



National Commission on the Future of the Army

2530 Crystal Drive, Zachary Taylor Building, Suite 5000
Arlington, VA 22202

SUBJECT: NCFA Staff Meeting with Industry Associations 6 October 2015 Minutes

Date: 06 October 2015

Time: 1403-1555 hours

Location: 2530 Crystal Drive, Zachary Taylor Bldg. 12th Floor, Arlington, VA 22202

Topic: Round Table Discussion on Defense Industry Base

Present:

NCFA Executive Director – MG Ray Carpenter (ARNGUS, Ret)

NCFA Staff Director – Mr. Rickey Smith

NCFA Staff Member – COL Kurt Weinand

NCFA Staff Member – Ms. Cherie Smith

NCFA Staff Member – Mr. Jim Boatner

NCFA Staff Member – LTC Barry Vincent

NCFA Staff Member – Sankar Bhattacharjee

NCFA Staff Member – Mr. Johnny Thomas

NCFA Staff Member – COL Kelly Peters

Mr. Ben Collins, Director for Policy, Business Executive for National Security (BENS)

Mr. Will Goodman, Vice President for Policy, National Defense Industry Association (NDIA)

Alternate Designated Federal Officer (DFO) – MAJ Vince Morris

Documents received by the Commission:

1. Talking points by Mr. Brian Collins, Business Executive for National Security (BENS)
2. Opening Statement by Mr. Will Goodman, National Defense Industry Association (NDIA)

Meeting Summary

Mr. Smith welcomed the guest speakers at 1403 hours. The NCFA Staff introduced themselves and the organization where they hold primary duty. The DFO discussed the Federal Advisory Committee Act (FACA) requirements with the attendees.

Mr. Collins from BENS and Mr. Goodman from NDIA opened with prepared comments (see documents received). They discussed what their organizations could offer the Commission as external, non-lobbying entities looking for best business practices in

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industry. The two major themes were “Don’t be a hard Customer” and “Become a more attractive Buyer”. They suggested the Commission should recommend changes to the acquisition process in light of the globalization of industry.

Mr. Collins pointed out that as a 501c(3) entity BENS does not lobby Congress nor hold positions on a given particular procurement action. Mr. Collins stressed the importance of applying business based solutions to national security issues which must be enabled by consistent planning. Keeping industry firms healthy and committed to investing in Army modernization requires a better understanding of industry today. He also offered five operating principles to foster a better relationship between the Industrial Base and Government.

1. It is unhealthy to use Modernization (Research and Development; and Science and Technology) as bill payers for Operations and Maintenance funding shortfalls.
2. The “Should Cost” method must adapt to include new, novel items where nothing exists and no precedence is available, but still requires a “fair price” for the industry that took the risk.
3. Honesty is needed when communicating with the Services about life cycle management. Don’t be reactionary (fear of protest) because less than 3% of protests succeed.
4. Foster healthy competition. 60% of industrial growth is based upon competition. Competition acts as an incentive for adaptation and innovation. However, the Government needs to take into consideration the global nature of business today.
5. Protection of intellectual property matters a great deal to industry; licenses and services are where they make their money.

Mr. Goodman, NDIA, emphasized the United States always needs to maintain a technological edge over any potential adversary. Unfortunately, our technological superiority is not a birthright. We have invested carefully over decades to become the world’s leader in military technology, and without the same kind of careful investments today, we may find this advantage, taken for granted, slip away while too few were watching.

- The dynamics of the defense industrial base have fundamentally changed. We cannot approach industry in the same manner as we did 10 or 20 years ago. The reality of today’s marketplace is that U.S. defense spending is dwarfed by global commercial activity. This trend will continue, and the Commission must account for this trend in any recommendations addressing how to equip the Army in the future.
- In sum, there is not a single defense industrial base. There is a defense market serviced by a diverse selection of companies which span, and often reflect, the

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greater global economy for goods and services. We cannot afford to create boutique, defense-only solutions when a commercial solution exists.

- We need to make it easier to purchase commercial items. We need to buy things the way commercial buyers do—using price comparison and competition, rather than relying on our current system of cost analysis.

The NCFA Staff asked questions of the presenters to further clarify the comments from their opening statements. A recurring theme was the need for Government to change from being a “hard customer.” That could be done by reducing ever changing requirements and establishing consistent funding streams.

Mr. Collins noted that the energy sector and robotics have the potential for synergy for Public Private Partnership relationships with DOD.

The DFO reminded the attendees that the minutes and documents would be posted at www.ncfa.ncr.gov and adjourned the meeting at 1555 hours.