



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

MAY 08 2023

MEMORANDUM FOR DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference - Recommendations to Improve the Business Operations Culture of the Department of Defense

The Department of Defense (DoD) must consider new ways to harness the creativity of its civilian and Military Service members to sharpen mission execution, including the execution of its business operations (e.g., acquisition, contracting, finance, logistics, and human resources). The Department's workforce is increasingly multigenerational and multicultural, and we must foster inclusivity of ideas. Accordingly, the Department needs modern mechanisms, tools, and guidance to empower personnel to reduce waste, cost, and bureaucracy to spur productivity, innovation, efficiency, accountability, and quality. To enable this environment, the DoD must foster a workforce culture that encourages all parties to proactively share their ideas on how to improve business processes and rewards individuals for recommendations that result in substantial value to the organization.

Therefore, I direct the Defense Business Board ("the Board"), through its Talent Management, Culture, & Diversity Advisory Subcommittee ("Subcommittee"), to provide recommendations to improve the business operations of the Department by improving the workforce culture. Specifically, the Board, through its Subcommittee, will:

- Examine best practices in employee engagement and performance incentives to reduce waste and bureaucracy within its business processes. These practices may come from academic, public, or private sector organizations. Provide recommendations based on findings.
- Evaluate and provide recommendations to improve the current state of DoD programs to increase workforce morale, productivity, innovation, and to minimize bureaucracy.
- Provide case studies of emerging trends in employee engagement from the public and private sectors that foster process improvements and gainsharing that may be applicable to DoD personnel. For this purpose, gainsharing refers to an incentive plan in which personnel receive benefits (monetary or non-monetary) directly as a result of cost-saving measures that they initiate or participate in.
- Identify key performance metrics to measure and drive gainsharing improvement initiatives and employee engagement for all DoD.
- Consider and provide recommendations to alleviate any statutory, regulatory, or organizational impediments to implementing a personnel engagement/gainsharing system.
- Provide recommendations on any related matters the Board determines relevant to this task.



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I direct the Talent Management, Culture, & Diversity Advisory Subcommittee to submit its independent recommendations to the full Board for its thorough consideration and deliberation at a properly noticed and public meeting unless it must be closed pursuant to one or more exceptions found in title 5, U.S. Code, section 552b(c). In formulating its recommendations, the Subcommittee will consider prior DBB studies and recommendations on business operations, efficiencies (such as the 2015 studies *Fostering an Innovative Culture Through Corporate Engagement and Partnership* and *Transforming DoD Core Business Processes for Revolutionary Change*, the 2014 study *Implementing Best Business Practices for Major Business Processes in the Department of Defense*, and the 2010 study *Reducing Overhead and Improving Business Operations*) and the resulting actions the Department may have taken as a result of those reports. The Board will provide its findings and recommendations to me no later than November 30, 2023.

In conducting its work, the Board and its Subcommittee have my full support to meet with Department leaders. The Board staff, on behalf of the Board and the Subcommittee, may request the Office of the Secretary of Defense and DoD Component Heads to timely furnish as requested information, assistance, or access to personnel to the Board and the Subcommittee. All requests shall be consistent with applicable laws, applicable security classifications, DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program," and this Terms of Reference.

Material provided to the Board becomes a permanent part of the Board's record. Components are reminded all data/information provided is subject to public inspection unless the originating Component office properly marks the data/information with the appropriate classification and Freedom of Information Act exemption categories before the data/information is released to the Board. The Board has physical storage and electronic storage and communications capability on both unclassified and classified networks to support receipt of material up to the Secret level. Each Component should remember that Board members, as special government employee members of a DoD federal advisory committee, will not be given any access to the DoD network, to include DoD email systems.

The Board and the Subcommittee will operate in conformity with and pursuant to the Board's charter; title 5, U.S. Code chapter 10 (commonly known as the "Federal Advisory Committee Act"); title 5, U.S. Code, section 552b (commonly known as the "Government in the Sunshine Act"); and other appropriate federal statutes, regulations, and policy. The Subcommittee and individual Board and Subcommittee members do not have the authority to make decisions or provide recommendations on behalf of the Board nor report directly to any federal representative. The members of the Subcommittee and the Board are subject to certain Federal ethics laws, including title 18, U.S. Code, section 208 of governing conflicts of interest, and the Standards of Ethical Conduct regulations in 5 C.F.R., part 2635.

Thank you in advance for your cooperation and support to this critical undertaking.

A handwritten signature in dark ink, reading "Kathleen H. Hicks". The signature is written in a cursive, flowing style with a large initial 'K'.

cc:

Senior Pentagon Leadership

Directors of Defense Agencies

Directors of DoD Field Activities

Advisory Committee Management Officer, DA&M