



DEFENSE BUSINESS BOARD

Submitted to the:

**United States House Committee on Armed Services
United States House Committee on Appropriations
United States Senate Committee on Armed Services
United States Senate Committee on Appropriations
Under Secretary of Defense for Acquisition & Sustainment**

Defense Acquisition Industry-Government Exchange

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**Recommendations to reduce barriers to industry-government
personnel exchanges**



PREFACE

A strategic paradigm shift has occurred and the Nation now faces peer and near peer competition across the globe, derived from a computational and information revolution which is transforming virtually every aspect of human endeavor, including warfare.

This study, *Defense Acquisition Industry-Government Exchange*, is a product of an independent Integrated Review Team (IRT). The findings, observations, advice, and recommendations are provided herein to reduce barriers to industry-government exchanges so as to significantly increase their use, especially in critical technological disciplines.

The IRT was established by § 883 of the Fiscal Year (FY) 2019 National Defense Authorization Act (NDAA) (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.

IRT members were drawn from the Defense Business Board (DBB), the Defense Science Board (DSB), and the Defense Innovation Board (DIB) and are private citizens. Each has agreed to volunteer their time to examine issues and develop independent recommendations and effective solutions aimed at improving DoD management and business processes.

The DBB, established in 2002, provides the Secretary and Deputy Secretary of Defense with independent advice and recommendations on how “best business practices” from the private sector’s corporate management perspective might be applied to overall management of DoD.

The DSB, established in 1956, provides DoD leadership with independent advice and recommendations on science, technology, manufacturing, and acquisition processes to ensure the identification of new technologies and new applications of technology.

The DIB, established in 2016, provides the Secretary and Deputy Secretary of Defense independent advice and recommendations on innovative means to address future challenges in terms of integrated change to organizational structure and process, business and functional concepts, and technology applications.

Management of this IRT was governed by the Federal Advisory Committee Act of 1972 (5 U.S.C., Appendix, as amended), the Government in the Sunshine Act of 1976 (5 U.S.C. § 552b, as amended), 41 CFR 102-3.140, and other appropriate federal and DoD regulations.

TASK

In August 2018, the NDAA for FY19 directed the DBB to convene an IRT to undertake a study on facilitating the exchange of defense industry personnel on term assignments within DoD.

Specifically, the IRT was to:

- Review legal, ethical, and financial disclosure requirements for industry-government exchanges;
- Review existing or previous industry-government exchange programs;
- Review how the military departments address legal, ethical, and financial requirements for members of the reserve components who also maintain civilian employment in the defense industry.

At the conclusion of its review, the IRT was asked to produce specific and detailed recommendations for any legislation, or the amendment or repeal of regulations, as well as non-legislative approaches, that the members of the IRT determine necessary to:

- Reduce barriers to industry-government exchange which would encourage the flow of acquisition best practices;
- Ensure continuing financial and ethical integrity within such programs; and,
- Protect the best interests of the Department.

Additionally, the IRT was asked to produce any other recommendations for legislation as the members consider appropriate.

The legislation at **TAB A** guided the full scope of research and interviews for this study.

Arnold Punaro (DBB) served as the Chairman of the IRT. Other members included Michael Bayer (DSB), Adam Grant (DIB), Reid Hoffman (DIB), Walter Isaacson (DIB), Paul Kaminski (DSB), Paul Kern (DSB), Marne Levine (DIB), James Miller (DSB), John O'Connor (DBB), Jennifer Pahlka (DIB), William Simon (DBB), Cynthia Trudell (DBB), David Van Buren (DSB), Atul Vashistha (DBB), and David Venlet (DBB).

TAB B provides biographies of the IRT members.

PROCESS

The IRT study involved three phases:

Phase 1 - The IRT reviewed the existing legal, ethical, and financial disclosure requirements for industry-governmental exchanges, and those of previous industry-government exchange programs.

Research focused on the current state of industry-government exchanges; the extant “revolving door” legislation for both senior management positions as well as the

middle management level; incentives/benefits to industry; density and placement for desired strategic effect, and existing Office of Government Ethics (OGE) and Senate Armed Services Committee (SASC) requirements for Senate-confirmed Presidential appointments.

The IRT also reviewed studies from academic institutions, think tanks, businesses, and other government agencies, in addition to strategic documents such as the National Security Strategy, National Defense Strategy, as well as prior DBB, DSB, and DIB studies and recommendations. (A list of major works consulted is at **TAB C**.)

The IRT also examined how the military departments address legal, ethical, and financial requirements for members of the reserve components who maintain civilian employment in the defense industry.

It compared best practices from other government programs and the private sector, and reviewed those applicable laws and regulations.

Questionnaires were developed and sent to past participants of various DoD exchange programs and senior Department leaders (**TAB D** and **TAB E**).

Phase 2 - The IRT interviewed more than 20 DoD senior officials and obtained their insights into the efficacy of exchange programs. DoD leaders were additionally asked what critical skills they felt were needed in their organizations.

The IRT also interviewed private industry experts, representatives from major industry associations, congressional leaders/staffers, and other subject matter experts.

All interviews were conducted using Chatham House Rules. Insights gained through the interviews were not individually attributed; they were incorporated into the study's Observations & Findings section. **TAB F** lists DoD interviews conducted in the course of this work. Expertise from industry was also leveraged upon through interviews and discussions with representatives of the defense and aerospace associations from the National Defense Industrial Association, the Professional Services Council and the Aerospace Industries Association, and individual industry executives.

Phase 3 - The IRT briefed its initial observations and findings to the DBB membership at its meeting in November 2018 (**TAB G**). In December 2018, the Team provided its statutorily required interim report to the congressional defense committees (**TAB H**). After completing its work and formulating recommendations, the study was presented to the DBB, deliberated upon, voted on, and approved by consensus during the published and open public meeting held May 8, 2019. **TAB I** is the briefing presented during the public meeting and approved by the Board; **TAB J** contains public comments received prior to, at, or after the public meeting.

BACKGROUND

The world is changed.

America's half century of global dominance and superiority, forged in World War II and culminating in the fall of the Soviet Union, is being profoundly diminished in key areas. The diminishment of the U.S. global monopoly in technology, and shrinking share of the Global GDP, coupled with the rise of sophisticated peer rivals present "urgent challenges that must be addressed if the United States is to avoid lasting damage to its National security."¹ The United States, once arguably the world's technological leader, is in danger of being usurped by China. To add to that significant competitor is a revanchist Russia, which once again has grown to threaten the international order. The strategic focus of the United States has shifted. "Inter-state strategic competition, not terrorism, is now the primary concern in U.S. National security."² Secretary of Defense James Mattis noted in January 2018, "Great power competition – not terrorism – is now the primary focus of U.S. National security."³ In short, "the United States faces an extraordinarily dangerous world, filled with a wide range of threats that have intensified in recent years."⁴

In addition to this global strategic paradigm shift, has come the explosion of second and third order capabilities derived from the ever expanding computational speeds which are revolutionizing every aspect of human endeavor, including warfare.

So to distill the questions presented by the Congress - Does DoD have adequate civilian and/or military expertise to adequately guide its analysis and decision-making relating to rapidly advancing technologies? We strongly believe the answer is no.

We also believe that significant changes to industry-government exchange programs, DoD civilian and military education and training systems, and strengthening the role of independent advisory boards will substantively help.

The 2018 National Defense Strategy (NDS) clearly and compellingly states:

China is a strategic competitor using predatory economics to intimidate its neighbors while militarizing features in the South China Sea. Russia has violated the borders of nearby nations and pursues veto power over the economic, diplomatic, and security decisions of its neighbors.

¹ *Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission*. The Commission on the National Security Strategy of the United States, 2018, pg. iii.

<https://www.usip.org/sites/default/files/2018-11/providing-for-the-common-defense.pdf>

² *Summary of the 2018 National Defense Strategy of the United States of America*. The Pentagon, Washington, DC. pg 1. <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>

³ Speech at Johns Hopkins University, School of Advanced International Studies, January 19, 2018.

<https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1420042/remarks-by-secretary-mattis-on-the-national-defense-strategy/>

⁴ *National Security Strategy of the United States of America 2017*. The White House, Washington, DC. pg 1. <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf>

This rather forbidding evaluation of the global security situation echoes the 2017 National Security Strategy's observation that "The central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition by what the National Security Strategy classifies as revisionist powers."

Reinforcing even further the significance of these warnings, the congressionally directed, bipartisan Commission on the National Defense Strategy for the United States posited in their report:

The security and wellbeing of the United States are at greater risk than at any time in decades. America's military superiority—the hard-power backbone of its global influence and National security—has eroded to a dangerous degree. Rivals and adversaries are challenging the United States on many fronts and in many domains. America's ability to defend its allies, its partners, and its own vital interests is increasingly in doubt. If the Nation does not act promptly to remedy these circumstances, the consequences will be grave and lasting.

In his opening statement on the 2019 *Worldwide Threat Assessment of the U.S. Intelligence Community* before the Senate Select Committee on Intelligence in January 2019, The Honorable Daniel Coats, Director of National Intelligence, noted "The composition of the current threats we face is a toxic mix of strategic competitors, regional powers, weak or failed states, and non-state actors using a variety of tools in overt and subtle ways to achieve their goals."⁵ He went on to say:

China's actions reflect a long-term strategy to achieve global superiority... In its efforts to diminish U.S. influence and extend its own economic, political, and military reach, Beijing will seek to tout a distinctly Chinese fusion of strong-man autocracy and a form of western style capitalism as a development model and implicit alternative to democratic values and institutions. These efforts will include the use of its intelligence and influence apparatus to shape international views and gain advantages over its competitors – including the United States.

Lieutenant General Robert P. Ashley, Jr., USA, Director, Defense Intelligence Agency, noted earlier in 2018 "[I]f you were to ask Russia and China, 'Do you think you're at some form of conflict with the U.S.?' - I think, behind closed doors, their answer would be 'yes'."

⁵ Annual Threat Assessment Opening Statement Tuesday, January 29, 2019.
<https://www.dni.gov/index.php/newsroom/congressional-testimonies/item/1949-dni-coats-opening-statement-on-the-2019-worldwide-threat-assessment-of-the-us-intelligence-community>

One should also take into consideration the changing character of warfare; changes whereby technology and preemption are “weapons” of choice. Future conflicts could significantly alter the balance of power if an unexpected advantage in cyber-attack capabilities creates an ability to cripple the planning, deployment or operations of advanced, information-dependent military systems extant in our military services.

Future conflicts will most likely be prosecuted in time frames profoundly expanded beyond those before the information age, and in multiple domains beyond the traditional air, land, sea, and undersea domains where the United States has been dominant since World War II. Our adversaries will most likely seek to master and to apply competitive technological advantages in computer networks, the electromagnetic spectrum, social media, outer space, and the environment wherever possible as a means of imposing costs on all elements of U.S. National power.

The Changing Character of Warfare

TRADITIONAL FORMS OF WARFARE	EMERGING FORMS OF WARFARE
Targeting of enemy forces	Targeting of enemy perceptions, society
Direct clash of militaries	Remote strikes using standoff precision weapons, robotics systems, and information attacks
Destruction of military personnel and weaponry	Destruction of critically important military and civilian infrastructure
Deterrence by fear of retaliation	Deterrence by fear of escalation
Winning by defeating the enemy on the battlefield	Winning by disrupting the support systems (political, economic, information, etc.) on which the enemy military depends

Source: Global Trends: Paradox of Progress - How People Fight. . .

Advances in military capabilities, such as unmanned, automated weapon systems and high-speed, long-range strike systems, which reduce response times, are likely to create new, but uncertain, escalation dynamics in times of crisis. Furthermore, the rapid pace of technology developments, in areas such as cyber, genetics, information systems, computer processing, nanotechnologies, directed-energy, and autonomous, robotic systems, increases the potential for surprise in future conflict.

The changing character of war, and our major adversaries pursuing more action in the Gray Zone,⁶ means conflict will vary across a far wider spectrum, ranging from

⁶ The goal of Gray Zone conflict is to stay below the threshold of triggering a full-scale war by employing mostly noncombat tools, often backed by posturing of military power, to achieve political objectives over time. This trend is

“nonmilitary” capabilities, such as economic coercion, cyber-attacks, and information operations, to advanced conventional weapons and weapons of mass destruction; all this occurring in multiple domains, to include space and cyberspace.⁷

There is an increasing emphasis by state actors and multinational terrorist groups on disrupting critical infrastructure, societal cohesion, and government functions rather than on defeating U.S. military forces on the battlefield through traditional military means. Adversaries will almost certainly seek to exploit greater connectivity in our society and the ubiquitous nature of cyberspace to create disruption.

The sheer diversity of the potential forms of conflict that might arise will increasingly challenge the ability of the United States to prepare effectively for the range of possible contingencies

In Director Coats’ Statement for the Record *Worldwide Threat Assessment of the U.S. Intelligence Community*, he discusses the capability gap:

For 2019 and beyond, the innovations that drive military and economic competitiveness will increasingly originate outside the United States, as the overall U.S. lead in science and technology (S&T) shrinks; the capability gap between commercial and military technologies evaporates; and foreign actors increase their efforts to acquire top talent, companies, data, and intellectual property via licit and illicit means.⁸

Deng Xiaoping, former chairman of China’s Central Military Commission, once famously counseled his countrymen to “hide our capacities and bide our time.”

China is working methodically to become the world’s technology leader. China’s rise as a technological powerhouse is not merely a threat to U.S. jobs, it is becoming a huge concern as well for the U.S. military. In some critical industries, the competition for technological dominance is one America is already losing.

Chinese intellectual property (IP) theft from U.S. businesses has been an area of concern for years, both because of its security ramifications and its cost to companies. IP

already occurring: China’s and Russia’s actions, in the South China Sea and Ukraine respectively, are contemporary examples of this approach.

⁷ For in depth examinations of Gray Zone conflict see:

<https://www.csis.org/features/competing-gray-zone>

<https://warontherocks.com/2015/05/fighting-and-winning-in-the-gray-zone/>

<https://cco.ndu.edu/News/Article/1680696/examining-complex-forms-of-conflict-gray-zone-and-hybrid-challenges/>

https://ndupress.ndu.edu/Portals/68/Documents/ifq/ifq-80/ifq-80_101-109_Votel-et-al.pdf

⁸ Statement for the Record *Worldwide Threat Assessment of the U.S. Intelligence Community*, January 29, 2019 <https://www.dni.gov/index.php/newsroom/congressional-testimonies/item/1947-statement-for-the-record-worldwide-threat-assessment-of-the-us-intelligence-community>

theft includes the sale of counterfeit goods and pirated software, as well as stolen corporate secrets. It is estimated the cost to the American economy is between \$225 billion and \$600 billion per year, according to the 2017 update from the Commission on the Theft of American Intellectual Property, prepared by The National Bureau of Asian Research.⁹

In its 2018 report, the U.S.-China Economic and Security Review Commission, made up of security and economic experts, found Chinese dominance of networking-equipment manufacturing threatens the security of U.S. fifth-generation, or 5G, wireless infrastructure. The panel cited Chinese telecommunications giants Huawei Technologies Company and ZTE Corporation, in particular. The Commission warned that China's technology-manufacturing strength threatens U.S. National security and advised U.S. government agencies to be mindful of Chinese attempts to compromise government systems.

In addition, China's position as the world's largest manufacturer of internet-connected household devices creates "numerous points of vulnerability for intelligence collection, cyberattacks, industrial control, or censorship."¹⁰ One need only look at the 500-metre-wide radio telescope in Guizhou or the Sunway TaihuLight supercomputer, which is by far the fastest in the world, as examples of China's rising technological superiority.

A prime example is Huawei, which employs 40 percent of its 170,000 staff toward research and the foundations are being laid for roll-out of 5G across the whole of China by 2020.

Chinese firms, both private and state-owned, have in recent years invested billions of dollars in the U.S. technology industry, raising concerns that this now powerful rival has gained or could soon gain access to sensitive and, in some cases, critical technologies that underpin American military superiority and economic might. This substantively increased Chinese investment in new U.S. technology sectors could have two main National security implications: a direct threat to the U.S. military's technological superiority, and more broadly, an undermining of U.S. competitiveness in the ongoing economic competition with Beijing.

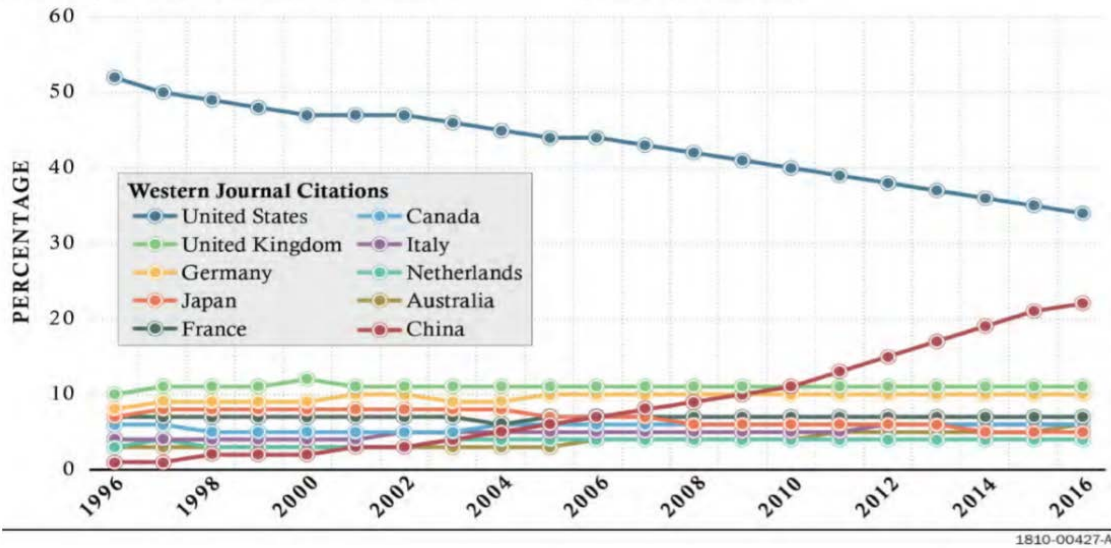
⁹ 2017 Update to the IP Commission Report, *The Theft of American Intellectual Property: Reassessments of the Challenge and United States Policy*. The National Bureau of Asian Research.

¹⁰ 2018 Report to Congress of the U.S.-China Economic and Security Review Commission, One Hundred Fifteenth Congress, Second Session, November 2018. pg. 443.

Researchers Worldwide Citing More Foreign and Less US Research

During the past two decades, the US lead in S&T fields has been significantly eroded, most predominantly by China, which is well ahead in several areas, according to an analysis of Western journal publications.

However, the United States maintains an overall lead largely because we are at the forefront of the medical sciences, which account for almost a third of S&T publications worldwide.



Source: Statement for the Record: 2019 Worldwide Threat Assessment of the U.S. Intelligence Community

Extensive Chinese investment in sensitive technologies (guidance systems, AI, and light sensors that aid unmanned aviation systems in particular) could erode or even eliminate America's technological edge, potentially diminishing our ability to credibly defend allies, especially in Asia. Moreover, Chinese investment in high-tech firms could, in many cases, preclude U.S. government or military investment and cooperation with those same companies.



Source: Chinese Investment in the United States China Investment Monitor (Rhodium Group, LLC)

While most Chinese investments appear to come from nominally private-sector firms, the U.S. should view them as being made at the bidding of the Chinese government, whether due to financing via state-owned banks because of the Communist Party of China's influence over significant private-sector companies. In China, there is little distinction between SEOs and private firms; Chinese state-provided financial lending has a significant political overtone to what might otherwise appear to be private-sector investment decisions.

SO WHAT TO DO?

Regaining Necessary Technological Expertise

In order to make up for lost ground, the IRT believes it is critical that DoD look to immediately leverage the intellectual capital that is resident in individuals who today work exclusively in the corporate private sector, in academia and think tanks, or in non-profit enterprises in order to lever their unique technological and managerial advances.

This is not a criticism of the dedicated people in DoD, it's an assertion that there are not enough of them - to win they and the Nation critically need specific people and skill sets that the DoD cannot currently access.

Whereas once DoD was the Nation's leader in technological advances, experimentation, and processes, that leadership has since been supplanted by a more rapidly evolved and better funded private sector. Global market competitive pressures have compelled private sector entities to succeed or die with constant cutting edge innovations and advancements. In the global competitive milieu, private sector technology is obsolete in months; within DoD, innovation is measured in years or decades.

In contrast, our global military challengers are propelled by their commercially informed, rapidly evolving industrial base, supplemented by crucial intellectual products too often secreted from the U.S. or its allies. To counter these stolen advantages, it is absolutely critical that DoD's technology, leadership, and workforce be supplemented from the very best of the private sector for the geopolitical struggle it faces today. Absent this, the Department will fall further behind in technological innovation and enhancements.

One considerable obstacle to this is the myriad financial and post-employment restrictions on Government service. Created over 50 years ago, these constraints were fashioned for then good reasons, yet are now considerably outdated, as they no longer are applicable to the 21st century wealth paradigm or business models.

So too the ways in which the most successful individual's wealth is derived has undergone vast changes. Today's compensation structures for high performers have moved well beyond the historical norms of cash and stock in ways that the federal ethics divestiture model (again, derived fifty years ago) cannot effectively embrace.

This has imposed a highly negative impact on the value proposition of federal service for the very highest performing individuals now essential for the Department. For those few still willing to serve in spite of the costs, there are additional specific “conflict of interest” restrictions that often permanently disqualify them because they have made state of the art (and law) estate planning choices. These restrictions too should be reconsidered in light of the current realities.

The historic concern about moderating individual gains from post-government service via the “revolving door” was perhaps applicable when the DoD was the technological leader in the Nation and there was a potential for better opportunity after service. However, those days are gone. It is in the private sector where the Nation’s technological leader’s work and where the most financially rewarding opportunities lie. Federal service, with its severe fiscal and professional limitations, is no longer as attractive.

The current ethics, conflict of interest, and divestiture rules stem from a time when income was the primary source of a senior executive’s wealth. In the 21st century, a good portion of personal wealth is generated through stock, stock options, and performance share awards. Forced divestitures to enter government service is a significant barrier to recruitment.

Additionally, the speed with which key technological fields evolve means time away while working in government is a cycle or two lost in one’s chosen technology field. This time away from a successful career in most rapidly evolving technological career fields would hamper an individual’s career potential.

These disincentives should be eliminated to restore the attractiveness of government service for those experts who are best able to assist the Department restore its lost capabilities. Many aspire to serve, yet will not if it harms their family’s financial well-being. Beyond the immediate financial concerns, the onerous post-employment restrictions also impact one’s ability to return to work on cutting-edge issues in the private sector.

Necessary technological expertise should come from the private sector in cyber, quantum computing, big data, hypersonic systems, artificial intelligence (AI) and machine learning (ML), computer coding, computer science and engineering, financial management, human resources management, to name a few.

The enabling function for that requires Congress and the Department to reconsider decade’s old beliefs and rules concerning private sector service, compensation and wealth creation, and its policies for management of federal service conflicts, or perceptions of conflicts that are no longer reflective of today’s completely changed paradigms of skills and wealth creation.¹¹

¹¹ From the end of WW II into the 70s were years of substantial economic growth and broadly shared prosperity. Incomes grew rapidly and at roughly the same rate up and down the income ladder, roughly doubling in inflation-adjusted terms. The income gap between those high up the income ladder and those on the middle and lower rungs

In the opinion of the IRT, it is such a critical lack of individuals possessing the requisite technological capability and managerial expertise in the Department which poses a substantial and growing National security threat.

Regaining Essential Managerial Expertise

DoD once led the U.S. and the world in management innovation. With breakthroughs such as computer-based inventory systems to the first containerized shipping, the DoD defined the state of managerial art and science in the 70s through the 90s. Sadly, it has lost its preeminence in best management practices. To regain the edge in this expertise, the solutions are far more nuanced than simply bringing in seasoned defense industry managers to the Department. DoD will need managerial skills infused from far more than defense industrial base, it will also need to reach those with leadership expertise from the information, economic and financial, biological and other sectors.

The exchange of private sector industry personnel to engage in assignments within DoD would also enhance the effort to cultivate workforce talent. The recruiting, developing, and retaining of a high-quality civilian workforce is essential for warfighting success. Defense industry personnel exchange programs which include both military and civilians, can facilitate the retention and development of the DoD workforce by assisting the ability of our warfighters and the Department workforce to integrate innovative technologies, upgrade capabilities, adapt warfighting approaches, and change business practices to achieve mission success. While certainly the creativity and talent of American military members is DoD's greatest enduring strength, that can be further enhanced through the appropriate engagement, application, and exercise of skills gained from private sector industry practices.

However, the existing crush of culture and regulatory restrictions prevents those entering the Department from the private sector from acting with the same agility and flexibility they have in the private corporate sector. This also stifles initiative and innovation within the Department workforce as well.

The statutory/regulatory/oversight frameworks under which they should operate, not to mention the cultural barriers, should change significantly to enable this flexibility. This underscores the need for both Congress and the Department to critically identify and examine those statutory or non-statutory changes which serve to inhibit the accession of talent that will enhance the Department's managerial agility and flexibility.

Congress and DoD absolutely should immediately develop a comprehensive and effective program which allows private sector industry expertise to engage in term assignments within DoD in order for them to demonstrate modern, cutting edge management processes and technologies. Similarly, it is necessary to allow military and

— while substantial — did not change much during this period. Beginning in the 70s, economic growth slowed and the income gap widened. Income growth for households in the middle and lower parts of the distribution slowed, while incomes at the top continued to grow strongly. The concentration of income at the top rose to levels last seen 90 years earlier, during the “Roaring Twenties”. Wealth — the value of a household's property and financial assets, minus the value of its debts — is today much more highly concentrated than income.

civilians in the Department meaningful exchanges within private industry in order for them to be individually exposed to modern, cutting edge management processes and technologies at work.

A modern, agile, information-advantaged Department should look to the private sector to more effectively use information, not simply manage it. This will require a motivated, diverse, and highly skilled civilian workforce. To reap the benefits from introducing new skills to complement the current DoD civilian workforce expertise with information experts, data scientists, computer programmers, and basic science researchers and engineers, will require close cooperation with private industry. The Department would benefit from exchange programs which explore streamlined, non-traditional pathways to bring critical skills into service, expanding access to outside expertise, and devising new public-private partnerships to work with small companies, start-ups, and universities.

Success, whether economic or military, no longer necessarily goes to the nation that develops a new technology first, but rather to the country that better integrates it and adapts it to its way of prosecuting war. Currently the Department is insufficiently responsive to this need; DoD is over-burdened with outmoded practices, policies, and procedures; not optimized for exceptional performance. Efforts to prioritize speed of decision making, constant adaptation, and frequent process upgrades would benefit greatly from more robust Industry-Government Exchange programs. Out of necessity, in a global marketplace, the private sector learned to eliminate cumbersome approval chains, wasteful applications of resources in uncompetitive space, or overly risk-averse thinking which impedes corporate survival. Requiring the same today, the DoD should shed its outdated management practices and structures by integrating insights available from the exchange of private sector industry personnel. The exchange of non-defense and defense industry personnel will provide rich organizational expertise to allow for the rapid identification of structures that hinder substantial increases in lethality or performance, thereby allowing service secretaries and agency heads to consolidate, eliminate, or restructure as needed.

Better management begins with effective financial stewardship and will drive budget discipline and affordability to achieve solvency. Through the exchange of industry personnel, the Department will improve its prospects to achieve full auditability of all its operations while improving its financial processes, systems, and tools to understand, manage, and improve cost. Leveraging on the exchange of industry personnel will allow DoD to continue to scale operations to drive greater efficiency in procurement of materiel and services, while consolidating and streamlining contracts in areas such as logistics, information technology, and support services. Private industry expertise can improve efforts towards reducing management overhead, the size of headquarters staff, reducing or eliminating duplicative organizations, and creating more efficient systems for managing human resources, finance, health services, travel, and supplies.

The exchange of non-defense and defense industry personnel with the DoD will provide the expertise to streamline rapid, iterative approaches from development to

fielding through the exposure to alternative approaches towards capability development which will reduce costs, technological obsolescence, and acquisition risk. The Department can leverage acquired expertise to realign incentive and reporting structures to increase speed of delivery, enable design tradeoffs in the requirements process, and utilize non-traditional suppliers. Private industry experience in prototyping and experimentation could be leveraged for defining those requirements utilizing commercial-off-the-shelf systems.

The opposite exchange also has value. The Department's technological advantage depends on a secure and healthy National security innovation base that is informed and acculturated whether it is a traditional or non-traditional defense partner. An effective exchange of DoD personnel for tours within industry would allow the Department to significantly inculcate its values, culture and vision in to the C suites of its most crucial partners.

Because the accelerating pace of the threat and technological change, there is no substitute for increasing industry-government (two-way) exchanges. Improving industry-government exchanges is essential to the ensuring the U.S. military is able to innovate at speed in order to sustain and build military advantage over other great powers. Well-intended but outdated rules and regulations currently make such exchange opportunities too infrequent, too limited, and too difficult to implement for the government, and too time-consuming and costly for private sector participants.

A comprehensive and well executed exchange of personnel from industry both defense and non-defense would be a major departure from previous practices and culture, yet will allow the Department and industry to more quickly respond to changes in the security environment and make it harder for global competitors to offset our systems.

The DBB has performed numerous studies in the past which offered pertinent recommendations and the DIB has recently made recommendations in regards to the salient points mentioned above (**TAB K**).

OBSERVATIONS AND FINDINGS

Observations

- Currently there are several programs which offer exchanges, but these are too small, too far removed, seem to be offered in a limited fashion to a limited field of applicants, and appear to be at odds with one another.

Examples of this include,

- Information Technology Exchange Program;
- (recently-launched) Talent Exchange Pilot Program to Strengthen the Acquisition Workforce;
- Defense Enterprise Science Initiative (which supports university-industry partnerships to "identify and apply new discoveries and knowledge to existing capabilities and address technological gaps");

- Defense Advanced Research Projects Agency;
- Central Intelligence Agency's In-Q-Tel;
- Defense Innovation Unit (one of Secretary Carter's partnerships with Silicon Valley); and,
- Public-private partnerships as laid out in the Department's strategy for microelectronics¹² and its strategy for expanding its artificial intelligence capacity.¹³

All of these programs have their individual merits, but without being centrally managed and offered DoD-wide, these programs operate in isolation from each other and may suffer from their own inherent limitations.

- There are many successful individuals who have a desire for public service, yet are inhibited from pursuing it because of the limitations set upon them through such service.
- The exceptionally intelligent, high performing individuals the Department requires are by definition practitioners, not theorists, and thus successful in their fields. In today's economy, they are compensated and rewarded in ways and amounts very differently than from the era in which the original ethics rules were created over 50 years ago.
- Currently, public service is highly discouraged by the extant restrictions governing post-Government service activity by senior officials under criminal statutes, procurement integrity laws, regulations, and executive orders, including the current administration's Ethics Pledge. These post-employment restrictions were designed to prevent technological transfer from within the Department to the private sector, yet no longer serve the purpose for which they were intended.
- The current divestiture restrictions were created in a far different era, for very good reasons at the time; however, such constraints are now outmoded by the ways in which the most successful individual's wealth is now derived.
- Congress and the Department should reconsider decade's old beliefs and rules that are no longer reflective of today's completely changed paradigm of how wealth is acquired. Wealth is no longer acquired through tradition methods of primarily high salary, it is now principally derived from personal investments.
- The assumptions about regulating of appointees moving in and out of government is a legacy of another era when the post WWII government - particularly DoD - was the center of cutting edge innovation and management, therefore, employment

¹² *Department of Defense Response to National Defense Authorization Act for FY 2017, Section 231: Strategy for Ensuring Access to Assured Microelectronics.* Under Secretary of Defense for Research and Engineering, April 2018. <https://www.acq.osd.mil/se/docs/2018-NDAA231-A.pdf>

¹³ *Summary of the 2018 Department of Defense Artificial Intelligence Strategy: Harnessing AI to Advance Our Security and Prosperity.* <https://media.defense.gov/2019/Feb/12/2002088963/-1/-1/1/SUMMARY-OF-DOD-AI-STRATEGY.PDF>

with the Department enhanced the skills of people. People began to be seen as financially benefitting from government service – enriched by the “revolving door” as they had been trained at DoD expense in national security technologies, and so were seen as “cashing in” during subsequent employment in the defense sector. Many were trained in leadership and management skills, these skills were then sold to the private sector. This was regarded as a problem and there were also concerns that certain DoD employees could act to influence programmatic outcomes in contracts that would financially effect companies in which they had an interest.

- Today’s technological environment is far different and the DoD is no longer the center of cutting edge innovation and management. Amalgamations in the early 1990s have shrunk the number of traditional defense companies for which such regulatory measures were aimed. At the same time, the number of regulated contractor companies grew – now 40,000+, to include Kellogg’s, McDonalds, and everything in between with effectively no size or ownership minimums. The managing bureaucracy for all this is huge and expensive.
- The US is no longer the epicenter of innovation. While many (not all) of the really necessary big ideas now lie outside the DoD. Most cutting edge innovation now comes from those in the private sector. Three recent secretaries of defense were attuned or connected to “Silicon Valley,” which was of some help. The essential traditional defense technologies are now being supplemented by ones never imagined. So too, the skills and insights for managerial and technical challenges now are best found outside the DoD and Government. The Pentagon leadership need to grasp the magnitude of the chasm which separates its internal state of technology and science with the external realities.
- So is the solution to just hire and fill the gap? At issue is today’s government pay is not an incentive to those with the talent required. It has proven quite difficult to hire the requisite expertise and skills through the general schedule. Therefore, alternatives must be developed, and the Department needs sufficient numbers hired to produce actual results – not Power Point products.
- The “revolving door” can benefit the Department by working the other way, through DoD bringing in individuals from the private sector to enrich the Department technologically, innovatively, intellectually.
- The military departments have policies and procedures in place which address legal, ethical, and financial requirements for reserve component members who maintain civilian employment in the defense industry through the use of non-disclosure agreements.
- While the Department generally conforms to DoD 5500.07-R (“Joint Ethics Regulation,” 17 November 2011) and 5 C.F.R. § 2635 (“Standards of Ethical Conduct for Employees of the Executive Branch”, 1 January 2017) in regards to

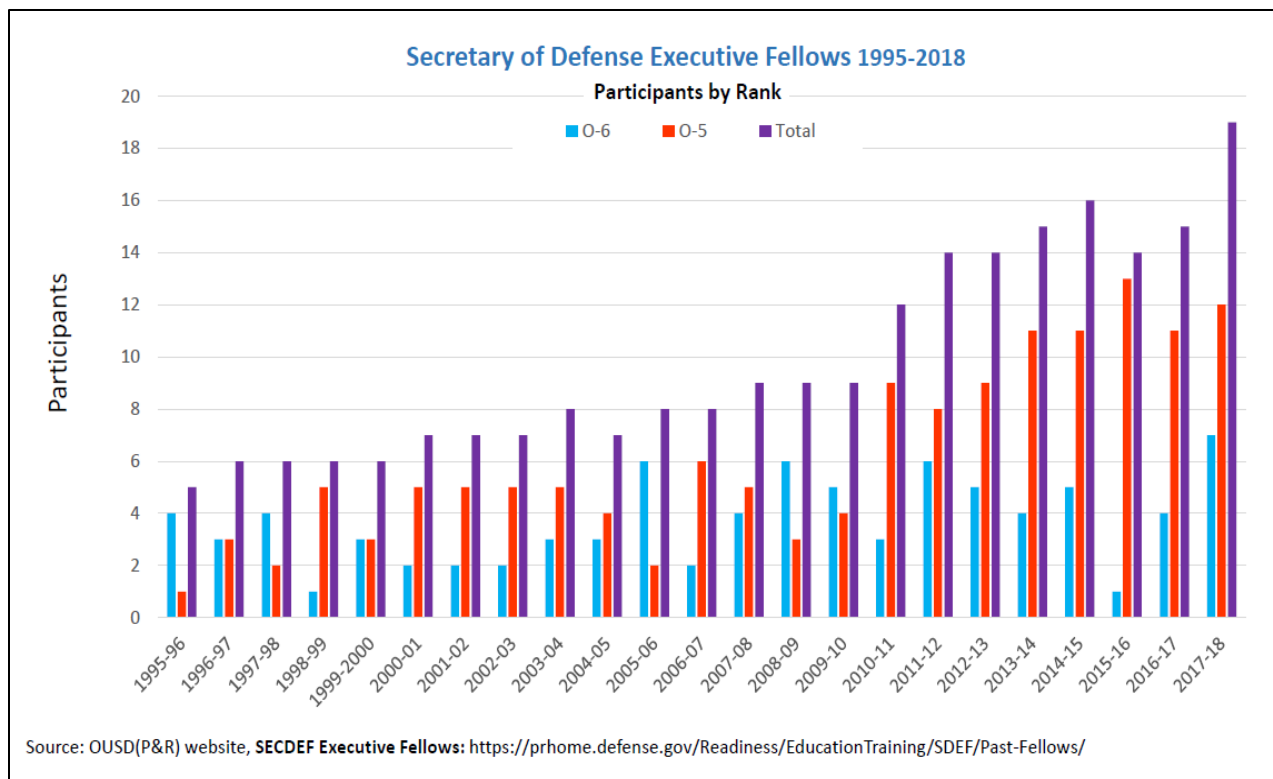
the legal, ethical, and financial requirements for reserve component members who maintain civilian employment in the defense industry, there is an uneven application of the regulatory requirements across the military departments. Additionally, there is no single DoD issuance that specifically addresses the potential conflicts of interest that may arise in regards to those members.

Findings

- While the Department has significant equities in several critical high technology fields (e.g. cyber, quantum computing, big data, hypersonic systems, AI and ML, computer coding, computer science and engineering, financial management), in contrast to its global rivals that are materially better staffed and supported, it possesses insufficient expertise in those areas due to the disparity in compensation and the restrictions imposed on service in government.
- High technology fields offer far better career prospects in the private sector than in the DoD. Thus the Department's compensation structures should be altered for such expertise, similar to how medical professionals are recruited.
- The Department does desire that representatives at all levels have frequent, fair, even, and transparent dialogue with industry on matters of mutual interest, yet in a manner that protects sensitive information, operations, sources, methods, and technologies, per the Deputy Secretary of Defense memo in 2018 (**TAB M**).
- The layering of post-employment restrictions has proved to be an inhibitor to many senior executives in the private sector from serving in the Department. To irreparably damage one's current, and potential, financial position is not a very motivating prospect to many.
- The recruitment of high performing individuals has been exacerbated due to the recently imposed two year post-government employment restrictions enumerated in § 1045 of the FY18 NDAA (a summary of which is at **TAB L**). These restrictions also prohibit an impacted individual from providing internal advice to industry even if there is no representation back to the DoD. This impacts certain departing senior civilian officials, officers and flag and general officers and senior civilian equivalents. These restriction are in addition to, and in places at odds with, the long standing restrictions in 18 U.S.C. § 207.
- Talent management techniques in DoD are woefully behind the times, exacerbated by an antiquated hiring process and encumbered by "one size fits all" rules and procedures. Talent management is not seen as a priority and runs counter to the NDS focus on creating a "modern, agile, information-advantaged Department" requiring a "motivated, diverse, and highly skilled civilian workforce."¹⁴

¹⁴ Summary of the 2018 National Defense Strategy of the United States of America, pg 7. The Pentagon, Washington, DC. <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>

- There are several Defense industry-government exchange programs available, but relatively few focus on acquisition: Intergovernmental Personnel Agreement (IPA), Highly Qualified Expert (HQE), and Fellowships. A list of federal Industry-Government Exchange Programs is at **TAB N**.
- The most institutionalized DoD exchange program is the Secretary of Defense Executive Fellows Program, established in 1995. This program is overseen by the Undersecretary of Defense for Personnel and Readiness and is designed for military officers in the grades O-6 and O-5 (a breakdown by rank and service component is at **TAB O**). These officers are sent to spend a year working in a private sector corporation (Listed in **TAB P**).
 - The program is a one-way exchange, there is no equivalent exchange by private sector employees in the program.
 - Given the DoD has 1.3 million men and women serving on active duty, employs 700,000 civilians, and has 800,000 serving in the reserve components, sending less than 20 individuals to be educated in private sector corporate knowledge is woefully insufficient.



- The Undersecretary of Defense for Acquisitions and Sustainment recently began the Public-Private Talent Exchange Program that was authorized in NDAA FY17, § 1104 “Public-Private Talent Exchange.” The Office of Human Capital Initiatives¹⁵ is leading the effort to implement it.

¹⁵ <http://www.hci.mil/about-us.html>

- The program is intended to provide temporary assignment of DoD employees to a private-sector organization, and employees from a private-sector organization be assigned to a DoD organization.
 - The pilot launched in January 2019 with 13 total participants (7 from industry, and 6 from government). This acquisition-focused pilot program will enable participants to gain a better understanding of business operations, and share innovative best practices.
 - Private sector participation: Boeing, Lockheed Martin, Raytheon, Guidehouse, Booz Allen Hamilton, General Dynamics, Northrup Grumman, and Deloitte.
 - DoD Components participating: Army, Navy, Air Force, DLA, MDA, and SOCOM.
 - Estimated cost for the DoD participants in \$250K.
- The Defense Acquisition University (DAU) is an organizational leader within DoD in the gathering, analysis, and sharing of government and industry acquisition proven practices that improve contract performance. DAU does this by aggressively implementing the following methodologies:
 - Designs, develops, and implements full acquisition life-cycle learning scenarios into real-world case studies that challenge acquisition and mission owners to exercise critical thinking skills in dynamic, interactive learning environments (classroom, on line, and on the job).
 - Trains significant numbers of defense industry students via on-line and resident\instructor-led DAU courses and thus enables mutual sharing of ideas and DoD proven practices. A summary of the FY2017 and 2018 graduate data is as follows:

Service Breakout	Class Type	FY2017		FY2018	
		Student Attendees (Inputs)	Grads	Student Attendees (Inputs)	Grads
Industry	Classroom	186	181	249	238
Industry	Distance Learning	13,136	7,933	13,895	8,132
Industry	Continuous Learning	14,535	12,717	16,946	14,198
Total		27,857	20,831	31,090	22,568

Source: Defense Acquisition University

- Select DAU faculty members attend defense industry-designed courses which deliver senior level, best-in-class, program management in-residence training. This facilitates the cross-pollination of industry-proven practices into DoD acquisition workforce training courses. Over the last two years, DAU has sent 38 curriculum development and classroom faculty to the following learning courses to bring industry's best proven practices content back to DAU's curricula.
 - Boeing's Program Managers Workshop
 - Lockheed Martin's Program Management Institute
 - Raytheon's Principles of Program Leadership

The IRT's observations and findings point to the Department having significant equities in several critical high technology fields; however, it possesses insufficient resident expertise in those areas due to several factors. Robust steps are required to obtain the necessary expertise to restore its technological edge over competitors and rivals. Those current programs offering exchanges should be considered for amalgamation into a broader, more far reaching program, centrally managed, and offered DoD-wide to civilians and military members.

RECOMMENDATIONS

The IRT found that needed changes cross a broad spectrum – legislation, regulation, administration, and culture. The following recommendations are arranged as such: 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.

- 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.
- 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.
- The Secretary of Defense should also direct these leaders to identify what current and future technologies are needed to remain competitive.
- Those two tasks should have the highest priority and leadership focus.
- This effort should be measured against what our peer competitors are doing, not simply a chance to say “we need even more...”

Congress: Statutory Change

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.

The Military has long accepted Doctors and Lawyers into uniformed military service in other than Line Officer positions and granted “credit” for post graduate level education toward their military credentials. Direct commissions and rank acceleration are the norm.

In the technological fields of cyber and space, the civilian public sector / private industry workforce is better trained and better compensated by their employers. This poses significant challenges to the military recruitment and retention models for those who enter military service.

The Military Services should expand the direct accession program and grant credit for civilian experience and certifications to highly qualified individuals interested in military service. Differences in legal authorities and operational tasks should be taught as transition training and not as full pipeline or initial skills training programs.

Research and recommendations into this effort could be gained from the Reserve Forces Policy Board.

- Individuals serving should be unburdened and unencumbered by professional or joint service requirements in a similar manner as health professionals.
- Establishing 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.

- Congress should examine employing a far more balanced OGE approach for crucial jobs in the DoD.
- Statute should be crafted to ensure the continuing financial and ethical integrity within all exchange programs and for private sector leaders who choose to serve in the Department.
- Furthermore, such statute should 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.
- The IRT feels the long standing title 18 restrictions satisfactorily cover ethical standards of conduct and “revolving door” considerations.

Congress: Statutory Change

Examine and either eliminate entirely (or loosen considerably) the post-employment restrictions found in § 1045 of the FY18 NDAA.¹⁶

¹⁶ § 971 title 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).

- This new statute inhibits internal advice and representation, causing many companies to interpret the law to restrict former military personnel from any involvements with matters associated with DoD even if their potential job does not require any representation back to DoD.
- This statute greatly deters the types of private sector personnel needed from seeking positions in DoD.
- Again, the IRT feels the long standing title 18 restrictions satisfactorily cover ethical standards of conduct, positing that § 971 title 10 U.S.C. is unnecessarily prohibitive.

Congress: Process/Cultural Change

The SASC imposes its own set of ethics and financial divestiture rules upon DoD presidential appointees which are not extant for any other federal agency and not required by statute or the OGE. These non-statutory requirements are overly restrictive and serve to inhibit service and delay the speed to nominate, confirm, and appoint.

- Adjusting those unique requirements and procedures in regards to personal holdings divestiture will 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 conflict of interest issues that could arise.

DoD: Process Change

The Department should 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. To add greater breadth and depth of programs to bring technology expertise and talent in, DoD should begin:

- Implementing an alternative pay and compensation structure to make senior acquisition and technology positions more attractive.
- Mitigating complicated and costly financial divestment requirements that greatly reduce individual and family net wealth.
- Establishing 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.
- Establishing meaningful follow-on assignments for those DoD members completing exchange assignments so that the Department can leverage on their recently acquired expertise.
- Changing 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

Standardize the management of legal, ethical, and financial requirements for reserve components members who maintain civilian employment in the defense industry. Specifically, the IRT recommends synthesizing 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.

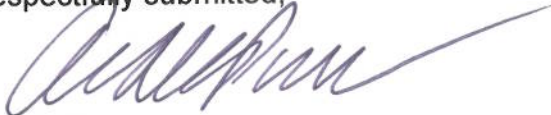
DoD: Budget Change

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.

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.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Arnold Punaro', with a long, sweeping horizontal line extending to the right.

Arnold Punaro
IRT Chairman



Defense Business Board

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Defense Business Board

TAB A

FY19 NDAA LEGISLATION



Excerpt from
2019 National Defense Authorization Act, Public Law No: 115-232
signed by the President of the United States on August 13, 2018

SEC. 883. Establishment of integrated review team on defense acquisition industry-government exchange.

(a) Study.—

(1) IN GENERAL.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall direct the Defense Business Board to convene an integrated review team (in this section referred to as the “exchange team”) to undertake a study on facilitating the exchange of defense industry personnel on term assignments within the Department of Defense.

(2) MEMBER PARTICIPATION.—

(A) DEFENSE BUSINESS BOARD.—The Chairman of the Defense Business Board shall select six members from the membership of the Board to participate on the exchange team, including one member to lead the team.

(B) DEFENSE INNOVATION BOARD.—The Chairman of the Defense Innovation Board shall select five appropriate members from the membership of their Board to participate on the exchange team.

(C) DEFENSE SCIENCE BOARD.—The Chairman of the Defense Science Board shall select five appropriate members from the membership of their Board to participate on the exchange team.

(D) REQUIRED EXPERIENCE.—The Chairmen referred to in subparagraphs (A) through (C) shall ensure that members have significant legislative or regulatory expertise and reflect diverse experiences in the public and private sector.

(3) SCOPE.—The study conducted pursuant to paragraph (1) shall—

(A) review legal, ethical, and financial disclosure requirements for industry-government exchanges;

(B) review existing or previous industry-government exchange programs such as the Department of State’s Franklin Fellows Program and the Information Technology Exchange Program;

(C) review how the military departments address legal, ethical, and financial requirements for members of the reserve components who also maintain civilian employment in the defense industry;

(D) produce specific and detailed recommendations for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches, that the members of the exchange team conducting the study determine necessary to—

(i) reduce barriers to industry-government exchange to encourage the flow of acquisition best practices;

(ii) ensure continuing financial and ethical integrity; and

(iii) protect the best interests of the Department of Defense; and

(E) produce such additional recommendations for legislation as the members consider appropriate.

(4) **ACCESS TO INFORMATION.**—The Secretary of Defense shall provide the exchange team with timely access to appropriate information, data, resources, and analysis so that the exchange team may conduct a thorough and independent analysis as required under this subsection.

(b) **Briefing.**—Not later than December 31, 2018, the exchange team shall provide an interim briefing to the congressional defense committees on the study conducted under subsection (a)

(c) **Final report.**—Not later than March 1, 2019, the exchange team shall submit a final report on the study to the Under Secretary of Defense for Acquisition and Sustainment and the congressional defense committees.



Defense Business Board

TAB B

BIOGRAPHIES OF THE IRT MEMBERS



Arnold L. Punaro - IRT Chairman

Arnold Punaro is chief executive officer of The Punaro Group, LLC, a Washington-based firm he founded in 2010 specializing in federal budget and market analysis, business strategy and capture, acquisition due diligence, government relations, communications, sensitive operations, business risk analysis and compliance, and crisis management. He consults for a broad array of Fortune 100 companies and has been recognized by *Defense News* as one of the 100 most influential individuals in U.S. Defense.

In November 2015, Mr. Punaro completed a two-year term as the Chairman of the National Defense Industrial Association, the country's largest defense industry association with over 1,600 corporate and 91,000 individual members. He is Chairman of the Reserve Forces Policy Board, which serves as an independent advisor to the Secretary of Defense on Reserve and National Guard matters.

He served on the Defense Business Board (DBB) as a founding member at its inception in 2002 until 2013. He resumed serving on the DBB in 2015. From 2005 to 2008, he was the Chairman of the Independent Commission on the National Guard and Reserves. He also served as a task force member for the U.S. Special Envoy for Middle East Regional Security in 2008, a Commissioner on the Independent Commission on the Iraqi Security Force in 2007, Deputy Executive Director of the U.S. Commission on National Security/21st Century from 1998 to 2001, and chaired the Defense Reform Task Force for Secretary of Defense William Cohen in 1997.

As an executive vice president at Science Applications International Corporation (SAIC) from 1997 to 2010, Mr. Punaro served as a sector manager, deputy president of the Federal Business Segment, and led SAIC's Corporate Business Development organization. He was the senior corporate official responsible for SAIC's government affairs, worldwide communications and support operations, to include crisis and risk management, as well as general manager of their Washington operations and supervisor of SAIC's corporate Small and Disadvantaged Business office.

From 1973 to 1997, Mr. Punaro worked for Senator Sam Nunn in national security matters. He served as his director of National Security Affairs and then as Staff Director of the Senate Armed Services Committee (eight years) and Staff Director for the Minority (five years). In his work with Senator Nunn and the Senate Armed Services Committee, he was involved in the formulation of all major defense and intelligence legislation, the oversight and review of all policy and programs, and civilian and military nominations.

A retired U.S. Marine Corps Major General, he served as the Director of the Marine Corps Reserve, Deputy Commanding General, Marine Corps Combat Development Command (Mobilization), and for three years as the Commanding General of the 4th Marine Division.

Other assignments were Commanding General, Marine Corps Mobilization Command, and Deputy Commander, Marine Forces Reserve. In December 1990, he was mobilized for Operation Desert Shield. In December 1993, he completed a tour of active duty as Commander of Joint Task Force Provide Promise (Forward) in the former Yugoslavia. He was mobilized for a third time in May 2003 in support of Operation Enduring Freedom and Operation Iraqi Freedom. He served on active duty as an Infantry Platoon Commander in Vietnam where he was awarded the Bronze Star for valor and the Purple Heart.

He is on the Board of Advisors for the Center for a New American Security, Senior Adviser at the Center for Strategic and International Studies, and a visiting scholar at the Bipartisan Policy Center. He serves on the non-profit boards of the Atlantic Council, the University of Georgia's School of Public and International Affairs, the Maxwell School of Citizenship and Public Affairs at Syracuse University, and the Georgia Institute of Technology Sam Nunn School of International Affairs.

Mr. Punaro is the recipient of numerous recognitions including the Secretary of Defense Medal for Distinguished Public Service and two awards of the Secretary of Defense Medal for Exceptional Public Service. He received the Marine Corps League's Iron Mike Award in 1993 for "exceptionally outstanding service" and "unwavering commitment" for over 20 years to "ensuring a strong national defense." He has received the Air Force Association's Exceptional Service Award, the National Guard Minuteman Award, the Army's Meritorious Public Service Medal, the Secretary of the Army Public Service Award, the Reserve Officers Association's Minuteman of the Year Award, the Marine Corps Scholarship Foundation Commandants Award, and was the recipient of the SAIC's "Founders Award" and two special CEO awards. He has over 20 military awards and decorations to include the Distinguished Service Medal as well as numerous civic awards.

He has a Masters of Arts degree from the University of Georgia and a Masters of Arts degree from Georgetown University, the latter in national security studies. He was on the Adjunct Faculty of the Walsh School of Foreign Service at Georgetown University for ten years where he taught an annual graduate level course entitled "National Security Decision Making."

Mr. Punaro is the author of the book, *On War and Politics: The Battlefield Inside Washington's Beltway*, that was published by the Naval Institute Press in October 2016.

Michael Bayer

Mr. Michael J. Bayer is the President and CEO of Dumbarton Strategies, Washington, D.C., which provides strategic advice within the energy and national security sectors.

Mr. Bayer has extensive governance experience, having served on many public and private company boards. He is currently serving as a Director of Siga Technologies, Beretta Holdings, Sprint Energy, NRCG and Northstar Group Holdings. He is also a member of the Defense Science Board and the Chief of Naval Operations Executive Panel.

Mr. Bayer's previous U.S. Government service included appointments as the Chairman of the Defense Business Board, a member of the Sandia National Laboratory's National Security Advisory Panel, a member of the Board of Visitors of the United States Military Academy, Chairman of the Army Science Board, a member of the U. S. Naval War College Board of Visitors, a member of the Naval Post Graduate School Advisory Board, a member of the Sandia Nuclear Weapons External Advisory Board, Chairman of the Secretary of Air Force's Advisory Group, and a member of the U.S. European Command Senior Advisory Group. He received numerous commendations for this service, among them four Defense Distinguished Service Medals, two Navy Distinguished Service Medals, and the Army Distinguished Service Medal.

Earlier in his career he was Counsel to a senior member of the U.S. House of Representatives, Deputy Assistant Secretary at the U.S. Department of Energy, Malcolm Baldrige's Associate Deputy Secretary of Commerce, Counselor to the United States Synthetic Fuels Corporation, Counselor to President Bush's Commission on Aviation Security and Terrorism, and the Federal Inspector for the Alaska Natural Gas Transportation System.

Michael Bayer's education includes a Bachelor of Science in International Economics, a Master of Business Administration and a Juris Doctor.

Dr. Adam M. Grant, Ph.D.

Adam Grant is Wharton School of Business, University of Pennsylvania's top-rated professor and a leading expert on work motivation, culture, and collaboration. He is the New York Times bestselling author of two books that have been translated into 35 languages. *Give and Take* was featured in Oprah's riveting reads and Harvard Business Review's ideas that shaped management, and *Originals* was #1 national bestseller on championing new ideas and fighting groupthink praised by J.J. Abrams, Richard Branson, Malcolm Gladwell, and Sheryl Sandberg.

Adam has been recognized as one of the world's 25 most influential thinkers and one of Fortune's 40 under 40. He has earned distinguished scientific contribution awards from the American Psychological Association and the National Science Foundation. His speaking audiences range from TED to the World Economic Forum, and his consulting clients include Facebook, Google, the NBA, Merck, Goldman Sachs, and the U.S. Army and Navy.

Adam received his B.A. from Harvard and his Ph.D. in organizational psychology from the University of Michigan. He is a former junior Olympic springboard diver.

Reid Hoffman

Mr. Reid Hoffman is the Co-Founder and Executive Chairman of LinkedIn Partner at Greylock Partners.

An accomplished entrepreneur, executive, and investor, Reid has played an integral role in building many of today's leading consumer technology businesses, including LinkedIn and PayPal. He possesses a unique understanding of consumer behavior and the dynamics of viral businesses, as well as deep experience in driving companies from the earliest stages through periods of explosive, "blitzscale" growth.

Reid co-founded LinkedIn, the world's largest professional networking service, in 2003. LinkedIn is thriving with more than 450 million members around the world and a diversified revenue model that includes subscriptions, advertising, and software licensing. He led LinkedIn through its first four years and to profitability as Chief Executive Officer.

Prior to LinkedIn, Reid served as executive vice president at PayPal, where he was also a founding board member.

Reid joined Greylock Partners in 2009. He focuses on building products that can reach hundreds of millions of participants and businesses that have network effects. He currently serves on the boards of Airbnb, Edmodo, Xapo, LinkedIn, Convoy, and a few early stage companies still in stealth. In addition, he serves on a number of not-for-profit boards, including Kiva, Mozilla Corporation, Endeavor, and Do Something. Prior to joining Greylock, he angel invested in many influential Internet companies, including Facebook, Flickr, Last.fm, and Zynga.

Reid is the co-author of two New York Times best-selling books: *The Start-up of You* and *The Alliance*. His next book is focused on "blitzscaling", based on his Stanford course of the same name.

Reid earned a master's degree in philosophy from Oxford University, where he was a Marshall Scholar, and a bachelor's degree with distinction in symbolic systems from Stanford University. In 2010 he was the recipient of an SD Forum Visionary Award and named a Henry Crown Fellow by The Aspen Institute. In 2012, he was honored by the Martin Luther King center's Salute to Greatness Award. Also in 2012, he received the David Packard Medal of Achievement from TechAmerica and an honorary doctor of law from Babson University.

Walter Isaacson

Walter Isaacson is the president and CEO of the Aspen Institute, a nonpartisan educational and policy studies institute based in Washington, DC. He has been the chairman and CEO of CNN and the editor of TIME magazine.

Isaacson's most recent book, *The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution* (2014) is a biographical tale of the people who invented the computer, Internet and the other great innovations of the digital age.

He is the author of *Steve Jobs* (2011), *Einstein: His Life and Universe* (2007), *Benjamin Franklin: An American Life* (2003), and *Kissinger: A Biography* (1992), and coauthor of *The Wise Men: Six Friends and the World They Made* (1986).

Isaacson was born on May 20, 1952, in New Orleans. He is a graduate of Harvard College and of Pembroke College of Oxford University, where he was a Rhodes Scholar. He began his career at The Sunday Times of London and then the New Orleans Times-Picayune. He joined TIME in 1978 and served as a political correspondent, national editor, and editor of digital media before becoming the magazine's 14th editor in 1996. He became chairman and CEO of CNN in 2001, and then president and CEO of the Aspen Institute in 2003.

He is chair emeritus of Teach for America, which recruits recent college graduates to teach in underserved communities. From 2005-2007 he was the vice-chair of the Louisiana Recovery Authority, which oversaw the rebuilding after Hurricane Katrina. He was appointed by President Barack Obama and confirmed by the Senate to serve as the chairman of the Broadcasting Board of Governors, which runs Voice of America, Radio Free Europe, and other international broadcasts of the United States, a position he held from 2009 to 2012. He is a member of the American Academy of Arts and Sciences and serves on the board of United Airlines, Tulane University, the Overseers of Harvard University, the New Orleans Tricentennial Commission, Bloomberg Philanthropies, the Society of American Historians, and the Carnegie Institution for Science, and My Brother's Keeper Alliance.

Paul G. Kaminski

Dr. Paul G. Kaminski is Chairman and CEO of Technovation, Inc., a small consulting company dedicated to fostering innovation, and to the development of business and investment strategies related to the application of advanced technology in the aerospace and defense sectors.

Dr. Kaminski served as the Under Secretary of Defense for Acquisition and Technology from October 3, 1994 to May 16, 1997. He was responsible for all Department of Defense (DoD) research, development, and acquisition programs. He also had responsibility for DoD logistics, environmental security, international programs, the defense industrial base, and military construction. The annual budget for these entities exceeded \$100 billion.

Dr. Kaminski has had a continuing career involving large program management, and the development and application of advanced technology in both the private and public sectors. He served as Chairman and Chief Executive Officer of Technology Strategies and Alliances, a technology - oriented investment banking and consulting firm. He has served as a consultant and advisor to a wide variety of government agencies and as chairman, director or trustee of several defense and technology oriented companies.

His previous government experience includes a 20-year career as an officer in the U.S. Air Force. During 1981-1984, he served as Director for Low Observables Technology, with responsibility for overseeing the development, production and fielding of major "stealth" systems (e.g., F-117, B-2). He also led the initial development of a National Reconnaissance Office space system and related sensor technology.

Dr. Kaminski has served on the President's Intelligence Advisory Board, the FBI Director's Advisory Board, the Director of National Intelligence Senior Advisory Group, the Senate Select Committee on Intelligence Technical Advisory Board, and the National Academies Air Force Studies Board. He currently serves on the Defense Science Board (which he has chaired twice). He is a member of the National Academy of Engineering, a Fellow of the Institute for Electrical and Electronics Engineers, and a Fellow and an Honorary Fellow of the American Institute of Aeronautics & Astronautics. He has chaired the board of the RAND Corporation, served as a Director of General Dynamics, and currently chairs the boards of Exostar, HRL (formerly the Hughes Research Labs), and Seagate Government Solutions. He is a Director of MITRE, Bay Microsystems, CoVant Technologies, LGS Innovations, the Johns Hopkins Applied Physics Lab, and the USAF Academy Endowment. He serves as an advisor to the MIT Lincoln Laboratory, and has authored publications dealing with inertial and terminal guidance system performance, simulation techniques, Kalman filtering and numerical techniques applied to estimation problems.

Dr. Kaminski has received the following awards: The National Medal of Technology, Department of Defense Medal for Distinguished Public Service (5 awards), Defense Distinguished Service Medal, Director of Central Intelligence Director's Award, Defense

Intelligence Agency Director's Award, Legion of Merit with Oak Leaf Cluster, Air Force Academy 2002 Distinguished Graduate Award, the Ronald Reagan Award for Missile Defense, the Perry Award for precision strike, the Reed award for Aeronautics, the Netherlands Medal of Merit in Gold, the French Republic Legion d'Honneur, the SPIE Lifetime Achievement award, the Air Force Systems Command Scientific Achievement Award, and many others. He has been recognized as a Pioneer of National Reconnaissance and a Pioneer of Stealth.

Dr. Kaminski received a Bachelor of Science from the Air Force Academy, Master of Science degrees in both Aeronautics and Astronautics and in Electrical Engineering from the Massachusetts Institute of Technology, and a Ph.D. in Aeronautics and Astronautics from Stanford University.

Paul Kern

General Paul J. Kern, US Army (Retired), is a Senior Counselor with The Cohen Group (TCG) and Chairman of the Board of Advanced Functional Fabrics of America (AFFOA). He served as President and Chief Operating Officer of AM General from August 2008 through January 2010 and is currently a Director with LGS Innovations, and a member of the CoVant Board of Managers and member of the TenCate Advanced Armour Advisory Board.

Since retiring from the Army in 2005, he has held the Class of 1950 Chair for Advanced Technology at West Point, was Vice President for Batelle, and a Director on the Anteon, EDO, ITT, Exelis and iRobot Corporation Boards.

General Kern retired after almost 38 years with the US Army as the Commanding General of the Army Materiel Command. The command of more than 50,000 personnel has worldwide responsibility for supply and maintenance support to the Department of Defense, manages the Army depot system, and conducts research for all ground and rotary wing equipment. In June 2004, the Secretary of Defense tapped General Kern to lead the military's internal investigation into the abuses at the Abu Ghraib prison in Iraq, a compelling assignment that he handled with integrity and resolve. Previously he served four years as the Department of the Army Military Deputy for Research, Development, and Acquisition. From 1996-1997 he was the Commanding General of the 4th Infantry Division (Mechanized) where they developed the organization, tactics, techniques, and equipment implemented in today's networked force. From 1993 to 1996 he was the senior Military Assistant for Secretary of Defense Bill Perry and played a key role in international deliberations in South America, the former Soviet Union, the Middle East, and the Balkans. In 1991 he led the 2d Brigade of the 24th Infantry Division in the attack into Iraq. He began his career commanding operational units as a platoon leader and troop commander in the Blackhorse Regiment in Vietnam.

General Kern graduated from West Point in 1967 with a Bachelor of Science degree. He holds Master Degrees in Civil and Mechanical Engineering from the University of Michigan and was elected to the National Academy of Engineering in 2006. He was a National Security Fellow at the J.F. Kennedy School, Harvard University and is currently a member of the Defense Science Board.

He has a unique career which blends technical expertise, combat operations, program management, policy development, and advisor to senior political leaders.

Marne Levine

Marne Levine is Chief Operating Officer of Instagram, a community of more than 700 million who use the social platform to bring them closer to the people and things that they care about most. She is responsible for helping to scale the company's business and operations globally.

Marne joined Instagram from Facebook, where she served as Vice President of Global Public Policy from 2010 to 2014. In this role, Marne led the company's global public policy strategy, working with governments and organizations to foster understanding and support for Facebook's innovative technology. Marne also led the team responsible for developing Facebook's global policies and programs.

Prior to Facebook, Marne served in the Obama Administration as Chief of Staff of the National Economic Council (NEC) at the White House and Special Assistant to the President for Economic Policy. Previously, Marne was Director of Product Management for Revolution Money and Chief of Staff for Harvard University President Larry Summers. Marne began her career in 1993 at the United States Department of Treasury under President Bill Clinton where she held a number of leadership positions. She is a member of the Defense Innovation Board.

Marne holds a B.A. in political science and communications from Miami University and an M.B.A. from the Harvard Business School. She serves on the Board of Directors for Chegg along with several not for profits including Lean In.org, the Urban Institute, Women for Women International, LIFT, National Endowment for Democracy, and the American Council on Germany and is a member of the Trilateral Commission. She resides in Menlo Park, CA with her husband and two sons.

Jim Miller

Dr. James N. Miller is a senior fellow at Johns Hopkins University's Applied Physics Lab, as well as at Harvard University's Belfer Center for Science and International Affairs. He also is President of Adaptive Strategies, LLC, which provides consulting to private sector clients on technology trends and international engagement. Dr. Miller serves on the Board of Directors for The Atlantic Council, and on the Board of Advisors for the Center for a New American Security. He is a member of the Council on Foreign Relations and the International Institute for Strategic Studies.

As Under Secretary of Defense for Policy from 2012 to 2014, Dr. Miller served as the principal civilian advisor to Secretaries Leon Panetta and Chuck Hagel on strategy, policy, and operations, and as DoD's Deputy for National Security Council policy-making and crisis management. Dr. Miller served as Principal Deputy Under Secretary of Defense for Policy under Secretaries Robert Gates and Leon Panetta from 2009 to 2012. For his contributions in government, he was awarded the Department of Defense's highest civilian award, the Medal for Distinguished Public Service, four times. He is currently a member of the Defense Science Board.

Dr. Miller served previously in government from 1997 to 2000 as Deputy Assistant Secretary of Defense for Requirements, Plans and Counterproliferation Policy under Secretary William Cohen, and from 1988 to 1992 as senior professional staff member for the House Armed Services Committee where he worked for Chairman Les Aspin. Previous positions outside government include serving as Senior Vice President and Director of Studies at the Center for a New American Security from 2007 to 2009; Vice President and then Senior Vice President at Hicks and Associates, Inc. from 2001 to 2007; and Assistant Professor of Public Policy at Duke University from 1992 to 1997.

Dr. Miller received a B.A. degree with honors in economics from Stanford University, where he played varsity tennis. He earned Master's and Ph.D. degrees in public policy from the John F. Kennedy School of Government at Harvard University.

John M. B. O'Connor

John M. B. O'Connor is Chairman of J.H. Whitney Investment Management, LLC (an alternative investment firm), a position he has held since January 2005.

From January 2009 through March 2011, he served as Chief Executive Officer of Tactronics Holdings, LLC (a Whitney Capital Partners portfolio holding company that provided tactical integrated electronic systems to U.S. and foreign military customers as well as the composite armor solutions for military vehicles through its Armostruxx division). Previously, Mr. O'Connor was Chairman of JP Morgan Alternative Asset Management, Inc. (part of the investment manager arm of JP Morgan) and an Executive Partner of JP Morgan Partners (a private equity firm). He was also a member of the Risk Management Committee of JP Morgan Chase, which was responsible for policy formulation and oversight of all market and credit risk taking activities globally.

Mr. O'Connor serves on the Board of Directors, Audit Committee and Corporate Governance Committee of Olin Corporation, since January 2006 and is a designated financial expert. Mr. O'Connor is a member of the Board of Directors at Integrico, Inc. (a privately held specialized composite products manufacturer) and is also on the Advisory Board of Global Guardian LLC, an International Security Firm.

Mr. O'Connor serves as the Civilian Aide to the Secretary of the Army (CASA) for New York (South), a position to which he was appointed in September 2014. Mr. O'Connor serves as a member of the Department of Defense Business Board to which he was appointed in 2015. He is a member emeritus of the Air Force Chief of Staff Civilian Leaders Board. He previously served as a member of the Senior Advisors Panel of both the United States European Command and the United States Southern Command. He also serves on the advisory boards of New York Green Bank, Cornell University College of Veterinary Medicine, and Grayson-Jockey Club Research Foundation. He is also Chairman of the American Friends of the Clock Tower Fund (a not-for-profit organization that supports active duty UK 22-SAS regiment members and their families).

Mr. O'Connor earned a bachelor's degree in economics from Tulane University and a master's in business administration degree from Columbia University Graduate School of Business.

Mr. O'Connor is a recipient of the Secretary of the Air Force Distinguished Public Service Award.

Jennifer Pahlka

Jennifer Pahlka is the founder and executive director of Code for America. She recently served as the U.S. Deputy Chief Technology Officer in the White House Office of Science and Technology Policy, where she architected and helped found the United States Digital Service.

She is known for her TED talk, Coding a Better Government, and is the recipient of several awards, including MIT's Kevin Lynch Award, the Oxford Internet Institute's Internet and Society Award, and the National Democratic Institute's Democracy Award.

She spent eight years at CMP Media, where she ran the Game Developers Conference, Game Developer magazine, Gamasutra.com, and the Independent Games Festival. Previously, she ran the Web 2.0 and Gov 2.0 events for TechWeb, in conjunction with O'Reilly Media.

Ms. Pahlka is a graduate of Yale University and lives in Oakland, California with her daughter, husband, and seven chickens.

Bill Simon

Bill was President and CEO of Walmart U.S. from 2010 to 2014. When he joined the company in 2006, he led the team that created and launched Walmart's \$4 prescription drug program. In 2007, Bill was named COO for Walmart U.S and held that position until he was appointed President and CEO. As CEO, Bill was responsible for over \$280 Billion in revenue and 1.2 million associates. Additionally, he has been a major driver in the resurgence of US manufacturing. He developed and led Walmart's initiative to buy \$250 billion in US manufactured products. A passionate supporter of veterans, Bill was instrumental in the company's pledge to hire any returning veteran.

Prior to joining Walmart, Bill held several senior positions; Brinker International, Diageo, Cadbury-Schweppes, PepsiCo and RJR-Nabisco. He also served in the public sector as Secretary of the Florida Department of Management Services appointed by Governor Jeb Bush. Bill was responsible for the state's operations and administrative functions, including health care benefits, human resources, the Florida retirement system, facilities management and real estate.

Bill is currently a senior advisor to the investment firm KKR and serves on the Board of Directors of Darden Restaurants, Inc. and Chico's FAS. He is a Member of the Baylor University Board of Regents as well as Executive in Residence and a member of the Faculty of the Baylor School of Business. He is Chairman of the Defense Business Board.

He is also active politically, serving as the Treasurer and Chief Financial Officer for JEB! 2016.

Bill served 25 years in the U.S. Navy and Naval Reserves. While on active duty, he received commendations for combat service in the Grenada conflict as well as service as part of a Multi-National Peacekeeping force in Beirut, Lebanon. As a reservist, he was the Commanding Officer of a Mobile Mine Assembly Group and Executive Officer aboard a Minesweeper.

Bill attended the University of Connecticut, where he earned a Bachelor of Arts in economics and an MBA in management. He has been married to his wife Tammy Simon for over 30 years.

Dr. Cynthia M. Trudell

Cynthia M. Trudell was formerly Executive Vice President, Human Resources and Chief Human Resources Officer of PepsiCo serving from February 2007 until September 2017. PepsiCo is a global food & beverage company operating in 200 countries with approximately 260,000 employees and \$63B in revenue.

In this role, Dr. Trudell was responsible for PepsiCo's global Human Resources function and the company's human capital management strategy. She partnered with PepsiCo's business leaders around the world to develop the talent, leadership and operating models required to foster differentiated innovation and drive sustainable growth and productivity.

Prior to joining PepsiCo, from 2001-2006, Dr. Trudell served as President of Sea Ray Group, a wholly owned subsidiary of Brunswick Corporation with accountability for the Sea Ray, Boston Whaler and Baja powerboat brands. From 1981-2001, she worked for General Motors (GM), initially in a variety of engineering and manufacturing managerial roles, including as plant manager at the St. Catherine's Engine and Foundry operations in Ontario, Canada and the Wilmington Car Assembly Center in Delaware, US. Later, Trudell assumed the following general management roles: President of IBC Vehicles, a joint venture between GM and Isuzu based in Luton, England, and Vice President of GM and Chairman and President of Saturn Corporation, a wholly owned subsidiary of GM. She began her career in 1979 with the Ford Motor Company as a chemical process engineer.

Dr. Trudell currently serves on the ISS Board of Directors, a global facility service provider headquartered in Copenhagen, Denmark. Previously, Trudell served on the PepsiCo Board of Directors from 2000 to 2007 when she resigned to accept the HR management position; the Canadian Imperial Bank of Commerce Board of Directors from 2005 to 2007; and the Pepsi-Cola Bottling Group (PBG) Board of Directors from 2008 to 2010, prior to PBG's merger with PepsiCo. She is a member of the Defense Business Board.

Dr. Trudell resides in Armonk, N.Y with her husband.

Education and Executive Development:

- Bachelor of Science (Chemistry), Acadia University, Wolfville, Nova Scotia
- Doctorate (Physical Chemistry), University of Windsor, Windsor, Ontario
- Harvard Program for Management Development, Cambridge, MA

David Van Buren

Mr. David M. Van Buren has more than 30 years of business experience in the Air Force, large defense corporations, and private equity owned small and medium aerospace and commercial high-technology firms. These technology areas included hyperspectral imaging; laser communications; alternative power sources; avionics; high-speed processing; compound semi-conductors; and satellite power systems.

Mr. Van Buren was appointed Corporate Senior Vice President for Business Strategy in April 2012. Prior to joining L-3 Communications Corporation, Mr. Van Buren was the Air Force Service Acquisition Executive (SAE) from April 2009 to March 2012. He was responsible for all Air Force research, development and acquisition activities. Mr. Van Buren directed approximately \$70 billion of annual investments that included major programs like the KC-46A Tanker, F-35 JSF, Advanced Extremely High Frequency Satellite, Evolved Expendable Launch Vehicle, Global Positioning System Satellite and weapons, as well as capability areas such as information technology, cyber, command and control and intelligence, surveillance and reconnaissance systems. He executed the roughly \$300 billion five-year Air Force investment strategy to acquire systems and support services.

Among Mr. Van Buren's CEO experience in high technology firms, he successfully transitioned TECSTAR, a small business, to being named one of the top 50 space manufacturers in the world by Space News. Prior to that, he was Vice President and Deputy Program Manager for the B-2 bomber at Northrop Corporation, and Project Manager on several classified airborne platforms, including the F-117A, and satellite platforms at Lockheed. Prior to his tenure at Lockheed, he served on active duty in the Air Force for nine years, including two operational tours in Southeast Asia.

In 2012, Mr. Van Buren was presented the highest civilian honors in both the Department of Defense (Medal for Distinguished Public Service) and Air Force (Decoration for Exceptional Civilian Service). In 2013, Mr. Van Buren was appointed to the Defense Science Board by the Secretary of Defense.

Atul Vashistha

Recognized globally as one of the leading experts on globalization, technology, sourcing and governance, Atul was named to Consulting Magazine's "Top 25 Most Influential Consultants" and "Top 6 IT Powerbrokers". Globalization Today recognized Atul as an "Industry Most Influential Powerhouse 25", and Near Shore Americas recognized him as one of the "Power 50." Additionally, Atul's company, NeoGroup, has been recognized multiple times by IAOP as one of World's Best Advisors, and in 2018 Atul himself was inducted into the prestigious IAOP Hall of Fame. Shared Assessments recognized Atul in 2018 with its Evangelist Award. Atul is the author of three books: *Globalization Wisdom*, *Outsourcing Wisdom* and *The Offshore Nation*.

Atul is the Founder and Chairman of NeoGroup & Supply Wisdom, founded in 1999 and 2012, respectively. Atul is also the visionary behind SourcingExecutives.org and AutomationBoard.org.

Media and Wall Street analysts at CNN, ABC, CNBC, Wells Fargo, Goldman Sachs, Fortune, Forbes, Business Week, Wall Street Journal, Investors Business Daily, Economist, CIO, CFO and other global organizations seek Atul's expert opinion. Atul continues to be a vocal proponent of globalization and has taken on the critics, such as Lou Dobbs on his former "Exporting America" segment on CNN. He is also a frequent contributor to other magazines such as Fortune, CFO, WSJ and Business Finance. Atul writes ongoing columns for Outsourcing, Global Decisions, Pulse and Global Services.

Atul is honored to serve on the Boards of U.S. Department of Defense's Defense Business Board, LatAm Alliance, Shared Assessments, Young Presidents Organization (YPO) Gold New England and IAOP. Atul is a Former Chair of YPO Norcal and also supports numerous economic development, youth development and corporate social responsible initiatives such as Echoing Green, GreenStart, World Education Foundation, One Girl and Jnana Mandira.

Prior to founding NeoGroup, Atul was Senior Vice President of International at Cardinal Health where he led the international operations of the Fortune 25 Company. Atul and his seasoned team at Cardinal expanded profitable operations to Australia, New Zealand, Spain, UK, Singapore, Brazil, Mexico, Japan and other global locations. More importantly, his in-depth international experience earned him the admiration and respect of global CEOs and investors.

Atul and his firms are redefining how nations, corporations and individuals can leverage the globalization of talent mega-trend to build better futures for all.

David J. Venlet

David consults independently and serves as Chairman, Defense Acquisition University Board of Visitors. He delivers value creating insight and strategy options for clients drawing upon his record of results in stabilizing performance and restoring trust in the largest and most complex defense procurement program. He managed the \$390B F-35 Joint Strike Fighter. Brought in by the Secretary of Defense to lead the program when it was facing possible cancellation by Congress he worked alongside a committed joint government and industry team that stabilized performance in test and production. With transparency and realism in high-risk communications, he restored trust in the program by the US and numerous partner nations.

He led a 24,000 person \$30B organization, Naval Air Systems Command, providing engineering, test, logistics, contracting, financial and program management support for Department of the Navy aviation acquisition. Navair provided sustainment for over 3,000 aircraft and unmanned vehicles, enabling global aviation operations by the Navy and Marine Corps.

David is a retired Vice Admiral, U.S. Navy. He led large complex organizations and programs at the executive management level for 10 years as a flag officer. His career in defense acquisition covers 22 years and he flew F-14 Tomcats in fleet operations. He is a member of the Defense Business Board.

He is a graduate of the U.S. Naval Academy, Naval Postgraduate School, US Naval Test Pilot School and member of the Society of Experimental Test Pilots.



Defense Business Board

TAB C

WORKS CONSULTED



Selected Works Consulted

2019 - Testimony before the Senate Armed Services Committee Hearing on Implementation of National Defense Strategy by Elbridge A. Colby, Director of the Defense Program, Center for a New American Security. January 2019.

2019 - Testimony before the Senate Armed Services Committee by Damon M. Wilson, Atlantic Council—Hearing on Implementation of the National Defense Strategy on Permanent Deterrence and Bolstered Alliances in a Era of Great Power Competition. January 2019.

2019 - Blunting China's Illiberal Order: The Vital Role of Congress in the U.S. Strategic Competition with China. Statement given before Senate Armed Services during hearing on “China and Russia”. January 2019.

2019 - Remarks as prepared for delivery by The Honorable Dan Coats, Director of National Intelligence, Annual Threat Assessment Opening Statement. January 2019

2019 - Statement for the Record, Worldwide Threat Assessment of the U.S. Intelligence Community by Daniel R. Coats, Director of National Intelligence, Senate Select Committee on Intelligence. January 2019.

2018 - 18 U.S. Code § 208: Acts affecting a personal financial interest. June 22, 2018.

2018 - Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency: Report to President Donald J. Trump by the Interagency Task Force in fulfillment of Executive Order 13506. September 2018.

2018 - DIA LTG Ashley Statement for the Record - March: Worldwide Threat Assessment, Armed Services Committee, United States Senate by Robert Ashley, Director, Defense Intelligence Agency. March 2018.

2018 - Honorable Dan Coats, Director of National Intelligence SASC Testimony - March: Stenographic Transcript before the Committee on Armed Services, United States Senate Hearing to receive testimony on Worldwide Threats. March 2018.

2018 - DNI Coats Statement for the Record - March: Statement for the Record, Worldwide Threat Assessment of the U.S. Intelligence Community by Daniel R. Coats, Director of National Intelligence. March 2018.

2018 - Nuclear Posture Review - FINAL - Report: To ensure a safe, secure and effective nuclear deterrent that protects the homeland, assures allies and deters adversaries. February 2018.

2018 - Remarks by the Honorable Dan Coats, Director of National Intelligence, Annual Threat Assessment, Opening Statement. February 2018.

2018 - Pentagon's Contracting Gurus Mismanaged Their Own Contracts: The Pentagon's contracting gurus repeatedly made massive, preventable mistakes while managing contracts for a critical software project of their own, violating federal budget law. August 2018.

2018 - Symposium - Federal - Workforce - 21st - Century - Report: The Office of Management and Budget together with MITRE Corporation convened more than 150 experts and leaders from across the country for a symposium on strategies for improving the federal workforce in full support of the President's Management Agenda on modernizing the federal government. September 2018.

2018 - US - China Economic and Security Review Commission: Report to Congress of the U.S. Economic and Security Review Commission, One Hundredth Fifteen Congress, Second Session. November 2018.

Selected Works Consulted

2018 - Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission. January 2018.

2018 - National Defense Strategy Summary: Sharpening the American Military's Competitive Edge. January 2018.

2018 - Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency: Report to President Donald J. Trump by the Interagency Task Force in fulfillment of Executive Order 13506. September 2018.

2018 - Federal Workforce 21st Century Report: Conducted by MITRE to share experiences from private and public sectors. October 2018.

2018 - Memorandum for Temporary Direct Hire Authority for the Department of Defense for Personnel to Assist in Business Transformation and Management Innovation. August 2018.

2018 - US-China Economic Security 2018 Annual Report to Congress: 2018 Report to Congress of the U.S. China Economic and Security Review Commission, One Hundred Fifteenth Congress, Second Session. November 2018.

2018 - Memorandum – Temporary Direct Hire Authority for Financial Management Experts in the Department of Defense Workforce – Expansion of Organizational Coverage. April 2018.

2018 - DSD Memo - Public - Private Talent Exchange: Memorandum allows the Secretary of Defense, with the agreement of a private - sector organization and the consent of the employee, to arrange for the temporary assignment of a DoD civilian employee to that private - sector organization, or an employee of their private - sector organization to the DoD. July 2018.

2017 - EHA Removal Sunset Date Memo: Memorandum provides extension of Expedited Hiring Authority for Select Defense Acquisition Workforce Positions – Removal of Sunset Date. September 2017.

2017 - DHA Cyber Workforce Positions: Memorandum – Direct Hiring Authority for Cyber Workforce Positions. August 2017.

2017 - NB Implementation DHA Shortage Category Critical: In redesigning these procedures, DoD assumes from OPM the responsibility for determining that there is a severe shortage of candidates or a critical hiring need for civilian occupations in the competitive service within the Department. June 2017.

2017 - Term Appointments within DoD: Modification to waive requirement of chapter 33 of title 5 U.S.C. Redesigning the DoD procedures for appointments in the competitive service to better meet mission needs, respond to managers' concerns and improve hiring experience for applicants. June 2017.

2017 - Sec 1105(b) TEMP TERM APPTS MEET CRITICAL HIRING: Section 1105(b) of the National Defense Authorization Act for fiscal year 2017 provides , that if there is a critical hiring need the Secretary of Defense may make a noncompetitive temporary appointment or term appointment for no longer than 18 months. July 2017.

2017 - DoDI 1400.25 Vol 922 HQEs: Department of Defense Instruction: DoD Civilian Personnel Management Systems Employment of Highly Qualified Experts (HQEs). January 2017.

2017 - National Security Strategy: White House Correspondence, National Security Strategy of the United States. December 2017.

Selected Works Consulted

2017 - Section 809 Panel Interim Report - Advisory Panel on Streamlining and Codifying Acquisition Regulations: A successful acquisition system is critical to providing warfighting and defense capability. May 2017.

2016 - DoDI 1322.06 Fellowships, Legislative Fellowships, Internships, Scholarships: Fellowships, Legislative Fellowships, Internships, Scholarships, Training - With - Industry (TWI), and Grants Provided to DoD or DoD Personnel for Education and Training. October 2016.

2016 - DoDI 1322.23 Secretary of Defense Executive Fellows: Proposed realignment of authority Secretary of Defense Corporate Fellows Program. November 2016.

2016 - Performance of Defense Acquisition System: 2016 Annual Report Performance of Defense Acquisition System. October 2016.

2016 - Major General Arnold Punaro, USMC (Ret.) Comments at Lexington Institute Conference, Capitol Hill Forum. June 2016.

2016 - DBB - Selecting Senior Acquisition Officials. Assessing the current processes and practices for recruiting, confirming, and retaining senior officials in the acquisition workforce. April 2016.

2016 - WHS Pilot Briefing 92616: Priority Placement Program Briefing by Defense Civilian Personnel Advisory Service. September 2016.

2016 - Tech Acquisition Positions: Memorandum provides implementation procedures for Secretaries of the Military Departments to directly hire technical experts into the defense acquisition workforce of a Military Department pursuant to section 1113 of the NDAA for FY 2016. December 2016.

2015 - Memorandum – Extension of Schedule A Authority for Cyber Security Positions. December 2015.

2015 - WMT CSIS Reform Remarks: Remarks of Chairman Thornberry delivered at the Center for Strategic & International Studies. March 2015.

2015 - Planning, Programing, Budgeting and Execution (PPBE) system used to determine program priorities and allocated resources. October 2015.

2014 - CMH Pub 51-3-1 Defense Acquisition Defense Reform 1960 - 2009: An elusive goal. Monograph discusses the reform initiatives from 1960 to 2009 and concludes with prescriptions for future changes to the acquisition culture of the services, Defense Department and industry. December 2014.

2014 - Millennials exit the federal workforce as government jobs lose: Washington Post article. December 2014.

2014 - Millennials Finding Opportunity in Federal Service: Federal Employee Viewpoint Survey, Government Wide Management Report. October 2014.

2014 - Rethinking Competition in Defense Acquisition. November 2014

2013 - IDA Study - Federal Personnel Exchange Mechanisms: Several Federal Government mechanisms allow rotation of external technical talent into the government and vice versa. The White House Office of Science and Technology Policy asked the IDA Science and Technology Policy Institute (STPI) to conduct research on these mechanisms. November 2013.

2012 - The More Things Change, the AQ Remains the Same: Acquisition reforms can be coerced, but will not endure as true transformation unless cultural change occurs. January 2012.

Selected Works Consulted

2011 - Creating and sustaining an Effective Government Defense Industry Partnership: The authors analyze private industry's perception of the challenges/opportunities that exist in the shared relationships with their government counterparts. July 2011.

2010 - Senior Mentor Policy: Memorandum from Secretary of Defense directing the adoption of a uniform hiring process for Senior Mentors. To enhance the readiness of our Armed Forces across a wide range of strategic, operational, joint, functional, technical, managerial and developmental issues. The relevant prior service, joint force experience, and unique expertise of these senior consultants provide senior leadership with valuable insights and contribute to the continuous improvement of the Department's operations. April 2010.

2010 - Revised Policy Guidance Hiring of Highly Qualified Experts (HQEs). March 2010.

2010 - Report to Congress: Appendix 1, DOD Strategic Human Capital Plan Update, The Defense Acquisition Workforce. The Defense Acquisition Workforce Improvement Strategy. April 2010.

2010 - We Don't Dance Well Steve Mills: Government and Industry Defense Materiel Acquisition. April 2010.

2009 - Improving Defense Acquisition: A study on improving defense acquisition through the application of Defense Acquisition Workforce Improvement Act (DAWIA) concept to defense industry workforce. September 2009.

2009 - SASC - Acquisition of major weapons systems by the Department of Defense and S. 454, the weapon systems acquisition reform act of 2009: Hearing before the Committee of Armed Services, United States Senate, One Hundred Eleventh Congress, First Session. March 2009.

2006 - DAPA Report - web - February 21: Defense Acquisition Performance Assessment Project. January 2006.

2006 - GAO Report-IT-Status and Challenges of Employee Exchange Program: Report to Congressional Committees. Recognizing the importance of human capital to information technology (IT) and the need to improve the skills of federal IT Workers. December 2006

2006 - IPA info OGE: This amendment to the Standards of Conduct provides an occasion for OGE to remind you about the kinds of ethics issues that can arise in connection with IPA assignments. October 2006.

1993 - Joint Ethics Regulation DoD 5500 7 - R: Provide a single source of standards of ethical conduct and ethics guidance, including direction in the areas of financial and employment disclosure systems, enforcement and training. August 1993.



Defense Business Board

TAB D

QUESTIONNAIRE: EXCHANGE PROGRAM PARTICIPANTS



Questions for government-industry exchange participants

Please provide the following information about your participation in an exchange program

1. Name the program.
2. Identify the program sponsor.
3. Identify the length of your exchange (or detail).
4. Identify the organization you were detailed from.
5. Identify the role/position you filled on the exchange.
6. Identify your follow-on assignment, or if you returned to your original organization.
7. Identify how you found out about the program.
8. Identify any challenges you faced in setting up your exchange.
9. Identify who funded your participation in the program.
10. Identify how the actual experience differed from your initial expectation.
11. Explain what you (and DoD) gained from the experience.
12. Identify anyone else you recommend we contact for this study.
13. Please share anything else about your experience, i.e. benefits of the program, shortcomings of the program, etc. that you think might benefit this study.
14. Lastly, please share any ideas or recommendations on how a reverse exchange, i.e. private industry into government program would be most effective.





Defense Business Board

TAB E

QUESTIONNAIRE: SENIOR DEPARTMENT LEADERS



Discussion questions for Defense leadership

Personal experience with government-industry exchange programs

Have you,

1. Participated yourself?
2. Supervised an exchange program?
3. Supervised a service member or civilian employee who previously participated in an exchange program?

Please share your experience, i.e. benefits of the program, shortcomings of the program, etc., and any personal recommendations for change.

Do you think your organization would benefit from the creation of, or expansion to, government personnel exchanges with private industry, or vice versa, private industry personnel into your organization?

The Business Board has previously studied issues related to government-industry exchange, specifically regarding the restrictions (both pre- and post-appointment) placed on personnel coming into government for senate-confirmed positions. Do you have any ideas or recommendations on how to make government service more attractive to private industry civilians, in light of these restrictions? There are, as well, more recent employment restrictions on personnel leaving the Pentagon who are flag and general officers and other senior personnel. What are your thoughts on these latest restrictions on senior leaders who have served long and distinguished careers?

Who else would you recommend we talk to for this study?

Please provide the following additional information about your organization's involvement with any government-industry exchange program

1. Name the program, or programs, within your organization for government personnel exchanges with private industry, think tanks, or academia.
2. For each program, describe the nomination process, i.e. volunteer, supervisor nomination, organizational quota to fill.
3. For each program, explain the cost burden. Whether borne by your organization, private industry, or some combination, etc.
4. How are these programs overseen? Centralized or decentralized?
5. What is the legal basis (authorization) for participation?
6. How many people participate in these exchanges each year?
7. What occupational areas do personnel exchanges fill? (E.g. program manager, researcher, analyst, etc.)





Defense Business Board

TAB F

DOD SENIOR LEADER INTERVIEWEES



DoD Senior Leaders Interviewed

Mr. William Castle, Principal Deputy General Counsel, Office of the General Counsel (OGC)

Mr. Eric Chewning, Deputy Assistant Secretary of Defense for Industrial Policy

Mr. Dana Deasy, DoD Chief Information Officer

HON Mark Esper, Secretary of the Army

HON Kevin Fahey, Assistant Secretary of Defense for Acquisition

HON James Geurts, Assistant Secretary of the Navy for Research, Development & Acquisition

(ASN (RD&A) - Service Acquisition Exec – Navy

Mr. Jose Gonzalez, Director, Office of Human Capital Initiatives (HCI) Office of the USD for Acquisition & Sustainment (OUSD(A&S))

HON Mike Griffin, Under Secretary of Defense (USD) for Research & Engineering

Mr. Jeff Green, OGC Senior Attorneys for Ethics, Standards of Conduct Office (SOCO)

Ms. Lisa Hershman, Acting Chief Management Officer (CMO)

Ms. Dani Irvine, OGC Senior Attorneys for Ethics, SOCO

HON Bruce Jette, Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASA(ALT)) - Army Service Acquisition Executive

Mr. Paul Kofsky, Senior Deputy General Counsel, OGC

HON Ellen Lord, USD for Acquisition & Sustainment

Mr. Thomas Mooney, CMO Chief of Staff

HON Paul Ney, DoD General Counsel

Mr. Jim O’Beirne, Special Assistant to the Secretary of Defense for White House Liaison (WHLO)

HON William Roper, Assistant Secretary of the Air Force for Acquisition, Technology and Logistics (SAF/AQ) - Air Force Service Acquisition Executive

Gen Paul Selva, USAF, Vice Chairman, Joint Chiefs of Staff

HON Richard Spencer, Secretary of the Navy

HON James Stewart, USD for Personnel & Readiness

Ms. Aissa Tovar, HCI, OUSD(A&S)

HON Heather Wilson, Secretary of the Air Force

HON Mike Wynne, Former Secretary of the Air Force





Defense Business Board

TAB G

NOV 2018 DBB PUBLIC MEETING UPDATE BRIEFING



**SLIDES ONLY
NO SCRIPT PROVIDED**

**CLEARED
For Open Publication**

Nov 02, 2018

Department of Defense
OFFICE OF PREPUBLICATION AND SECURITY REVIEW

DEFENSE BUSINESS BOARD



Integrated Review Team on Defense Acquisition Industry-Government Exchange

November 7, 2018

Overview

- Meeting Purpose
- Team Membership
- Study Purpose
- Study Tasks
- Study Plan
- Research
- Previous Work
- Way Ahead

Purpose of Today's Meeting

Provide a public update on the Industry-Government exchange study that was directed in Sec 883 of the 2019 National Defense Authorization Act



Review Team Members

Arnold Punaro, Chairman

Business Board

- John O'Connor
- Bill Simon
- Cynthia Trudell
- Atul Vashistha
- Dave Venlet

Innovation Board

- Adam Grant
- Reid Hoffman
- Walter Isaacson
- Marne Levine
- Jennifer Pahlka

Science Board

- Michael Bayer
- Paul Kaminski
- Paul Kern
- James Miller
- David Van Buren

Expert Advice From Members of Three Advisory Boards

Study Tasks

- **Task 1** - Review legal, ethical, and financial disclosure requirements for industry-government exchanges
- **Task 2** - Review existing industry-government exchange programs
 - Determine if the programs are useful to the individuals selected
 - Determine if the Service adequately utilizes the “Graduates” once they exit the program
 - Determine if they are of sufficient size to matter to the Department
 - Determine if there is a better organizational model
- **Task 3** - Review how the Military Departments address legal, ethical, and financial requirements for members of the reserve components who also maintain civilian employment in the defense industry
- **Task 4** - Produce specific and detailed recommendations for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches to:
 - Reduce barriers to industry-government exchange to encourage the flow of acquisition best practices
 - Ensure continuing financial and ethical integrity
 - Protect the best interests of the DoD
- **Task 5** - Produce additional recommendations for legislation

Study Plan

The legislation directs:

- Briefing to congressional defense committees, no later than **Dec 31, 2018**
- Final report to the congressional defense committees and Under Secretary of Defense for Acquisition and Sustainment, no later than **March 1, 2019**

Administrative Requirements:

- Publicly accessible deliberations and comments - **Nov 7, 2018 & Feb 6, 2019**
- Legal and security review of all briefings/reports

Produce specific, detailed, and actionable **recommendations** for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches, ... **to reduce barriers to industry-government exchange** to encourage the flow of acquisition best practices;

~FY19 NDAA (Pub. L. 115-232) August 13, 2018



Study Plan

- Interviews (Internal & External to DoD)
 - Senior OSD officials & Service Senior Leaders – well underway
 - Industry executives – Nov/Dec time frame
 - Industry associations – Nov/Dec time frame
 - Congressional Sponsors – Nov/Dec time frame
- Data Calls - Ongoing
 - Analysis of previous work
 - Surveys from graduates of current programs within DoD
- Research focusing on:
 - Current state of industry-government exchanges
 - Revolving door legislation for both senior management positions as well as the middle management level
 - Incentives/benefits to Industry
 - Density and placement for desired strategic affect
 - Existing Office of Government Ethics and SASC requirements for Senate-confirmed Presidential appointments

Previous Work

■ Defense Business Board Studies

- Focusing a Transition - Challenges Facing the New Administration
- An Assessment on the Creation of USD for BM&I
- Selection of Senior Officials in the Acquisition Workforce
- Innovation: Attracting and Retaining the Best of the Private Sector
- Public-Private Collaboration in the Department of Defense
- Fostering an Innovative Culture Through Corporate Engagement and Partnership
- Innovative Culture, Part II: Virtual Consultancies - Engaging Talent
- Acquisition Workforce Growth and Recommendations for Insourcing
- Engaging US Business in Support of National Security Objectives
- Outreach Plan to Improve Communications between the DoD and the Defense Industrial Base
- Strategic Relationship Model between DoD and the Industrial Base
- MBA Recruitment

■ Defense Science Board Studies

- Creating a DoD Strategic Acquisitions Platform
- Understanding Human Dynamics
- Defense Imperatives for the New Administration
- Creating an Effective National Security Industrial Base for the 21st Century



Existing Work on Government-Industry Exchange

- Federal Personnel Exchange Mechanisms Study, NOV 2013. Institute for Defense Analyses (IDA)
- Information Technology: Status and Challenges of Employee Exchange Program Study, DEC 2006. US Government Accountability Office (GAO)
- Selecting Senior Acquisition Officials Study, JAN 2018. Defense Business Board
- Fostering an Innovative Culture Through Corporate Engagement and Partnership Study, JUL 2015. Defense Business Board
- SECDEF Executive Fellows Program. Overseen by the Office of the Under Secretary for Personnel and Readiness. The program is a long-term investment and a key part of DoD's strategy to achieve the transformation of our military forces and capabilities.
- Franklin Fellows Program. Overseen by the Department of State. Provides a unique and innovative program that brings outside experts to the Department of State and USAID and allows citizens a chance to serve and to deepen their professional experience.

Way Ahead

- Actions Between now & December 31st
 - Continue interviews and research
 - Ongoing analysis of previous work
 - Present an interim briefing to Congress
- February 6 Briefing to the DBB
 - Present/Vote on final recommendations
- NLT March 1, 2019 Final recommendations presented to the congressional defense committees and Under Secretary of Defense for Acquisition and Sustainment

Discussion

- Board Member Comments
- Public Comments

DEFENSE BUSINESS BOARD





Defense Business Board

TAB H

DEC 2018 INTERIM REPORT TO CONGRESSIONAL DEFENSE
COMMITTEES



DEFENSE BUSINESS BOARD



**Integrated Review Team
on
Defense Acquisition Industry-Government Exchange
Interim Report**

December 2018

Overview

- Purpose
- IRT Membership
- Study Tasks
- Study Plan
- Research
- Previous Work
- Actions to Date
- Way Ahead

Purpose

Provide the congressional defense committees an update on the Industry-Government exchange study as directed in § 883 of the 2019 National Defense Authorization Act



IRT Members

Arnold Punaro, Chairman

Business Board

- John O'Connor
- Bill Simon
- Cynthia Trudell
- Atul Vashistha
- Dave Venlet

Innovation Board

- Adam Grant
- Reid Hoffman
- Walter Isaacson
- Marne Levine
- Jennifer Pahlka

Science Board

- Michael Bayer
- Paul Kaminski
- Paul Kern
- James Miller
- David Van Buren

Expert Advice From members of three Secretary of Defense Advisory Boards

Study Tasks

- **Task 1** - Review legal, ethical, and financial disclosure requirements for industry-government exchanges
- **Task 2** - Review existing industry-government exchange programs
 - Determine if the programs are useful to the individuals selected
 - Determine if the Service adequately utilizes the “Graduates” once they exit the program
 - Determine if they are of sufficient size to matter to the Department
 - Determine if there is a better organizational model
- **Task 3** - Review how the Military Departments address legal, ethical, and financial requirements for members of the reserve components who also maintain civilian employment in the defense industry
- **Task 4** - Produce specific and detailed recommendations for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches to:
 - Reduce barriers to industry-government exchange to encourage the flow of acquisition best practices
 - Ensure continuing financial and ethical integrity
 - Protect the best interests of the DoD
- **Task 5** - Produce additional recommendations for legislation the IRT finds pertinent

Study Plan

The legislation directs:

- Briefing to congressional defense committees, no later than **Dec 31, 2018**
- Final report to the congressional defense committees and Under Secretary of Defense for Acquisition and Sustainment, no later than **March 1, 2019**

Administrative Requirements:

- DoD legal and security review of all briefings/reports

Produce specific, detailed, and actionable **recommendations** for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches, ... **to reduce barriers to industry-government exchange** to encourage the flow of acquisition best practices;

~FY19 NDAA (Pub. L. 115-232) August 13, 2018

Study Plan

- Interviews (Internal & External to DoD)
 - Senior OSD officials & Service Senior Leaders – nearing completion
 - Industry executives – nearing completion
 - Industry associations – nearing completion
 - Congressional Sponsors – NLT Dec 31, 2018
- Data Calls - Ongoing
 - Analysis of previous work
 - Surveys from graduates of current programs within DoD
- Research focusing on:
 - Current state of industry-government exchanges
 - Revolving door legislation for both senior management positions as well as the middle management level
 - Incentives/benefits to Industry
 - Density and placement for desired strategic affect
 - Existing Office of Government Ethics and SASC requirements for Senate-confirmed Presidential appointments

Existing Work on Government-Industry Exchange

- Federal Personnel Exchange Mechanisms Study, NOV 2013. Institute for Defense Analyses (IDA)
- Information Technology: Status and Challenges of Employee Exchange Program Study, DEC 2006. US Government Accountability Office (GAO)
- Selecting Senior Acquisition Officials Study, JAN 2018. Defense Business Board
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- SECDEF Executive Fellows Program. Overseen by the Office of the Under Secretary for Personnel and Readiness. The program is a long-term investment and a key part of DoD's strategy to achieve the transformation of our military forces and capabilities.
- Franklin Fellows Program. Overseen by the Department of State. Provides a unique and innovative program that brings outside experts to the Department of State and USAID and allows citizens a chance to serve and to deepen their professional experience.

Existing Work Germane Work

■ Defense Business Board Studies

- Focusing a Transition - Challenges Facing the New Administration
- An Assessment on the Creation of USD for BM&I
- Selection of Senior Officials in the Acquisition Workforce
- Innovation: Attracting and Retaining the Best of the Private Sector
- Public-Private Collaboration in the Department of Defense
- Fostering an Innovative Culture Through Corporate Engagement and Partnership
- Innovative Culture, Part II: Virtual Consultancies - Engaging Talent
- Acquisition Workforce Growth and Recommendations for Insourcing
- Engaging US Business in Support of National Security Objectives
- Outreach Plan to Improve Communications between the DoD and the Defense Industrial Base
- Strategic Relationship Model between DoD and the Industrial Base
- MBA Recruitment

■ Defense Science Board Studies

- Creating a DoD Strategic Acquisitions Platform
- Understanding Human Dynamics
- Defense Imperatives for the New Administration
- Creating an Effective National Security Industrial Base for the 21st Century



Actions to Date

■ Interviews

- HON Mark Esper, Secretary of the Army
- HON Richard Spencer, Secretary of the Navy
- HON Heather Wilson, Secretary of the Air Force
- HON Mike Wynne, Former Secretary of the Air Force
- HON Mike Griffin, USD for Research & Engineering
- HON Ellen Lord, USD for Acquisition & Sustainment
- HON James Stewart, USD for Personnel & Readiness
- HON Paul Ney, DoD General Counsel
- Gen Paul Selva, USAF, Vice Chairman, Joint Chiefs of Staff
- HON Kevin Fahey, ASD for Acquisition
- HON Bruce Jette, ASA(ALT) - Army Service Acquisition Executive
- HON James Geurts, ASN(RD&A) - Navy Service Acquisition Executive
- HON William Roper, SAF/AQ - Air Force Service Acquisition Executive
- Mr. Eric Chewning, DASD for Industrial Policy
- Mr. Dana Deasy, DoD Chief Information Officer
- Ms. Lisa Hershman, Acting Chief Management Officer
- Mr. Jim O'Beirne, Special Assistant to the Secretary of Defense for White House Liaison
- Mr. Jose Gonzalez, Director, Office of Human Capital Initiatives OUSD(A&S)
- Mr. Jeff Green & Ms. Dani Irvine, OGC Senior Attorneys for Ethics

Actions to Date

- Research and analysis of previous work
- Questionnaires distributed to Government leaders and Industry executives
- November 7 Briefing to the public at the DBB Quarterly Board Meeting
 - Presented and voted on study plan
- NLT March 1, 2019 Final recommendations presented to the congressional defense committees and Under Secretary of Defense for Acquisition and Sustainment

DEFENSE BUSINESS BOARD





Defense Business Board

TAB I

MAY 2019 DBB PUBLIC MEETING BRIEFING



DEFENSE BUSINESS BOARD



**Integrated Review Team
on
Defense Acquisition Industry-Government
Exchange**

Overview

- Purpose
- IRT Membership
- Study Tasks
- Study Plan
- Research
- Previous Work
- Actions to Date
- Way Ahead

Purpose

Provide the congressional defense committees and the Under Secretary of Defense for Acquisition & Sustainment specific and detailed recommendations for any legislation, or the amendment or repeal of regulations, as well as non-legislative approaches on Defense acquisition industry-government exchange as directed in § 883 of the 2019 National Defense Authorization Act.

IRT Members

Arnold Punaro, Chairman

Business Board

- John O'Connor
- Bill Simon
- Cynthia Trudell
- Atul Vashistha
- Dave Venlet

Innovation Board

- Adam Grant
- Reid Hoffman
- Walter Isaacson
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- Jennifer Pahlka

Science Board

- Michael Bayer
- Paul Kaminski
- Paul Kern
- James Miller
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Expert Advice From members of three Secretary of Defense Advisory Boards

Study Tasks

- **Task 1** - Review legal, ethical, and financial disclosure requirements for industry-government exchanges.
- **Task 2** - Review existing industry-government exchange programs:
 - Determine if the programs are useful to the individuals selected,
 - Determine if the Service adequately utilizes the “Graduates” once they exit the program,
 - Determine if they are of sufficient size to matter to the Department, and
 - Determine if there is a better organizational model.
- **Task 3** - Review how the Military Departments address legal, ethical, and financial requirements for members of the reserve components who also maintain civilian employment in the defense industry.
- **Task 4** - Produce specific and detailed recommendations for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches to:
 - Reduce barriers to industry-government exchange to encourage the flow of acquisition best practices,
 - Ensure continuing financial and ethical integrity, and
 - Protect the best interests of the DoD.
- **Task 5** - Produce additional recommendations for legislation the IRT finds pertinent.

Study Plan

The legislation directs:

- Briefing to congressional defense committees, no later than **Dec 31, 2018**.
- Final report to the congressional defense committees and Under Secretary of Defense for Acquisition and Sustainment, no later than March 1, 2019; adjusted to **June 1, 2019**, following government shutdown.

Administrative Requirements:

- DoD legal and security review of all briefings/reports.

Produce specific, detailed, and actionable **recommendations** for any legislation, including the amendment or repeal of regulations, as well as non-legislative approaches, ... **to reduce barriers to industry-government exchange** to encourage the flow of acquisition best practices...

~FY19 NDAA (Pub. L. 115-232) August 13, 2018

Study Plan

- Interviews (Internal & External to DoD):
 - Senior OSD officials & Service Senior Leaders,
 - Industry executives, and
 - Industry associations.
- Data Calls:
 - Analysis of previous work.
 - Surveys from graduates of current programs within DoD.
- Research focused on:
 - Current state of industry-government exchanges,
 - Revolving door legislation for both senior management positions as well as the middle management level,
 - Incentives/benefits to Industry,
 - Density and placement for desired strategic effect, and
 - Existing Office of Government Ethics (OGE) and Senate Armed Services Committee (SASC) requirements for Senate-confirmed Presidential appointments.

Existing Work on Government-Industry Exchange

- Federal Personnel Exchange Mechanisms Study, NOV 2013. Institute for Defense Analyses (IDA).
- Information Technology: Status and Challenges of Employee Exchange Program Study, DEC 2006. US Government Accountability Office (GAO).
- Selecting Senior Acquisition Officials Study, JAN 2018. Defense Business Board.
- Fostering an Innovative Culture Through Corporate Engagement and Partnership Study, JUL 2015. Defense Business Board.
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- Franklin Fellows Program. Overseen by the Department of State. Provides a unique and innovative program that brings outside experts to the Department of State and USAID and allows citizens a chance to serve and to deepen their professional experience.

Existing Germane Work

- Defense Business Board studies:
 - Focusing a Transition - Challenges Facing the New Administration
 - An Assessment on the Creation of USD for BM&I
 - Selection of Senior Officials in the Acquisition Workforce
 - Innovation: Attracting and Retaining the Best of the Private Sector
 - Public-Private Collaboration in the Department of Defense
 - Fostering an Innovative Culture Through Corporate Engagement and Partnership
 - Innovative Culture, Part II: Virtual Consultancies - Engaging Talent
 - Acquisition Workforce Growth and Recommendations for Insourcing
 - Engaging US Business in Support of National Security Objectives
 - Outreach Plan to Improve Communications between the DoD and the Defense Industrial Base
 - Strategic Relationship Model between DoD and the Industrial Base
 - MBA Recruitment
- Defense Science Board studies:
 - Creating a DoD Strategic Acquisitions Platform
 - Understanding Human Dynamics
 - Defense Imperatives for the New Administration
 - Creating an Effective National Security Industrial Base for the 21st Century



Interviews

■ Department of Defense Interviews:

- HON Mark Esper, Secretary of the Army
- HON Richard Spencer, Secretary of the Navy
- HON Heather Wilson, Secretary of the Air Force
- HON Mike Wynne, Former Secretary of the Air Force
- HON Mike Griffin, USD for Research & Engineering
- HON Ellen Lord, USD for Acquisition & Sustainment
- HON James Stewart, USD for Personnel & Readiness
- HON Paul Ney, DoD General Counsel
- Gen Paul Selva, USAF, Vice Chairman, Joint Chiefs of Staff
- HON Kevin Fahey, ASD for Acquisition
- HON Bruce Jette, ASA(ALT) - Army Service Acquisition Executive
- HON James Geurts, ASN(RD&A) - Navy Service Acquisition Executive
- HON William Roper, SAF/AQ - Air Force Service Acquisition Executive
- Mr. Eric Chewning, former DASD for Industrial Policy, now SD Chief of Staff
- Mr. Dana Deasy, DoD Chief Information Officer
- Ms. Lisa Hershman, Acting Chief Management Officer
- Mr. Jim O'Beirne, Special Assistant to the Secretary of Defense for White House Liaison
- Mr. Jose Gonzalez, Director, Office of Human Capital Initiatives OUSD(A&S)
- Mr. Jeff Green & Ms. Dani Irvine, OGC Senior Attorneys for Ethics

Interviews

- Private Industry Interviews:
 - Representatives of the defense and aerospace associations from the National Defense Industrial Association, the Professional Services Council, and the Aerospace Industries Association, as well as individual industry executives.

Significant Actions

- Research and analysis of previous work.
- Questionnaires distributed to Government leaders and Industry executives.
- November - Briefing to the public at the DBB Quarterly Board Meeting (presented and voted on study plan).
- December – Interim study presented to the congressional defense committees.

Background

- America's half century of global dominance and superiority is being profoundly diminished in key areas.
- The diminishment of the U.S. global monopoly in technology, and shrinking share of the Global GDP, coupled with the rise of sophisticated peer rivals present "urgent challenges that must be addressed if the United States is to avoid lasting damage to its National security."
- The U.S. was once arguably the world's technological leader, it is presently in danger of being usurped by China. To add to that significant competitor is a revanchist Russia, which once again has grown to threaten the international order.
- "[T]he United States faces an extraordinarily dangerous world, filled with a wide range of threats that have intensified in recent years."*
- In addition to this global strategic paradigm shift, has come the explosion of second and third order capabilities derived from the ever expanding computational speeds which are revolutionizing every aspect of human endeavor, including warfare.

"Inter-state strategic competition, not terrorism, is now the primary concern in U.S. National security." ~Secretary of Defense James Mattis

* *National Security Strategy of the United States of America 2017*. The White House, Washington, DC. pg 1.

Background

The Changing Character of Warfare

TRADITIONAL FORMS OF WARFARE	EMERGING FORMS OF WARFARE
Targeting of enemy forces	Targeting of enemy perceptions, society
Direct clash of militaries	Remote strikes using standoff precision weapons, robotics systems, and information attacks
Destruction of military personnel and weaponry	Destruction of critically important military and civilian infrastructure
Deterrence by fear of retaliation	Deterrence by fear of escalation
Winning by defeating the enemy on the battlefield	Winning by disrupting the support systems (political, economic, information, etc.) on which the enemy military depends

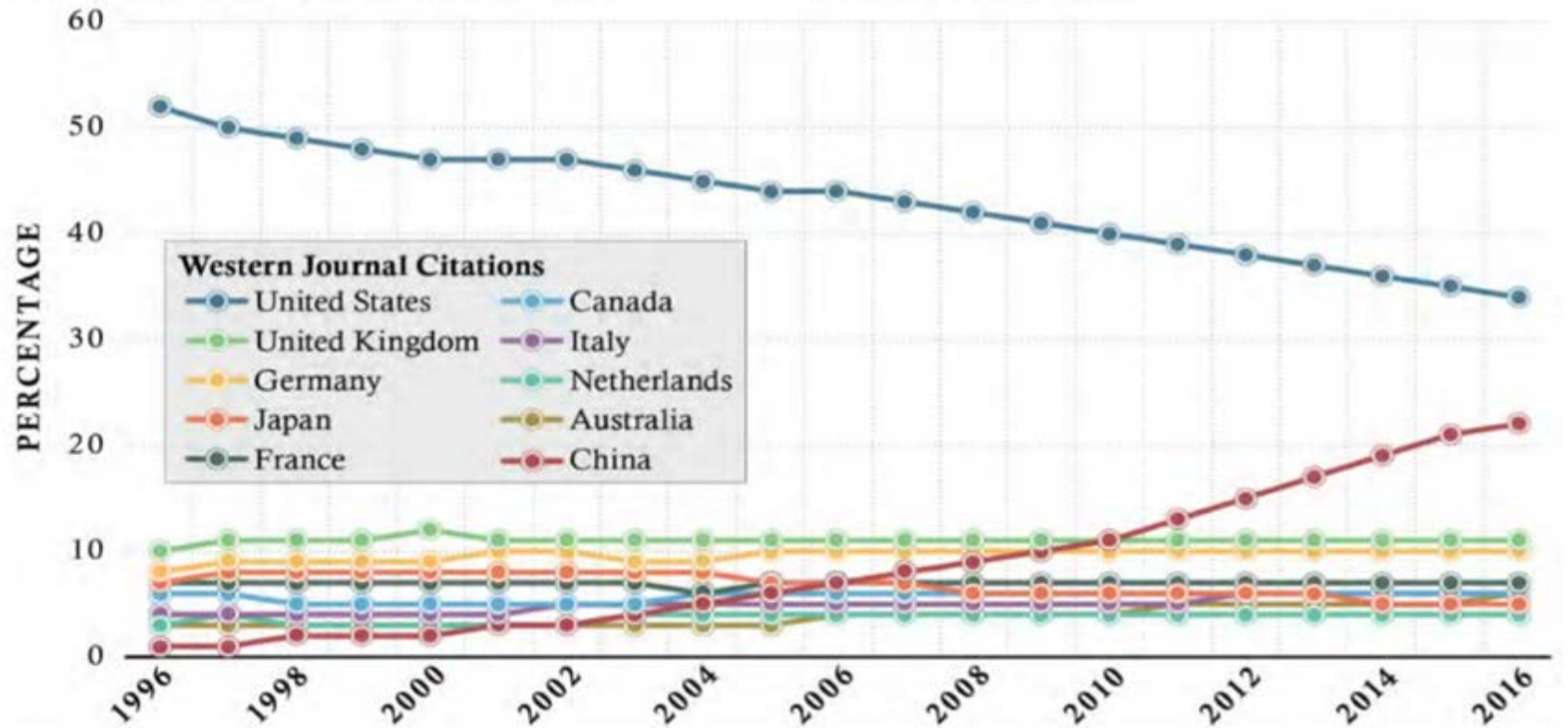


Background

Researchers Worldwide Citing More Foreign and Less US Research

During the past two decades, the US lead in S&T fields has been significantly eroded, most predominantly by China, which is well ahead in several areas, according to an analysis of Western journal publications.

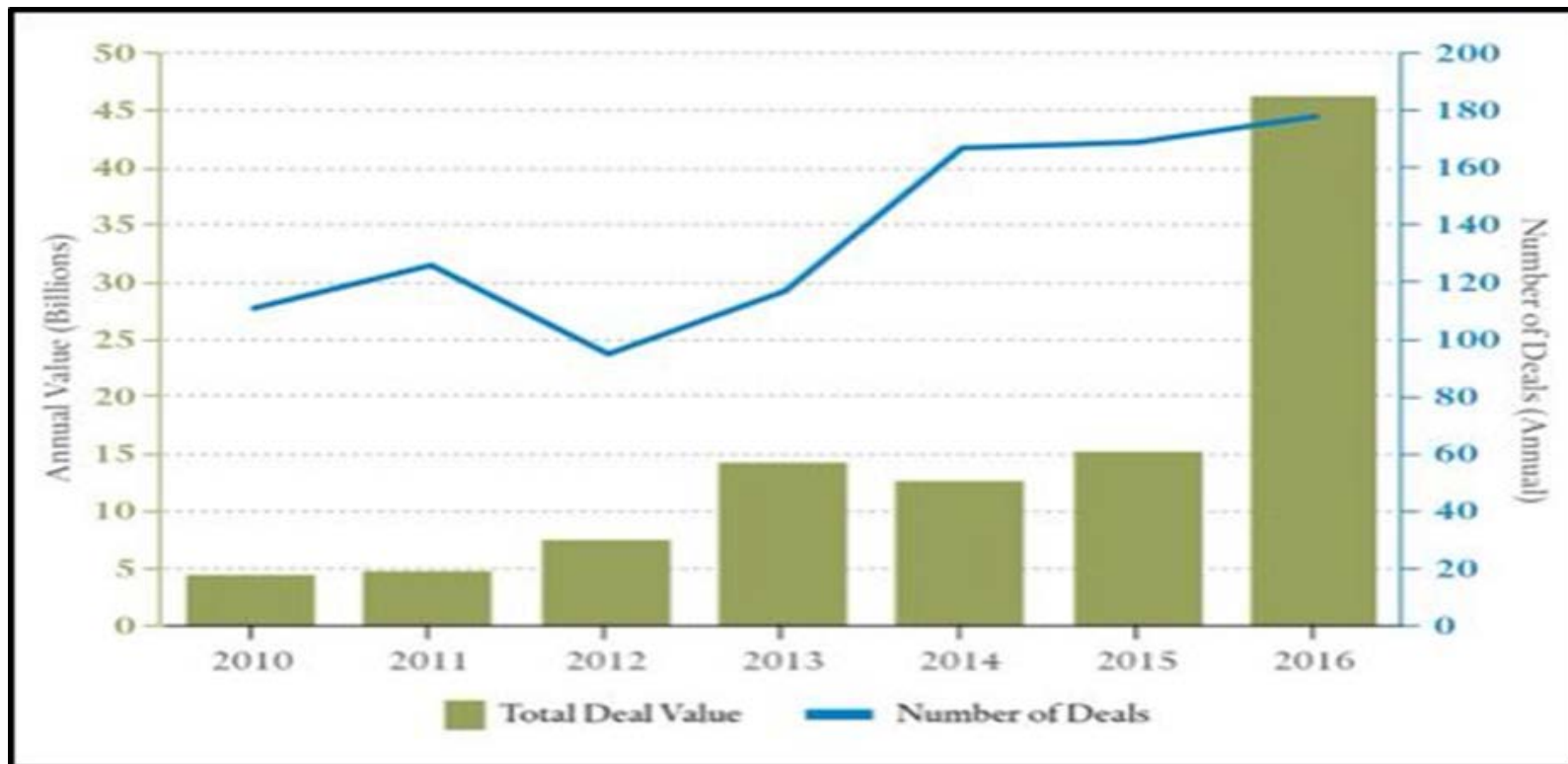
However, the United States maintains an overall lead largely because we are at the forefront of the medical sciences, which account for almost a third of S&T publications worldwide.



1810-00427-A

Background

- Extensive Chinese investment in sensitive technologies (guidance systems, AI, and light sensors that aid unmanned aviation systems in particular) could erode or even eliminate America's technological edge, potentially diminishing our ability to credibly defend allies, especially in Asia. Moreover, Chinese investment in high-tech firms could, in many cases, preclude U.S. government or military investment and cooperation with those same companies.



Observations

- Currently there are several programs which offer exchanges, but these are too small, too far removed, seem to be offered in a limited fashion to a limited field of applicants, and appear to be at odds with one another;
 - All of these programs have their individual merits, but without being centrally managed and offered DoD-wide, these programs operate in isolation from each other and may suffer from their own inherent limitations.
- There are many successful individuals who have a desire for public service, yet are inhibited from pursuing it because of the limitations set upon them through such service;
 - The exceptionally intelligent, high performing individuals the Department requires are by definition practitioners, not theorists.
 - Compensation and rewards are distributed in ways and amounts very differently than from the era in which the original ethics rules were created over 50 years ago.
- Currently, public service is highly discouraged by the extant restrictions governing post-Government service activity by senior officials;
 - Post-employment restrictions were designed to prevent technological transfer from within the Department to the private sector, yet no longer serve the purpose for which they were intended.

Observations

- The current divestiture restrictions were created in a far different period, for very good reasons at the time; such constraints are now outmoded by the ways in which the most successful individual's wealth is now derived.
- The assumptions about regulating of appointees moving in and out of government is a legacy of another era;
 - Post WWII government - particularly DoD - was the center of cutting edge innovation and management,
 - Employment with the Department enhanced the skills of people,
 - People began to be seen as financially benefitting from government service – enriched by the “revolving door,”
 - Trained at DoD expense in national security technologies, they were seen as “cashing in” during subsequent employment in the defense sector,
 - Trained in leadership and management skills, these skills were then sold to the private sector,
 - This was regarded as a problem, and
 - There were also concerns that certain DoD employees could act to influence programmatic outcomes in contracts that would financially effect companies in which they had an interest.

Observations

- Today's technological environment is far different;
 - DoD is no longer the center of cutting edge innovation and management,
 - Amalgamations in the early 90s have shrunk the number of traditional defense companies for which such regulatory measures were aimed,
 - At the same time, the number of regulated contractor companies grew – now 40,000+, to include Kellogg's, McDonalds, and everything in between with effectively no size or ownership minimums, and
 - The managing bureaucracy for all this is huge and expensive.
- The US is no longer the epicenter of innovation;
 - Many (not all) of the really necessary big ideas now lie outside the DoD,
 - Most cutting edge innovation comes from the private sector,
 - Three recent SecDefs were attuned or connected to "Silicon Valley,"
 - The essential traditional defense technologies are being supplemented by ones never imagined,
 - So too, the skills and insights for managerial and technical challenges now are best found outside the DoD and Government, and
 - The Pentagon leadership need to grasp the magnitude of the chasm which separates its internal state of technology and science with the external realities.

Observations

- So is the solution to just hire and fill the gap?
 - Today's government pay is not an incentive,
 - Difficult to hire the requisite expertise and skills through the general schedule,
 - Alternatives must be developed, and
 - Need sufficient numbers hired to produce actual results – not Power Point products.
- The “revolving door” can benefit the Department by working the other way, through DoD bringing in individuals from the private sector to enrich the Department technologically, innovatively, intellectually.
- The military departments do have policies and procedures in place which address legal, ethical, and financial requirements for reserve component members who maintain civilian employment in the defense industry.

Findings

- The Department has significant equities in several critical high technology fields, yet it possesses insufficient expertise in those areas due to the disparity in compensation and the restrictions imposed on service in government.
- High technology fields offer far better career prospects in the private sector than in the DoD, the Department's compensation structures should be altered for such expertise.
- The Department does desire that representatives at all levels have frequent, fair, even, and transparent dialogue with industry on matters of mutual interest.
- The layering of post-employment restrictions has proved to be an inhibitor to many senior executives in the private sector from serving in the Department.

Findings

- The recruitment of high performing individuals has been exacerbated due to the recently imposed two year post-government employment restrictions enumerated in § 1045 of the FY18 NDAA. These restrictions also prohibit an impacted individual from providing internal advice to industry even if there is no representation back to the DoD.
- Talent management techniques in DoD are woefully behind the times, exacerbated by an antiquated hiring process and encumbered by “one size fits all” rules and procedures.
- Several Defense industry-government exchange programs exist, relatively few focus on acquisition: Intergovernmental Personnel Agreement (IPA), Highly Qualified Expert (HQE), and Fellowships:
 - The Secretary of Defense Executive Fellows Program, established in 1995.
 - The Undersecretary of Defense for Acquisitions and Sustainment recently began the Public-Private Talent Exchange Program.
 - The Defense Acquisition University (DAU) is an organizational leader within DoD in the gathering, analysis, and sharing of government and industry acquisition proven practices that improve contract performance.

Findings

- The IRT's observations and findings point to the Department having significant equities in several critical high technology fields; however, it possesses insufficient resident expertise in those areas due to several factors. Robust steps are required to obtain the necessary expertise to restore its technological edge over competitors and rivals. Those current programs offering exchanges should be considered for amalgamation into a broader, more far reaching program, centrally managed, and offered DoD-wide to civilians and military members.

Recommendations

- **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 SD should direct DoD senior leaders to immediately perform an enterprise wide assessment inventory of key technologies in which there is a DoD talent shortfall.
 - The SD should also direct these leaders to identify what current and future technologies are needed to remain competitive.
 - Those two tasks should have the highest priority and leadership focus.
 - This effort should be measured against what our peer competitors are doing, not simply a chance to say “we need even more...”

Recommendations

- **Congress: Statutory Change** – 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.
 - Individuals serving should be unburdened and unencumbered by professional or joint service requirements in a similar manner as health professionals.
 - Establishing a retention/bonus structure to encourage continued participation.

Recommendations

- **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.
 - Congress should examine employing a far more balanced OGE approach for crucial jobs in the DoD.
 - Statute should be crafted to ensure the continuing financial and ethical integrity within all exchange programs.
 - Statute should 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.
 - The IRT feels the long standing title 18 restrictions satisfactorily cover ethical standards of conduct and “revolving door” considerations.

Recommendations

- **Congress: Statutory Change** - Examine and either eliminate entirely (or loosen considerably) the post-employment restrictions found in section 1045 of the FY18 NDAA.
 - This new statute inhibits internal advice and representation, causing many companies to interpret the law to restrict former military personnel from any involvements with matters associated with DoD even if their potential job does not require any representation back to DoD.
 - Statute greatly deters the types of private sector personnel needed from seeking positions in DoD.
 - Again, the IRT feels the long standing Title 18 restrictions satisfactorily cover ethical standards of conduct, positing that § 971 10 U.S.C. is unnecessarily prohibitive.

Recommendations

- **Congress: Process/Cultural Change** - The SASC imposes its own set of ethics and financial divestiture rules upon DoD presidential appointees which are not extant for any other federal agency and not required by statute or the OGE. These non-statutory requirements are overly restrictive and serve to inhibit service and delay the speed to nominate, confirm, and appoint.
 - Adjusting those unique requirements and procedures in regards to personal holdings divestiture will 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 conflict of interest issues that could arise.

Recommendations

- **DoD: Process** - The Department should 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.
 - 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, and
 - Defining how the exchange fits into the individual's career development.

Recommendations

- **DoD: Administrative/Cultural Change** - The Department should begin adding orders of magnitude more personnel to existing exchange programs. To add greater breadth and depth of programs to bring technology expertise and talent in, DoD should begin:
 - Implementing an alternative pay and compensation structure to make senior acquisition positions more attractive,
 - Mitigating complicated and costly financial divestment requirements that greatly reduce individual and family net wealth,
 - Establishing 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,
 - Establishing meaningful follow-on assignments for those DoD members completing exchange assignments so that the Department can leverage on their recently acquired expertise, and
 - Changing the cultural paradigm through significantly increasing the exchanges coming into and going out of the Department of sufficient magnitude to matter.

Recommendations

- **DoD: Regulatory Change** - Standardize the management of legal, ethical, and financial requirements for reserve components members who maintain civilian employment in the defense industry.
- Specifically, the IRT recommends synthesizing 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.

Recommendations

- **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.

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 discipline.

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.

DEFENSE BUSINESS BOARD





Defense Business Board

TAB J

PUBLIC COMMENTS RECEIVED



From: King, John O CTR USN NHHW WASHINGTON DC (USA) <john.king.ctr@navy.mil>
Sent: Tuesday, April 16, 2019 3:35 PM
To: Laster, Roma K CIV OSD ODCMO (USA) <roma.k.laster.civ@mail.mil>
Cc: JohnOKing82@gmail.com
Subject: DBB Government-Industry Exchange Draft Report

Hi Roma,

I'm a retired Navy and OSD comptroller budget analyst, now a financial consultant for Navy history and OPNAV (where I provide monthly training on Planning, programming, Budgeting and Execution (PPBE) process, and who is interested in seeing the DBB throw out some innovative and impactful ideas on acquisition improvements – especially since Congress asked. Having performed program and budget due diligence on hundreds of R&D, procurement, construction/housing, operation and maintenance, BRAC and contingency programs (both war budgets and disaster assistance), there are a lot of things that can be done, but the one I feel could be most beneficial is creating/recreating that government-industry “lab” experience so we can accelerate our technology programs. We've lost a lot of DoD's functioning in-house laboratories (like Navy's missile development program at China Lake) because of the fewer missiles in our acquisition, but also because of stretching those programs out to accommodate funding profiles. We really need a “go fast” approach (test, fail – test, fail – test, succeed) to regain our competitive advantage. (Air Force is ready to test a hypersonic missile. Hypersonic technology was under development when I ran the Navy's R&D program portfolio back in the mid 1990's! – And we still don't have a fielded system!)

My suggestion, which you might run past the board members and include in your final report to Congress in May, is to add a “pilot program” where a government technology lab can bring together government and industry engineers (from different companies) to work through a difficult problem until they are ready to put it out to industry as a normal solicitation. Have Congress grant a one-time or temporary exclusion from all acquisition rules, and see if that compresses the time to fielding and regains American competitive advantage. You might want to propose one or two other areas, like a specific cyber capability or weapon system modernization task. The idea would be to substitute this government-industry “open technology development process” for a normal, long-term acquisition.

We're in a renewed great power competition, a war. But we're not on an industrial war-footing acquisition basis. We need to change THAT!

Just an idea.

Have included my personal email in case you want to talk further.

John O. King
Senior Financial Management Consultant
Comptroller Division
Naval History & Heritage Command
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Washington Navy Yard, DC 20374-5060
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Defense Business Board

TAB K

DBB AND DIB PRIOR RECOMMENDATIONS



Study #	Study Title	Recommendations IRT Defense Acquisition Industry-Government Exchange
FY16-05	Focusing a Transition: Challenges Facing the New Administration	<ul style="list-style-type: none"> The USD(P&R) should establish a robust senior level mentoring program across DoD to identify, groom, and manage Department-wide "high-flyer managers" as future senior leaders to accelerate growth of existing and new talent. The Chief Management Officer/ Deputy Secretary should establish a program to rotate junior civilian political and career management talent to new assignments every two years (like their military counterparts) and ensure a broad range of experiences to develop their managerial talent.
FY16-04	Selecting Senior Acquisition Officials: Assessing the Current Processes and Practices for Recruiting, Confirming, and Retaining Senior Officials in the Acquisition Workforce	<ul style="list-style-type: none"> Identify the minimum baseline qualifications for key Acquisition positions Implement an alternative pay and compensation structure to make the Senior Acquisition positions more attractive Mitigate complicated and costly financial divestment requirements that greatly reduce individual and family net wealth 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 Employ a more balanced OGE approach for crucial jobs in DoD Adjust SASC requirements and procedures to make it more attractive to positions requiring highly experienced, technically qualified, proven senior leaders from the private sector
FY16-03	An Assessment on the Creation of an Under Secretary of Defense for Business Management & Information	<ul style="list-style-type: none"> Support critical talent attraction through simplified ethics rules and confirmation process.
FY16-01	Innovative Culture, Part II: Virtual Consultancies – Engaging Talent	<ul style="list-style-type: none"> To hold the Department and its leadership accountable, DoD should develop and implement an Innovation Scorecard to measure progress
FY15-02	Fostering an Innovative Culture Through Corporate Engagement and Partnership	<ul style="list-style-type: none"> Re-brand Secretary of Defense Fellows as Secretary of Defense Fellowship Implement a structured mentoring program for Fellows. Institute a cross-organizational network program to connect external engagement efforts with senior leader advisory groups. Connect Fellows with existing innovation, technology, academic, and business centers of excellence around the country. Expand on ITEP example to bring senior experts into the Department for a "reverse Fellowship." Distribute across DoD's institutional and operational elements to serve as advisors and consultants; assign traditional industrial base partners to warfighting commands; exposure to operational priorities, challenges, and leaders; and assign non-traditional partners to institutional Staffs and Agencies to expose them to business processes, challenges, and leaders.
FY14-02	Innovation: Attracting and Retaining the Best of the Private Sector	<ul style="list-style-type: none"> Rebalance policies on intellectual property.
FY12-04	Public-Private Collaboration in the Department of Defense	<ul style="list-style-type: none"> Expand Collaborations: PPCs are unquestionably a good tool with tremendous unexploited potential. Therefore, DoD should take advantage of this resource and foster its development. Expand Authorities: The Office of the General Counsel should undertake an immediate survey of existing regulations with the view of modernizing the system of authorities that has had such a retarding effect. Develop a DoD PPC Organization: It is recommended that the Joint Staff take the lead on PPC leadership for the Department.

FY12-02	Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes	<ul style="list-style-type: none"> • The three stovepipes in the Big “A” Acquisition System are too complex: Zero-base the entire system, including all directives and regulations. Train DoD’s acquisition professionals along with supporting agencies in the identification, quantification, management, and mitigation of risk. • The acquisition workforce has atrophied. Steps are underway to improve the situation: § The Military Service Chiefs, in collaboration with senior acquisition leaders, should be accountable for the career path management, training, education, and particularly promotions and equal promotion rates of military acquisition personnel, as required by law. • Cyber and IT requirements drive the need for an accelerated process: The Department needs to adopt an approach for Cyber and IT that matches the acceleration of technology and advancing threats. Consideration should be given to permitting Title 10 Cyber operational missions to emulate the pattern of Title 50 intelligence mission solutions. • DoD and industry need to restore a two-way partnership: Establish a two-way partnership with industry. Bring suppliers in earlier during the requirements process to help scope technological achievability and schedule. Include outreach to smaller firms with innovative technical solutions. • The Executive Branch and Congress have both added significant roadblocks to the recruitment and appointment of political appointees in acquisition: The Executive and Legislative branches should adopt changes that include; streamlining the process, reducing paperwork, and using “common procedures” in Executive and Legislative branches; minimizing financial disincentives, limiting recusals, allowing true blind trusts, providing tax incentives, and allowing longer divestitures in adverse markets; reassessing the post-government prohibitions in order to shorten the time period and limit the scope of coverage to specific programs.
FY10-05	Assessing the Defense Industrial Base	<ul style="list-style-type: none"> • When developing policies and tools, recognize the broad diversity of the industrial base, depending on size, nature of the products and technology, and the competitive landscape • Maintain a robust two-way dialogue with the industrial base • Closely monitor DoD technology needs and focus on areas of significant risk • Maintain an active dialogue with the base to share information on future needs, potential technologies, and significant risks.
	Acquisition Workforce Growth and Recommendations for Insourcing	<ul style="list-style-type: none"> • Prioritize Acquisition Workforce Growth Project and champion it; broadly communicate a strategy of excellence • Appoint a Director of Human Capital, reporting directly to the Under Secretary to oversee and manage the workforce growth and development program full time, with adequate span of control • Develop a robust strategy for accomplishment, with quality and efficiency first, of programs and people. Execution should be tracked and measured. Metrics on the caliber of hires is important and should be developed.
FY09-07	Outreach Plan to Improve Communications between the Department of Defense and the Defense Industrial Base	<ul style="list-style-type: none"> • Develop & implement detailed Industry Strategic Communications Plan • Including specific requirements and deliverables in the Plan as delineated in this report • Developing and supporting a practical, flexible means for small technology companies and non-traditional suppliers to introduce high potential new products and technologies • Establishing a regularized report on the financial health of the defense industrial base and its individual companies • Briefing the SECDEF/DEPSECDEF/Service Secretaries/DoD General Counsel on the Strategic Communications Plan and ensuring their full support • Working with the DoD and Military Departments’ General Counsels to ensure and facilitate robust communications.
FY08-03	A Strategic Relationship Model between the Department of Defense and the Industrial Base	<ul style="list-style-type: none"> • Articulate a clear strategy and action plan to guide senior leadership actions • Direct the COCOMs and JROC to strengthen communications with the global supplier base • Direct the Military Services and the COCOMs to expand communications with services contractors/suppliers • Take steps to ensure the necessary human resources are available to support effective DoD-industry relations
FY08-01	Engaging US Business in Support of National Security	<ul style="list-style-type: none"> • National Activities: Sec of State, Defense, Commerce and Treasury, with the endorsement of the President, should meet regularly with existing, established business associations, non-governmental organizations and CEO’s to review foreign policy objectives, priorities and concerns in targeted countries/regions. • Regional Activities: Deployed State Dept diplomatic personnel, Dept of Commerce Commercial Attaches, as well as, forward deployed Combatant CMDRs should meet regularly with the U.S. business leaders in their theater of operation regarding targeted countries/regions.

	Objectives Task Group Report	<ul style="list-style-type: none"> Government Activities: US establish an understanding of the markets in which that country participates. Create an economic model of targeted country/region to better inform U.S. Government program choices, and to better understand which private sector initiatives would have the most impact on job creation, economic growth and stability. State's Commercial Counselors must be tasked to create U.S. investment in targeted countries – not just pave the way for improved U.S. sales. Create coordinated plan for economic development, utilizing existing funds if relevant or creating new ones as necessary.
FY06-01	Shaping and Utilizing the SES Corps	<ul style="list-style-type: none"> DOD should simplify the selection and hiring process for SES-level employees while providing multi-faceted career opportunities and training to its high-potentials and SES levels. Senior Executives must have broad management experience and reflect the nation's intellectually diverse workforce, and have core competencies required by our evolving missions and collaborative roles within the interagency process.
FY03-09	Increasing Diversity in DoD's Flag and Senior Executive Ranks	<ul style="list-style-type: none"> Make efforts to increase the talent pool of qualified diverse candidates for promotions through the adoption of applicable private sector best practices in the recruitment/accession and purposeful development of highly talented people of all backgrounds.
FY03-02	MBA Recruitment	<ul style="list-style-type: none"> Create a Defense Business Fellows Program via Executive Order Recruit and hire 20 or more top-tier MBA recent graduates per year; train and develop them in a two-year Program Market/recruit through internships prior to Program Non-competitively convert Fellows to permanent positions in the DoD civilian management structure after Program USD(P&R) establish a Fellows Program Office (DBFPO) to centrally manage, coordinate and fund the Program Selection Panel consisting of representatives (senior line military officers, SES executives and Political Appointees) from the Services, OSD and the Defense Agencies participating in the Program, as well as the senior OUSD(P&R) official overseeing the Program Target specific schools (with specifically-recommended recruiting practices): Columbia, Harvard, Northwestern, MIT, U of MD, Stanford, U of Chicago, U of MI, Wharton School (U of PA), Darden (UVA), Duke, U of CA, Howard, Indiana, American, UT Austin, Georgetown, William & Mary, GW, Dartmouth



DEFENSE INNOVATION BOARD | FACTSHEET ON RECOMMENDATIONS

Recommendation 1: Appoint a Chief Innovation Officer and Build Innovation Capacity in the Workforce

- CINO should serve as an advocate for innovation and coordinate, oversee, and synchronize innovation activities across the Department
- CINO should establish a program office to build capacity to spur workforce-driven innovation, such as innovation tournaments and educational activities
- The goal is not to centralize innovation activities, but to foster a culture of innovation and entrepreneurship across the workforce by connecting and enabling the people and programs throughout the Department who are doing innovative work

Recommendation 2: Embed Computer Science as a Core Competency of the Department through Recruiting and Training

- Establish a career track for computer scientists in the military that will provide incentives for service members to specialize in computer science and programming fields
- Create new and expand existing programs to attract promising civilian and military STEM talent
- Reach into new demographic pools of people interested in the work DoD does but otherwise unaware of DoD opportunities

Recommendation 3: Embrace a Culture of Experimentation

- Build a culture of evidence-based, outcome-driven policies and experimentation
- Offer recognition, awards, and other incentives for managers who promote innovation and experimentation, give employees greater voice, and encourage creativity and divergent views

Recommendation 4: Assess Cyber Security Vulnerabilities of Advanced Weapons

- Direct U.S. Cyber Command, working in coordination with the National Security Agency, to conduct regular security reviews of weapons systems to identify vulnerabilities embedded in software and networks
- Require that source code for such weapons systems be made available on an ongoing basis for such testing; automate testing and require that any detected vulnerabilities are removed

Recommendation 5: Catalyze Innovations in Artificial Intelligence and Machine Learning

- Establish a DoD center for studying artificial intelligence (AI) and machine learning (ML) and building expertise and capacity in these areas across the Department
- Harness the capabilities of AI and ML to ensure technological superiority the way DoD did with nuclear weapons in the 1940s and with precision-guided weapons and stealth technology afterward
- Expand exchange programs and collaboration with industry and academic experts in this field

Recommendation 6: Expand Use of Available Acquisition Waivers and Exemptions

- Improve the speed and timeliness of acquisition processes by increasing the use of available mechanisms for waivers and exemptions
- Educate DoD acquisition professionals on success stories of alternative mechanisms
- Accelerate deployment of capabilities to warfighters to meet urgent needs

Recommendation 7: Increase Investment in New Approaches to Innovation

- Build on the support for the Defense Advanced Research Projects Agency (DARPA), the Strategic Capabilities Office (SCO), the Defense Innovation Unit Experimental (DIUx), Defense Digital Service (DDS), rapid equipping units, and other small, agile, innovation-focused organizations within DoD
- Establish activities to improve communication and coordination between them and to educate DoD leaders and the workforce about their efforts to drive innovation as a way to enhance the Department's capabilities

Recommendation 8: Improve DoD Access to Code

- Require that all systems purpose-built for DoD should have their source code available to the Department
- DoD should have the rights to and be able to modify the code when new conditions and features arise

Recommendation 9: Establish Software Development Teams at Each Major Command

- Embed software development teams -- a “human cloud” of computer programmers and software developers responsive to the commander -- who are available on-demand to swiftly solve software problems
- Teams should be assigned to commanders to provide an organic, on-demand resource that is responsive to warfighter needs without necessitating writing a requirement, selecting a vendor, reaching back to a distant resource, or going through lengthy and onerous approval or contracting processes

Recommendation 10: Make Computing and Bandwidth Abundant

- Direct DoD to adopt a strategy for rapidly transitioning DoD Information Technology (IT) to current industry standards such as cloud computing, ubiquitous access to modernized wireless systems leveraging commercial standards, abundant computing power and bandwidth that is made available as a platform, integration of mobile technologies, and the development of a DoD platform for downloading applications

Recommendation 11: Reward Bureaucracy Busting and Lower Barriers to Innovation

- Establish incentives for process simplification, reduction of paperwork and reporting burdens, and “bureaucracy busting” activities
- Leaders need to compensate for the natural inertial pressure of large organizations to proliferate barriers and processes by constantly repeating a mantra of simplification

Recommendation 12: Forge New Approach to Data Collection, Sharing, and Analysis

- Create a new architecture to collect, share, and analyze data that can be mined for patterns that humans cannot perceive
- Utilize data to enable better decision-making in all facets of the Department, providing advantages that adversaries cannot anticipate
- Forge culture of data collection/analysis to meet the demands of a software-centric combat environment

Recommendation 13: Accelerate DoD Acquisition Cycles (*DIB has introduced but not voted on this yet*)

- Develop proactive pathways rather than ad hoc bulky task forces to facilitate the transition of emerging, breakthrough technologies from research to operational deployment within two years
- Five pathways: 1) Establish standard fast-track process for major technologies, coordinated by R&E and final decision resting with the Deputy Secretary of Defense; 2) The Joint Staff should embed liaison officers in the Services’ rapid capabilities offices (RCOs) to strengthen coordination among them; 3) Every Service should have its own version of AFwerX; 4) Every Service should launch a software accelerator modeled after the Marine Corps’ ISR Enterprise Accelerator; and 5) The training and education directorates of the Joint Staff and Services should adopt accepted innovation training methodologies

Recommendation 14: Establish Alternatives to Promotion System (*DIB has introduced but not voted on this yet*)

- Design one or more alternatives to the “up or out” personnel system that stifles DoD’s most capable entrepreneurs and discourages young innovators from staying in the military
- Build on existing mechanisms the military has employed to retain talent through non-traditional means and elevate good but nascent ideas past the usual bureaucratic roadblocks

Recommendation 15: Create a New I+STEM (Innovation + Science, Technology, Engineering, and Math) Career Field

- Develop a new career and promotion pipeline to capture a wide range of unique I+STEM skills and apply them to DoD challenges
- Explore how military personnel would cycle between these innovation-specific positions and assignments in their functional field to avoid the I+STEM career field becoming its own stovepiped area as opposed to infusing innovation throughout the Department

Recommendation 16: Establish Technology and Innovation Training Program for DoD Senior Leaders

- Create various education and training opportunities for senior leaders to understand new technologies and innovation methodologies such as data science, artificial intelligence and machine learning, lean startup, design thinking, and more
- Guide DoD senior leaders on how the private sector is developing the most advanced capabilities so leaders are more likely to embrace them, despite their novelty in DoD, when military innovators suggest them as solutions worth adopting



Defense Business Board

TAB L

SUMMARY OF § 1045 OF THE FY18 NDAA



Summary of Section 1045 of the NDAA for FY 2018

Effective December 12, 2017, Congress enacted additional post-Government employment restrictions for senior personnel departing the Department of Defense after that date. Section 1045 restricts “lobbying activities” with respect to DoD matters by certain senior civilian officials and officers. Departing flag and general officers and senior civilian equivalents are prohibited from lobbying the Department or certain other executive branch officials regarding DoD matters for a one or two year period after departure, depending on seniority.

Who is affected and for how long?

Section 1045:

- Prohibits **military officers in grades O-9 and O-10 and “civilian equivalents”** departing service after December 12, 2017, from engaging in “lobbying activities” with respect to DoD for **two years** after date of retirement or separation.

These most senior “civilian equivalents” are Tier 3 (and above) SES (career and non-career) and DISES, and all Presidential Appointees confirmed by the Senate.

- Prohibits **military officers in grades O-7 and O-8 and “civilian equivalents”** departing service after December 12, 2017, from engaging in “lobbying activities” with respect to DoD during the **one year period** after date of retirement or separation.

These less senior “civilian equivalents” are Tier 1 and 2 SES (career and non-career) and DISES, SL, ST, and DISL.

- Applies in addition to all other restrictions governing post-Government service activity by senior officials under criminal statutes, procurement integrity laws, regulations, and executive orders, including the Trump Ethics Pledge as applicable.
- Leaves unchanged other post-Government restrictions applicable to non-senior officials.
- Does not restrict departing personnel not subject to the 18 U.S.C. 207(c) one-year “cooling off” period, including civilians whose rate of base pay is below 86.5% of the rate for Executive Schedule Level II or Reserve officers not otherwise triggering the criminal ban.

What activities are restricted?

Section 1045 bars engaging in *lobbying activities with certain DoD officials* (see “covered executive branch officials” Key Definitions) or *with respect to DoD matters* to certain non-DoD Federal officials during the applicable prohibition period.

What is the “bottom line”?

This legislation limits the ability of former senior civilian employees and general or flag officers to work in positions requiring communications with certain DoD officials, or other Federal officials regarding DoD matters, while under the restriction. *This includes behind-the-scenes activity supporting lobbying contacts during the applicable cooling off period.*

Key Definitions for purposes of Section 1045

Lobbying Activities means **lobbying contacts** and efforts directed at **covered executive branch officials** in support of such contacts, including preparation and planning activities, research and other background work that is intended, at the time it is performed, for use in contacts, as well as coordination with the lobbying activities of others.

lobbying contacts include:

- Written or oral communications
 - With covered executive or legislative branch officials
 - On behalf of a client
 - For financial or other compensation
 - with limited exceptions
- or*
- Engaging in behind-the-scenes efforts in support of such lobbying contact

covered executive branch officials include:

- Any officer or employee in the Executive Office of the President
- Any officer or employee serving in a position in levels I-V of the Executive Schedule (e.g., Presidentially Appointed, Senate-confirmed officials)
- Any member of the uniformed services whose pay grade is at or above O-7 (Flag or General Officers)
- A non-career official in a confidential, policy-making position, i.e., non-career SES or Schedule C appointee

Restricted **lobbying activities** include engaging in oral, written, or electronic communications with regard to the formulation, modification, or adoption of Federal legislation, rules, regulations, Executive orders, or any other program, policy or position of the United States Government. Also covered are contacts about the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit, or license; but not technical communications made pursuant to those Federal arrangements). Note that communications required by the terms of an existing contract with DoD are not prohibited.

The prohibition on lobbying activities **with respect to the DoD** means the identified senior officials are prohibited from:

- Engaging in or supporting lobbying contacts with **covered executive branch officials** with respect to the DoD. This includes contact with covered officials **in any Department about DoD matters**, e.g. discussing DoD issues with an executive branch agency covered official at the National Security Council.
- Engaging in or supporting lobbying contacts with **covered officials serving within DoD**. For purposes of this prohibition, there are no separate “DoD components.” Each Military Department and Defense Agency is considered within DoD and within the restriction for all identified senior officials.

For further information consult your local ethics official.



Defense Business Board

TAB M

DSD MEMO – ENGAGING WITH INDUSTRY





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAR - 2 2018

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF COST ASSESSMENT AND PROGRAM
EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
CHIEF INFORMATION OFFICER OF THE DEPARTMENT OF
DEFENSE
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Engaging with Industry

Our National Defense Strategy (NDS) directs our intentional engagement with industry to harness and protect the National Security Innovation Base as well as modernize key capabilities. Cultivating a competitive mindset requires that we optimize our relationships with industry to drive higher performance while always remaining within the letter and spirit of ethics and procurement regulations. This policy updates Deputy Secretary of Defense memorandum, Subject: Policy for Communications with Industry, dated June 21, 2010, to achieve the objectives of the NDS and reiterates the guidance in the Secretary of Defense memorandum, Subject: Dialogue with Industry, dated April 24, 2017.

The Department relies upon thousands of contractors spanning a wide array of industry segments and supporting a multitude of mission requirements. Industry is often the best source of information concerning market conditions and technological capabilities. This information is crucial to determining whether and how industry can support the Department's mission and goals. Conducting effective, responsible, and efficient procurement of supplies and services while properly managing the resultant contracts requires Department personnel to engage in early, frequent, and clear communications with suppliers. As the NDS makes clear, dialogue helps industry make informed investment and business decisions necessary to meet near- and long-term requirements of the Department. Proactive engagement will maximize support to the

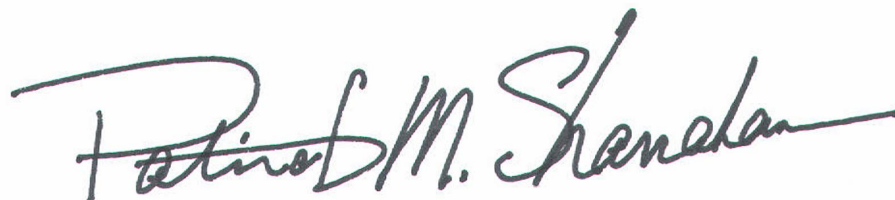


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Warfighter; set realistic expectations and technologically achievable requirements; enhance the ability of organizations to meet cost, schedule, and performance objectives; and establish policies and business practices that promote the long-term viability and competitiveness of the industrial base supporting defense.

We must always comply with the ethics and procurement laws and rules governing interactions with industry. They should not, however, cause officials to be reluctant to engage in exchanges with industry. While we must always be mindful of our legal obligations, they do not prevent us from carrying out our critical responsibility to engage with industry. There is a broad range of opportunities for communications with industry in a fair, impartial, and transparent manner that fall well within the parameters of the ethics and procurement laws. For example, events hosted by industry associations may provide opportunities to efficiently, effectively, and ethically connect the DoD with leaders from across a particular industry or segment.

The Department's policy continues to be that representatives at all levels of the Department have frequent, fair, even, and transparent dialogue with industry on matters of mutual interest, as appropriate, in a manner that protects sensitive information, operations, sources, methods, and technologies. Leaders must talk with personnel about the importance of having dialogue with industry and help them understand the parameters for doing so. To assist personnel, attached are DoD Myth-Busters on Communications with Industry, which are intended to update and supplement the "Myth-Busting" memoranda previously issued by the Office of Federal Procurement Policy. Also attached is a synopsis prepared by the DoD Standards of Conduct Office of applicable ethics and procurement laws that form the boundaries within which personnel must operate in their communications with industry.

A handwritten signature in dark ink, reading "Patrick M. Shanahan". The signature is fluid and cursive, with a long horizontal line extending from the end.

Attachments:
As stated

ATTACHMENT A

DoD Myth-Busters - Communications with Industry

1	<p>Myth: DoD officials should never hold individual meetings with a defense contractor.</p> <p>Fact: DoD officials may hold individual meetings with a defense contractor. However, officials should take into account several factors, including the topic(s) to be discussed, whether the official is willing and able to hold such meetings with all similarly situated entities, any pending matters involving the contractor (procurements, claims, audits, etc.), and any other factors that might give rise to an appearance of impropriety. In fact, there may be situations where an individual meeting with a contractor is to DoD's advantage or necessary to further DoD's mission, such as where a discussion of a company's proprietary information is necessary to an overall understanding of industry status and capabilities. Of course, group meetings, such as "industry days" are always a safe bet if you don't need to have an individual meeting.</p>
2	<p>Myth: Outside of communications required as part of the procurement process or contract administration matters, only senior leaders should meet with members of industry.</p> <p>Fact: While there certainly may be occasions where a senior leader needs to meet with industry representatives, it is always best to ensure that meetings are held at the lowest appropriate level relative to the topic and purpose of the meeting. This helps to avoid any appearance of "special access" or "favoritism," as well as negating any perception that the boss favors a particular entity. Additionally, when senior leaders meet with industry, they should consider having appropriate members of their staff present, particularly if there is an ongoing procurement or other sensitive matter. Staff can provide valuable input and backup to assist in mitigating procurement integrity, litigation or other risks.</p>
3	<p>Myth: Industry does not have ethics rules of their own.</p> <p>Fact: Many companies not only have their own ethics policies, but may actually have more stringent restrictions with significant penalties. While Government ethics rules are applicable only to Government personnel, contractors may have their own set of ethics rules that govern their interactions with customers, to include their Government clients. Additionally, since many industry personnel are "at will" employees, they may be subject to immediate termination for violations.</p>
4	<p>Myth: Industry's interests are diametrically opposed to the Government's interests.</p> <p>Fact: While this may be true at times (for example, where the Government is engaged in litigation with a contractor), it is not universally true. Generally, both parties have an interest in successful contract execution. Appropriate communications that are frequent and meaningful are key to reaching that mutual goal and can significantly reduce the misunderstandings and miscommunications that lead to adversarial relationships and proceedings.</p>

5	<p>Myth: Industry is more risk tolerant than the Government.</p> <p>Fact: Companies do not want negative media or Congressional attention any more than Government agencies do. Publicly traded companies are particularly sensitive to the potential for negative coverage to impact stock prices and must answer to shareholders and boards of directors when mishaps occur. Of course, for both industry and the Government, there may be individual personnel who intentionally or inadvertently cause issues. However, the impact that these individuals have can be mitigated, or even eliminated, with proper training and clear communication of expectations (both internally from leadership and externally between Government and industry personnel/leaders). By keeping appropriate lines of communication open, we can facilitate our mutual interests in avoiding potential issues and maintaining public trust.</p>
6	<p>Myth: I'm just meeting with my old buddy "MG (ret.) Smith" who happens to work for a major defense contractor so I don't need to worry about ethics or procurement integrity issues.</p> <p>Fact: This one can cut both ways, and it's all about the details. Of course, you may meet with your old friends, even if they work for defense contractors. But, depending on your position/participation in relation to the work performed by the contractor, there may be appearance or impartiality issues. Obtaining information about the intent of the meeting beforehand is important. The first step is to consider whether the meeting really is purely social:</p> <ul style="list-style-type: none"> * What will you be discussing? If, for example, it's the kids and grandkids - no problem. If it's his company's contract or capabilities, then it's probably not a personal meeting. *Where are you meeting? If it's at the office on official time, probably not a personal meeting. If it's at a home or social establishment on personal time, then more likely a personal meeting. *If you are going out, who is paying? If his company is paying or reimbursing, then it's not personal. <p>Conversely, what about the retired GO/FO who used to be your boss, not your buddy? What if he calls and wants to meet now that he works for a major defense contractor? Depending on his post-employment restrictions, this may be a problem. You should contact your ethics office to determine what restrictions may be in effect.</p>
7	<p>Myth: The Secretary's message to "play the ethical midfield" restricts my ability to engage in frequent communication with industry.</p> <p>Fact: DoD policy is that personnel can and should engage in communication with industry. However, the policy also clearly states that such communications should be fair, even, and transparent and conducted in an appropriate manner, taking into consideration applicable ethics and procurement laws and regulations. This requires that personnel maintain awareness of what is and is not appropriate to ensure that lack of knowledge is not causing them to unnecessarily restrict communications, on the one hand, or to engage in inappropriate communications, on the other hand. In other words, personnel should find that midfield between not communicating due to fear of a misstep and inappropriately communicating due to lack of knowledge.</p>

ATTACHMENT B

Applicable Laws

The following are statutory and regulatory limitations on communicating with any non-federal entity, to include members of the defense industrial base:

➤ **Conflicts of Interest (18 U.S.C. § 208)**

- Law - Government officials may not participate personally and substantially in a particular matter that will have a direct and predictable effect on their financial interests or those of their spouses, minor children, general business partners, or prospective employers.
- Communications Impact – Personnel should not participate in meetings or other exchanges where the topics include matters that will impact the finances of a company in which they have an actual or imputed financial interest.
- Allowed – participation in general discussions about policies, programs, and capabilities, particularly where multiple vendors are present.
- Prohibited – participation in discussions about a specific contract involving the entity whose interests are imputed to the employee or matters having a financial impact on a narrow class of entities, of which the conflicting entity is one.

➤ **Procurement Integrity (41 U.S.C. § 2102 and 48 C.F.R. § 3.104-4)**

- Law - Government officials shall not knowingly disclose contractor bid or proposal information or source selection information.
- Communications Impact – Personnel should not discuss matters relating to ongoing procurements without proper authority and should never discuss offeror bid/proposal data or source selection information with anyone outside of the procurement team.
- Allowed – Any communications permitted or required by the FAR, such as clarifications, discussions, negotiations, and debriefing information, when conducted under the oversight of a contracting officer. Discussion of public information, such as information contained in any solicitation or other posted documents, information provided to the media, or information announced in relation to prior contract awards.
- Prohibited – Sharing a bidder/offeror's proposed approach, proprietary data or other non-public information about methodology or business.

➤ **Trade Secrets Act (18 U.S.C. § 1905)**

- Government officials may not disclose trade secrets or other proprietary information (which includes processes, operations, style of work, or apparatus, as well as the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures) unless authorized to do so by law. Such legal authority is rare.

➤ Federal Advisory Committee Act (5 U.S.C. App.2) “FACA”

- Law – Government officials must comply with the Federal Advisory Committee Act when seeking collective advice or recommendations from a group that includes persons who are not on active military duty, full-time or permanent part-time Federal officers or employees.
- Communications Impact - This does not apply to any group that meets with a Federal official(s), including a public meeting, where advice is sought from the attendees on an individual basis and not from the group as a whole. It also does not apply to any group that meets with a Federal official(s) for the purpose of exchanging facts or information.
- Allowed – FACA does not apply to meetings or discussions held for purposes of obtaining individual recommendations from the attendees (e.g., the group is not providing collective advice or recommendations). It also would not apply where the Government is seeking to exchange or obtain factual information (e.g., an industry day discussing capabilities or new initiatives).
- Prohibited – FACA would apply to a meeting or discussion where the assembled non-federal participants are requested to develop and provide advice or recommendations as a group.

➤ Impartiality (5 C.F.R. § 2635.101 and § 2635.501-503)

- Law - Employees shall act impartially and not give preferential treatment to any private organization or individual. Employees should not participate in particular matters where the circumstances would cause a reasonable person with knowledge of the relevant facts to question the employee’s impartiality.
- Communications Impact – In deciding whether to meet with industry, officials should consider whether they are able and willing to meet with all similarly situated parties in the same manner. Officials should also consider whether the circumstances and their own personal and business relationships would cause the public to question their impartiality.
 - Allowed – Meeting with suppliers of a particular product type to determine whether industry has the production capability to meet anticipated requirements, but limiting the invitees to those with existing high volume production lines.
 - Not Recommended – Meeting with only a single supplier in an industry where there are 3 or 4 suppliers of equivalent capability and experience to discuss that same production capability.
 - Prohibited – Meeting only with the incumbent contractor, to discuss requirements for the follow-on contract.

➤ Use of Nonpublic Information (5 C.F.R. § 2635.501-703)

- Employees shall not use or allow the use of nonpublic information to further any private interest, whether through advice or recommendation, or by knowing unauthorized disclosure.



Defense Business Board

TAB N

FEDERAL INDUSTRY-GOVERNMENT EXCHANGE PROGRAMS



Industry-Government Exchange Programs*

Program	Mission/Focus	Authorized Agency	Direction of Exchange
AAAS Science and Technology Fellowships	Increase involvement and visibility of accomplished scientists and engineers in the public policy realm.	All* & Congress	External Employee to U.S. Government
Consultants or Expert Appointments	Advisory and Research	All*	External Employee to U.S. Government
Cooperative Research and Development Agreement (CRADA)	Research	All*	Both
Cyber Information Technology Exchange Program (CITEP)	DoD and private orgs share best practices, gain a better understanding of each other's IT practices and challenges.	DOD	Both
Department of Homeland Security (DHS) Loaned Executive Program	Advisory	DHS	External Employee to U.S. Government
DoD Visiting Researcher Opportunities	Research	DOD	External Employee to U.S. Government
DOE National Laboratory Entrepreneurial Leave Programs	Commercialization	DOE	Employees of participating DoE national laboratories
Federal Advisory Committees	Advisory, Research, and policy-making (e.g., Defense Business Board, Defense Science Board, Defense Innovation Board)	All*	External Employee to U.S. Government
Franklin Fellows Program	Bring outside experts to the DOS and USAID to allow citizens a chance to serve.	DOS & USAID	External Employee to U.S. Government
Industry Training Programs	Research	All*	Federal Employee to external organization
Intergovernmental Personnel Act (IPA) Appointment	Advisory	All*	Both
Military Reservists	Advisory, research, leadership, policy-making, and operational support.	DOD	Reservists working at for-profits, nonprofits, universities, Federal, and other Government agencies
NSF Visiting Scientists, Engineers and Educators Program (VSEE)	Advisory, research, leadership, policy-making, and program management	NSF	External employee to U.S. Government
Professional Science & Engineering Society Fellows Program	Enlist scientists and engineers with an interest in policy and international affairs to further the diplomacy and development policies of the United States.	DOS	External Employee to U.S. Government
Secretary of Defense Executive Fellows	Transforming our forces and capabilities by selecting military officers or civilian employees to receive their senior service college credit by training with sponsoring institutions	DOD	DoD employee to external organization.

*This is a sampling of programs, not all active programs may be listed.

Industry-Government Exchange Programs*

Program	Mission/Focus	Authorized Agency	Direction of Exchange
The Treasury Headquarters Fellowship Program	Provide a professional/industry exchange that brings experienced practitioners to the Department of Treasury	Treasury	External Employee to U.S. Government
Veterans Innovation Partnership (VIP) Fellowship Program	Build and deploy partnerships between U.S. Government and U.S. private sector to promote foreign affairs careers for vets.	State	Both

*"All" includes the following:

DOC = Department of Commerce
 DOS = Department of State
 USDT = Department of the Treasury
 DOI = Department of the Interior
 DOA = Department of Agriculture

DOJ = Department of Justice
 DOL = Department of Labor
 DOD = Department of Defense
 HHS = Department of Health and Human Services
 HUD = Department of Housing and Urban Development

DOT = Department of Transportation
 DOE = Department of Energy
 ED = Department of Education
 VA = Department of Veterans Affairs
 DHS = Department of Homeland Security

*This is a sampling of programs, not all active programs may be listed.



Defense Business Board

TAB O

SECDEF FELLOWS PARTICIPANT BREAKDOWN



Secretary of Defense Executive Fellows 1995-2018

By Rank & Service Component

Year	O-6							O-5							Total
	USA	ARNG	USMC	USN	USAF	AFR	ANG	USA	ARNG	USMC	USN	USAF	AFR	ANG	
2017-18	2			4	1			3		4	3		1	1	19
2016-17	1			2	1			2		3	3	1	1	1	15
2015-16	1							2		4	3	2	1	1	14
2014-15	2	1			2					5	3	1	1	1	16
2013-14	1			1	1		1	2		3	3	2	1		15
2012-13	1				2	1	1		1	4	3	1			14
2011-12	1	1		2	2			1		2	2	1	1	1	14
2010-11	2				1				1	2	2	3		1	12
2009-10	1		2		2			1			2	1			9
2008-09	1		2	1	2			1			1	1			9
2007-08	2				2					2	2	1			9
2006-07			1		1			2		1	1	2			8
2005-06	1		1	2	2			1				1			8
2004-05				1	2			1		1	1	1			7
2003-04	1			1	1			2		1	1	1			8
2002-03	1				1			1		1	2	1			7
2001-02				1	1			2		1	1	1			7
2000-01				1	1			2		1	1	1			7
1999-00			1	1	1			1			1	1			6
1998-99	1									1	1	3			6
1997-98	1			2	1					1		1			6
1996-97	1			2						1		2			6
1995-96	1		1	1	1							1			5
	22	2	8	22	28	1	2	24	2	38	36	30	6	6	227

Source: OUSD(P&R) website, **SECDEF Executive Fellows**: <https://prhome.defense.gov/Readiness/EducationTraining/SDEF/Past-Fellows/>





Defense Business Board

TAB P

SECDEF FELLOWS PRIVATE SECTOR CORPORATE PARTICIPATION



Secretary of Defense Executive Fellows 1995-2018

Participating Private Sector Corporations

3M Company	Deutsche Bank, AG	Morgan Stanley
ABB Group	DIRECTV	NCR Corporation
Accenture (formerly Andersen Consulting)	Dynamic Aviation	Netscape Communications Corp.
Agilent Technologies	E. I. DuPont & Company	Norfolk Southern Corporation
Alaska Airlines, Inc. (Alaska Air Group)	EADS North America	Northrop Grumman
Alphabet, Inc.	EMC Corporation	Oracle Public Sector
Amazon.com, Inc.	Enron Corporation	Pfizer, Inc.
American Management Systems	ExxonMobil Corporation	Pratt & Whitney
Amgen, Inc.	FedEx Express	PricewaterhouseCoopers
Apple, Inc.	General Dynamics	Raytheon Company
Arizona Public Service Company	Georgia Power	Salesforce.com
AT&T, Inc.	Google Inc.	SAP AG
Athena Innovative Solutions (later CACI)	Hewlett Packard Enterprise	Sarnoff Research Labs
Autodesk, Inc.	Honeywell Aerospace	Sears, Roebuck and Company
Biogen	Human Genome Sciences, Inc.	Shell Oil Company
BlackRock, Inc.	IBM	Sikorsky Aircraft Corporation
Bloomberg LP	Insitu, Inc.	Southern Company
Boeing	Intel	Space Exploration Technologies (SpaceX)
Booz Allen Hamilton Inc.	iRobot, Inc.	SRA International, Inc.
CACI International, Inc.	Johnson & Johnson	SRI International
Caterpillar, Inc.	JP Morgan Chase	Sun Microsystems, Inc.
Cisco Systems, Inc.	Lockheed Martin	Symbol Technologies, Inc.
Citi	McDonnell Douglas Aerospace	Textron Systems
CNN	McKinsey & Company, Inc.	Union Pacific Railroad
CVS Health	Merck & Company, Inc.	United Technologies Corp.
Dell EMC	Microsoft Corporation	
Deloitte Consulting LLP	Mobil Corporation	

Source: OUSD(P&R) website, **SECDEF Executive Fellows**: <https://prhome.defense.gov/Readiness/EducationTraining/SDEF/Past-Fellows/>







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