

DEFENSE BUSINESS BOARD

Meeting Minutes
May 8, 2019
7:00 AM to 12:00 PM
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 second session for fiscal year 2019 on May 8, 2019. The agenda included a scheduled closed session from 7:15 AM to 9:45 AM and a public session from 10:00 AM to 11:30 AM in room 3E869 in the Pentagon, Washington, D.C.

DBB Members (voting) (8 present)

Atul Vashistha (Interim Chair)	Dina Powell
Paul Dolan	Arnold Punaro
Scott Dorn	Ralph Szygenda
John O'Connor	David Venlet

DBB members not present

Cynthia Trudell

Integrated Review Team (IRT) Subcommittee Members (non-voting) (2 present)

Hon. Michael Bayer (Defense Science Board)
Mr. James Miller (Defense Science Board)

DBB Staff (non-voting)

Ms. Roma K. Laster, Executive Director and Designated Federal Officer
Mr. Webster Bridges III, Deputy Director
COL John Shank, USA Military Representative
Mr. Steve Cruddas, Office Manager
Lt Col David Shattls

Public Session Attendees

Mr. Ben Bain, Defense Innovation Board

CLOSED MEETING SESSION

At 7:15 AM, Ms. Laster opened the closed session. The DBB received classified briefings on 5G technology and the Indo-Pacific region. Ms. Laster adjourned the closed session at 9:45 AM.

PUBLIC MEETING SESSION

At 10:00 AM, Ms. Laster opened the public session and welcomed the members of the public. Atul Vashistha, DBB Interim Chair, greeted and thanked everyone for attending. Mr. Vashistha gave a brief overview of the current DBB activities, and then introduced Mr. Arnold Punaro, Chair of the IRT Subcommittee for the Defense Acquisition Industry-Government Exchange study.

DEFENSE BUSINESS BOARD

The IRT was established by § 883 of the Fiscal Year (FY) 2019 National Defense Authorization Act (Pub. L. 115-232) signed on August 13, 2018. The legislation directed the conduct of a study on the exchange of defense industry personnel on term assignments within the Department of Defense (DoD), in order to provide the Under Secretary of Defense for Acquisition and Sustainment and the congressional defense committees with independent advice and recommendations on removing barriers to industry-government exchanges. The subcommittee was made up of members from the Defense Business Board, Defense Science Board, and Defense Innovation Board. Mr. Punaro along with the Hon. Bayer and Mr. Miller, briefed the subcommittee's study plan, research and analysis, findings, observations, and recommendations to the full DBB.

The following recommendations were presented on how to remove barriers to industry-government exchanges.

The IRT found needed changes cross a broad spectrum – legislation, regulation, administration, and culture. The following recommendations are categorized as those impacting Congress and those impacting the Department.

DoD: Process/Cultural Change: As the digital world transitions from emerging to mainstream, the Department should keep pace in developing overall talent capability and resident expertise in areas such as robotics, hypersonic systems, nanotechnology, AI, ML, the Internet of Things, new materials, block chain, new fuels, and virtual reality, etc.

The private sector has responded to both talent shortfalls and capability building through rigorous enhancements to their talent management approach and leadership focus. The Department should do the same if a successful exchange program with the private sector is to produce the desired outcomes.

Recommendations:

1. The Secretary of Defense should direct DoD senior leaders (Chairman of the Joint Staff, service secretaries, service chiefs, Chief Management Officer, Undersecretaries of Defense for Research and Engineering (USD(R&E)), and Acquisition and Sustainment) to immediately perform an enterprise wide assessment inventory of key technologies in which there is a DoD talent shortfall.
2. The Secretary of Defense should furthermore direct all of those listed above to deliver the data pull to the USD(R&E) who shall consolidate the data, and report, with recommendations directly to the Secretary.
3. The Secretary of Defense should also direct these leaders to identify what current and future technologies are needed to remain competitive.

Those three tasks should have the highest priority and leadership focus and the effort should be measured against what our peer competitors are doing, not simply a chance to say “we need even more...”

DEFENSE BUSINESS BOARD

Congress: Statutory Change:

Recommendations:

4. Create distinct, specialized units, possibly in the Army and Air Force National Guard, or in the reserve components, to directly commission individuals in technology fields such as cyber, quantum computing, big data, hypersonic systems, AI and ML, computer coding, computer science and engineering, financial management, etc. Research and recommendations into this effort could be gained from the Reserve Forces Policy Board.
5. Remove binding service requirements. Individuals serving should be unburdened and unencumbered by professional or joint service requirements in a similar manner as health professionals.
6. Establish a retention/bonus structure to encourage continued participation.

Congress: Statutory/Regulatory Change: The current “one size fits all” approach to ethics regulations fails to appreciate the Department’s unique needs for critical expertise in both acquisitions and technology fields. The IRT feels title 18 more than satisfactorily covers ethical standards of conduct.

Recommendations:

7. Employ a more balanced Office of Government Ethics approach for crucial jobs in the DoD.
8. Modify the Statute to ensure the continuing financial and ethical integrity within all exchange programs and for private sector leaders who choose to serve in the Department.
9. Modify the Statute to recognize the unique nature of employment in the Department, and across all federal agencies, and how unnecessarily restrictive post-employment constraints actually endangers National security.

Congress: Statutory Change: Change § 971 10 U.S.C. (SEC. 1045 Pub. L. 115-91 [National Defense Authorization Act of Fiscal Year 2018]).

Recommendation:

10. Examine and either eliminate entirely or loosen considerably the post-employment restrictions enumerated by § 971 10 U.S.C. (SEC. 1045 Pub. L. 115-91 [National Defense Authorization Act of Fiscal Year 2018] Prohibition on Lobbying Activities with Respect to The Department of Defense by Certain Officers of the Armed Forces and Civilian Employees of the Department Following Separation from Military Service or Employment with the Department).

DEFENSE BUSINESS BOARD

This statute inhibits internal advice and representation, causing many companies to interpret the law to restrict former military personnel from any involvements with the DoD. This greatly deters the types of private sector personnel needed from seeking positions in DoD.

Again, the IRT feels title 18 adequately covers ethical standards of conduct, positing that § 971 10 U.S.C. is unnecessarily prohibitive.

Congress: Process/Cultural Change: The Senate Armed Services Committee imposes its own set of ethics and financial divestiture rules upon DoD presidential appointees which are not extant for any other federal agency. These non-statutory requirements are overly restrictive and serve to inhibit service and delay the speed to nominate, confirm, and appoint.

Recommendation:

11. Adjust ethics and financial rules in regards to personal holdings divestiture to make service in the Department more attractive to those in the private sector to accept positions requiring highly experienced, technically qualified, proven senior leaders. Blind or generation skipping trusts should be permitted, thus allowing individuals to retain assets, yet remove the majority of conflict of interest issues that may arise.

DoD: Process Change: Restructure exchange program.

12. Establish a far more wide-ranging, centrally managed, and well-structured public/private consortium with participating companies to define the parameters towards creating a robust Industry – Government exchange program.

This DoD-wide program should include military, civilians, and members of the reserve components. As the DoD has 3 million women and men serving, these numbers absolutely should be to scale.

The program should include:

- Standardized rules of engagement
- Setting specific criteria to participate
- Broadening the spectrum of participants
- Forming a commitment to participate and create opportunities
- Focusing talent management/planning to utilize the employee post-exchange
- Identifying objectives for each exchange period/employee
- Identifying mentor/coaching both during the exchange and post-exchange
- Defining how the exchange fits into the individual's career development

DoD: Administrative/Cultural Change: The Department should begin by adding considerably more personnel to existing exchange programs. Only through changing the cultural paradigm by significantly increasing the exchanges coming into and going out of the Department of sufficient magnitude will it matter. This recommendation is not intended to apply across the DoD enterprise, only to those personnel in highly critical fields. An increase to 5% of the workforce would mean several thousands of employees in exchange programs each year. DoD should begin

DEFENSE BUSINESS BOARD

immediately in order to add greater breadth and depth of programs to bring technology expertise and talent in.

Recommendations:

13. Implement an alternative pay and compensation structure to make senior acquisition and technology positions more attractive.
14. Mitigate complicated and costly financial divestment requirements that greatly reduce individual and family net wealth.
15. Establish a new set of rules and procedures that relate to today's ethics landscape, easing the ability to move between the public and private sector.
16. Establish meaningful follow-on assignments for those DoD members completing exchange assignments so that the Department can leverage on their recently acquired expertise.
17. Change the cultural paradigm. In order to change a culture it typically requires about 10% of the personnel to occupy the new mind space. The DoD should consider exchanges between executives in the private sector and the Department. The external focus being on bringing in those possessing the critical skills necessary to deliver decisive technology expertise. The internal on those best suited to bringing fresh views and ideas back. By means of short term assignments aimed at supplementing the current force, those individuals, with their knowledge and capability, could generate the cultural shift necessary.

DoD: Regulatory Change: Issue New DoD directive.

Recommendations:

18. Standardize the management of legal, ethical, and financial requirements for reserve components members who maintain civilian employment in the defense industry.
19. Synthesize the existing requirements in DoD 5500.07-R and 5 C.F.R. § 2635 into a single DoD issuance that specifically addresses their potential conflicts of interest.

DoD: Budget Change: The IRT recognizes that the foregoing advice, particularly its recommendation to significantly expand industry – government exchanges, will significantly impact DoD personnel levels, increase budget expenditures, and absorb capital. However, absent a laser like focus of resources to maintain, and in some cases restore, the Department's technological superiority over its global adversaries, much of the rest is for naught.

Recommendation:

20. Increase budget and investment in human capital.

DEFENSE BUSINESS BOARD

CONCLUSION

The IRT believes adoption of these recommendations are essential steps in restoring the Department of Defense's competitive edge, not only in the realm of acquisitions, but across numerous critical technological disciplines. We recognize that significantly increasing the breadth and size of industry-government exchange programs may increase DoD's staffing and resource demand overall. The IRT firmly believes that it is well worth the return on investment.

No comments were received during the time open for public comments.

A motion was made by Mr. O'Connor to accept the study recommendations as amended, was seconded by Mr. Dolan, voted on, and unanimously approved (Ms. Powell being absent).

A copy of the task group's presentation and the Board's recommendations may be found at: <https://dbb.defense.gov/>.

Interim Chair Vashistha then discussed some of the DBB support to the ongoing DoD reform efforts through the provision of individual advise to the various reform leads. He pointed out that to date the Department has begun to show full cycle savings through imposing metrics and requiring measurable outcomes.

The public meeting session concluded at 11:30 AM.

ADJOURNMENT

Following a short Administrative Session, Interim Chair Vashistha adjourned the DBB at 12:00 PM.

By signature, certified to be accurate and complete.



Atul Vashistha
Interim Chair, Defense Business Board
20 June 2019