

DEFENSE BUSINESS BOARD

Meeting Minutes
October 20, 2016
10:35 AM to 11:55 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 the Sunshine Act of 1976, and other appropriate federal regulations. The DBB meets quarterly and held its first public session for fiscal year 2017 on October 20, 2016 from 10:35 AM to 11:55 AM in room 3E928 in the Pentagon, Washington, D.C.

DBB Members (voting)(23)

Michael Bayer (Chair)
Nancy Killefer (Vice Chair)
Cynthia Trudell (Vice Chair)
Sandy Apgar
Denis Bovin
Howard Cox
Taylor Glover
Robert Holland
Jerry Hultin
David Langstaff
Lon Levin
John O'Connor
Phillip Odeen
William Phillips
Arnold Punaro
Mark Ronald
William Swanson
Atul Vashistha
Kevin Walker
Daniel Werfel
Joseph Wright
Dov Zakheim
Jack Zoeller

Lt Col Anthony Cianciolo, ANG, Military
Representative
Capt Thomas Koch, USMC, Military
Representative

DBB Consultants (non-voting)(0)

None

DBB Ex-Officios (non-voting)(0)

None

Public Session Attendees (6)

Andrew Clevenger, The MITRE Corp.
Sandra Erwin, National Defense Magazine
Gary Harrison, All Native Group
Bill Klein, The MITRE Corp.
Mona Lush, Deputy Director, OSD Studies &
FFRDC Management
Scott Maucione, Federal News Radio
Kevin McGinnis, National Security Division,
Office of Management & Budget
Jordana Mishory, Inside the Pentagon
Peter Modigliani, The MITRE Corp.
Lucinda Spaney, The MITRE Corp.
Karen Wilson, The Boeing Company

DBB Staff Support (non-voting)(6)

Roma Laster, Executive Director
Webster Bridges, Deputy Director
COL Linda Kotulan, USA, Military
Representative

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PUBLIC MEETING SESSION

At 10:35 AM, Roma Laster, Designated Federal Officer, opened the public session and welcomed the members of the public.

Michael Bayer, DBB Chairman, thanked everyone for attending and spoke briefly about the DBB's recent Transition Report.

Task Group Presentations

Mr. Bayer introduced William Phillips, Task Group Chair for *Best Practices for the Business of Test and Evaluation*, who briefed how this study evaluated the Department's test and evaluation processes and facilities, as well as explored methods to save money and create process efficiencies. Key items discussed by the Board members included:

- Cost concerns and the need for DoD to better manage its aging infrastructure
- Understanding how the Department interprets and calculates risk
- Aligning T&E accountabilities with the PM
- Strengthening the voice of the Services
- Imposing cost discipline and measure effectiveness
- How cost data is loaded with caveats and assumptions
- That there is a lot of healthy tension in the “system”
- Looked at how requirements are changing and how you test against new test points
- Observed the 5000 series is compliance driven
- How the Strategic Capabilities Office offers significant ways to look at the future
- That misaligned incentives drive process participants to act in certain ways
- That the Department has fairly low confidence in simulation and modeling
- How industry generally has small and empowered teams, and risk decisions are made by the business lead
- The need to limit the number (and impact) of people who have veto power in the process
- The need to strengthen Service voice in programs to manage risk

A motion was made to accept the study recommendations, was seconded, voted on, and unanimously approved.

Next, Mr. Bayer introduced Phillip Odeen, Task Group Chair for *Future Models for Federally Funded Research and Development Center Contracts*. Prior to the presentation's start, the Hon Dov Zakheim and Mr. Denis Bovin recused themselves and left the meeting due to pre-existing professional relationships with an FFRDC. Mr. Odeen then briefed how this study evaluated appropriate future models and focus for DoD sponsored FFRDC contracts. Key items discussed by the Board members included:

- How UARCs enable the Department to get access to leading technologies from around the world
- FFRDCs are not centrally managed
- Comprehensive Review forms the backbone of how the organizations look at themselves
- Work capped at ~5700 person-years of effort due to statute
- Research is of high quality and searches for efficiency
- Lower turnover than for profit companies
- During the Cold War, DoD used to have innovative technologies at the FFRDCs
- The overall value proposition is strong

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- FFRDCs are able to preserve the high value propositions for customers
- DoD needs to take a closer look at the charter and missions for each
- How the allocation of total number of STEs should be looked at
- DoD needs to take a closer look at the overarching costs of FFRDCs

A motion was made to accept the study recommendations, was seconded, voted on, and unanimously approved. The Hon Zakheim and Mr. Bovin then returned to the meeting room.

Finally, Mr. Bayer introduced Arnold Punaro, Task Group Chair for *Logistics as a Competitive War Fighting Advantage* who briefed how this study evaluated areas where the department has had great success, but also looked at areas where world class business practices can be implemented to address areas of improvement. Key items discussed by the Board members included:

- Logistics is a large enterprise which involves an enormous amount of inventory – \$96 billion in inventory remains too high.
- How the Task Group focused on applying business practices to different areas of the logistics enterprise and addressing the way we operate
- The enterprise continues to suffer efficiencies associated with ordering a part and it getting lost in the system, thus another has to be ordered.
- Recommendations have been previously made on CIO to the ASD, and to the C3.
- Supply Chain resiliency is at risk.
- USD (AT&L) does not focus on “L,” thus when we look at DLA, the largest Logistics enterprise in the world, we should consider putting a civilian at the head.
- Defense Working Capital Fund (DWCF) – There is a need to understand where greater efficiencies can be found.
- Public-Private Partnerships are an area where the DoD needs to focus on the potential for efficiencies. DoD needs to better develop predictions for workload and understand what is needed.
- There remains excess capacity within the DoD. Bases need to look at moving out treatment facilities and also look at realignment of tenants to maximize efficiencies in the infrastructure DoD maintains.
- There is excess inventory and capacity within the Depots that could be addressed through another BRAC.
- A-76 needs to be reopened for public-private competitions. The main issue is that DoD does not track the fully burdened cost of people and needs to look at this so as to understand where savings can be achieved. CAPE is currently looking into this.
- The 50/50 depot rule needs to be reexamined. DoD seems unclear on what is needed.

A motion was made to accept the study recommendations, was seconded, voted on, and unanimously approved.

Task Group Recommendations

A copy of the Board’s recommendations for the presentations may be found at:

<http://dbb.defense.gov/Meetings/Meeting-October-2016/>

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


END OF PUBLIC SESSION /

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ADJOURNMENT

Ms. Laster adjourned the DBB's October 20, 2016 public meeting session at 11:55 AM.

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



Michael Bayer
Chairman
Defense Business Board
November 18, 2016