why a best-practices forum is part of the recommendation-set -- to share the best practices in giving fast-feedback to entities out there in DoD that have not cracked the code yet.

A DBB member stated the Air Force example was one in which the program leadership committed to fast feedback to all submissions before they even began, while Mr. Vashistha further noted the Navy's The Hatch is another great example where the program is built so that the crowd itself provides the feedback, so the back-shop administrative burden of "feedback" is minimized.

A DBB member advanced that in DoD everything is about promotion -- for instance, when Joint time was made a part of general officer qualification, all of a sudden the best people started being sent to Joint Staff. The member then asked if the Task Group looked at what formal reports should say to really make it important to the Services and the Department. Mr. Vashistha responded the Task Group did not; however, the task to do that was among the recommendations, and it is marked as one of the things to assist with in follow-up for this study moving forward.

A DBB member asked how the Task Group's recommendations changed the Chief of Staff of the Army GEN Milley, Fulbright Scholar program, and Military Services not formally rewarding valuable outside experiences issue.

Mr. Vashistha advanced that the virtual consultancy solutions don't even necessarily take one off track from their career, but help them contribute what they can, when they can.

A DBB member stated that clearly human resources / promotion considerations are key to success and asked if the Task Group looked at what things could help make the DoD more porous; in other words, to help provide junior officers more access to senior folks directly. The member then provided some examples from industry that have included competitions, using LinkedIn as a replacement for traditional HR; etc.

Mr. Vashistha said that the Task Group saw all those examples and more, both in industry and in the DoD interviews; the recommendations were addressed with that in mind and crafted specifically to have a facilitating function at the DoD level to share those practices and propagate them.

An individual put forward that DoD has great potential, and great things it can leverage on to make innovation programs successful; that it's an organization already dedicated to training, etc. Trying to get such programs shared across the Department may be hard, but the matters this study hits on are all the right / key issues. The individual noted the recommendations were a good formula; the observations are right; the execution will be the key.

The Chairman moved the Board to a vote, Mr. John O'Connor moved to pass, and Mr. Jerry Hultin seconded. The recommendations were then approved unanimously by all voting DBB Members.

A copy of the Board's recommendations may be found at:
<http://dbb.defense.gov/Meetings/MeetingJanuary2016.aspx>

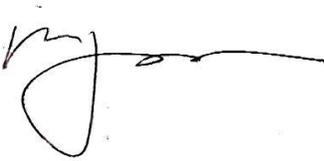
Ms. Laster noted that insufficient time was available for public comments to be entertained, but that written comments could be submitted to the DBB website at any time. No written or electronic comments had been received at the time of the public meeting.

Ms. Laster closed the public session.

END OF PUBLIC SESSION AND ADJOURNMENT

Mr. Bayer adjourned the DBB's January 21, 2016 public session at 10:45 AM.

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

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

Michael Bayer
Chairman
Defense Business Board
March 2, 2016