



DEFENSE BUSINESS BOARD

*Talent Management, Culture, and
Diversity Advisory Subcommittee*

DBB FY24-02

Improving the Business Operations Culture of the DoD

November 15, 2023

An independent report analyzing and evaluating DoD's current business operations culture and developing recommendations to improve these frameworks across the Department.

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Contents

| | |
|---|----|
| Executive Summary | 3 |
| Preface..... | 9 |
| Study Members and Signatures | 10 |
| Background | 11 |
| Observations & Findings | 21 |
| Observations and Findings 1: The DoD is falling behind private industry in key ways | 21 |
| Observations and Findings 2: Private Industry has Rapidly Transitioned Since COVID-19... | 32 |
| Recommendations..... | 40 |
| Conclusion | 43 |
| Table of Appendices | 44 |
| Appendix A: Recommendations Roadmap..... | 45 |
| Appendix B: Additional Case Studies | 46 |
| Appendix C: Terms of Reference | 51 |
| Appendix D: DBB Presentation to the Board | 54 |
| Appendix E: Board Member Biographies..... | 60 |
| Appendix F: Contributors List..... | 71 |
| Appendix G: Methodology | 73 |
| Appendix H: Public Comments | 75 |
| Appendix I: Acronyms..... | 76 |



Executive Summary

Establishing or changing the culture of any organization is hard and requires commitment, constant communication, and organizational buy-in over a long and sustained number of years. To establish or change the culture of an organization the size and scope of the Department of Defense (DoD or the ‘Department’), may be, as an established senior executive stated, “nearly impossible.”

Aside from the sheer size of DoD (3.4 million employees) and the associated challenges of communication, the frequency of senior leadership turnover, the decentralized organizational structure, and the drumbeat that DoD is already the best military power in the world (implying to some that there is no need to change or improve), developing practical and impactful recommendations to change the culture is indeed daunting.

To be sure, there are legal impediments that are problematic such as annual appropriations that have created a culture of “spend every dime before midnight on 30 September” and “spend every dime or risk losing it next year,” that no commercial enterprise would encourage or allow.

Yet, that was the task of the Talent Management, Culture, & Diversity Advisory Subcommittee (“the Subcommittee”) — “To provide recommendations to improve business operations of the Department by improving the workforce culture.”

Explicit in this task was a focus on engaging the workforce to change the culture. Oftentimes, the best ideas come from the lowest levels of an organization, so the Subcommittee specifically examined tools like gainsharing (provides financial rewards for ideas that are implemented) to motivate and encourage rank-and-file employees to embrace a culture of better business operations.

During interviews, DoD employees at all levels made two clear points. First, money is not a primary motivator. Employees do have a desire for recognition, but not monetary; rather, a pat-on-the-back by their local supervisor or other recognition in front of their peers was deemed a more important motivator than money.

Second, DoD employees were emphatic that they would embrace a culture of better business practices if, and only if, there is a process that provides feedback to their suggestions. A young military officer commented, “the worst thing we can do is ask employees for their ideas that disappear into a black hole.”

Over the period of three months, the Subcommittee interviewed 35 senior DoD leaders and senior executives in a variety of commercial industries. Additionally, the Subcommittee conducted five focus groups with 41 participants to capture the views and suggestions of DoD military and civilian employees in several field level units. Throughout those exchanges, two key themes emerged that highlighted a stark difference between DoD and industry.

First, every commercial enterprise stated that improving business operations is an ingrained part of their culture. It is, in fact, a key driver of their day-to-day employee engagement efforts. Conversely, while DoD has a profound and committed culture of operations and a “warfighting” ethos — something the Subcommittee applauds— that culture does not embrace better business operations. Key to any industry culture was an earnest attempt by leaders to invest in employee engagement with the aim of building commitment and investment from employees,



as well as devising means by which the same employees can contribute to business process improvement and innovation. In fact, the Subcommittee reviewed DoD and each of the Services' core values, and none expressed a culture of better business practices.

Second, as compared to industry, generally, DoD employees are neither trained, rewarded, nor incentivized to improve business operations. There are few schools and no military occupational specialties that specifically focus on better business practices, increasing efficiency, or reducing bureaucracy. This is not to imply that DoD members are intentionally wasteful or inefficient. However, the Subcommittee found no indication that improving business operations in DoD is a priority. As a military member commented, "If DoD was serious about business operations, it would educate me on those principles. And, if managing the business side of warfighting was important, my boss would evaluate my performance accordingly." A very senior military member who is passionate about efficiently managing resources said, "The current DoD culture appropriately focuses on readiness but does not focus on efficiently managing the resources consumed to be ready, so why should DoD expect anything other than what we have now." That same official bluntly said, "When it comes to knowledge about business operations, most DoD members don't have a clue."

To be fair, the heartbeat of commercial enterprises revolves around their customers and, critically, their competition. Said another way, competitors will overrun any industry that is not continually innovating and improving business practices — both in revenue generation and competition for the best talent. Conversely, aside from the obvious global military competitors, there are no other U.S. entities or companies that can replace what DoD provides. DoD is essentially a monopoly in this regard. As such, the Subcommittee wrestled to some extent to identify a "burning platform" for change. Put another way, since the U.S. Military is the best in the world from an operational perspective, *why* is it important to ensure that business operations are the best as well. Our conclusions are that there are several strategic reasons to place improved business operations on the front burner and, thus, institutionalize an engaged workforce centered on a culture of continuous business improvement for a successful national mission both within and between Administrations.

For example, a military commander said, "My job is to get my troops ready for war, not to manage resources. That's what my finance people do." Respectfully, the Subcommittee believes commanders and supervisors at all levels are also inherently responsible for the engagement of their workforce (military and civilian) to ensure efficient and effective use of taxpayer resources. Better business operations cannot be viewed as something that takes place in the "back shop" or in "finance." Commanders are entrusted with an incredible amount of responsibility, and efficient resource management should be included.

To make matters worse, the Services will invoke Title 10 over Department-wide initiatives to gain efficiencies. Unlike private industry, which inculcates innovation, improvement, and efficiency as core values of its culture, past efforts to focus on business transformation in the DoD have received push back from the Services, who may invoke Service-specific needs over enterprise-wide business transformation. There must be a balance between the two.

Historically, DoD budgets rise and fall. Even the most pro-military members in Congress will not support unlimited budgets, particularly without the assurances that those budgets will be closely managed and accounted for properly. In addition, the federal government faces large deficits and



growing debt burdens in the future and must address them. The Defense Department will not be exempt from the future spending constraints.

Furthermore, the Department cannot ignore external factors and environmental constraints in efforts to become more businesslike. The DoD, like the rest of the federal government, continues to be subject to continuing resolutions and threats of government shutdown, which will impact the Department's ability to operate, regardless of whether it has the best business practices in place.

Perhaps, more critical is America's strategic competitors are closing the military capability gap. Given the budget pressures the nation faces across all facets of government, DoD cannot afford to waste or misuse any of the resources provided by the American People. DoD needs a culture that continuously evaluates and shifts resources from the support "tail" to the "tooth" of warfighting capability. The Subcommittee believes DoD can be the best at military readiness and much better at business operations but achieving that goal will be a journey that will require sustained commitment, intense communication, and accountability. If DoD is willing to take-on this culture change, the result will be sustaining our place as the best DoD in the world for years to come.

Tasking

On May 8, 2023, the Deputy Secretary of Defense requested that the DBB, Talent Management, Culture, & Diversity Subcommittee submit an independent report with recommendations to improve the Department's business operations as a result of improving the workforce culture. The Deputy Secretary of Defense directed the Subcommittee to:

- Examine best practices in employee engagement and performance incentives to reduce waste and bureaucracy within its business processes. These practices may come from academic and 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, and 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 because 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.
- The Study Terms of Reference at **Appendix C** guided the full scope of research and interviews for this Study.

Approach & Methodology



The Subcommittee conducted six (6) months of study and gathered data from a series of interviews, surveys, focus groups, and a comprehensive literature review to challenge and validate assumptions. The team conducted interviews and synthesized and analyzed data from more than 35 organizations and individuals across the public and private sectors. Discussions included perspectives and experiences from senior government officials and private-sector executives alike. Moreover, to gather qualitative data from across the DoD, Services, and DAFAs, the Subcommittee conducted five focus groups with 41 participants.

Background

The mission of the DoD is to provide the military forces the U.S. needs to deter war and to ensure security. To those ends, the Department employs 3.4 million service members and civilians around the globe at 4,800 sites in 160 countries, executing a budget of nearly \$817 billion. In order to secure and maintain strategic positions of relative advantage, the Department must ensure that all its employees sharpen business operations in support of mission execution to include acquisition, contracting, finance, logistics, and human resources. As one interviewee stated, “We have to stop talking about business operations as ‘back-office’ operations.” Without efficient business operations, the Department would not be able to support the effort ongoing in Ukraine at the time of this writing at the speed and efficiency with which the DoD currently operates. However, the Department is not satisfied with its current speed; it must continue to seek innovative and creative ways to reduce waste, cost, and bureaucracy to spur productivity, efficiency, effectiveness, accountability, and quality. The workforce must be consistently engaged, have a communication loop to provide suggestions and innovative ideas enterprise-wide, and have a mechanism for leadership to provide feedback on those suggestions and ideas.

Conclusion

The Department of Defense has a strong operational mission culture but does not emphasize a culture of improved business practices. To complicate matters, DoD faces a complex landscape of challenges and opportunities in engaging the workforce, fostering a culture of innovation, and effectively communicating. To address these issues, the DoD must undergo a transformation that connects business operations to the warfighter, recognizes and rewards efficiency and innovation at all levels, and embraces diversity, equity, inclusion, and accessibility as essential drivers of progress. By streamlining bureaucracy, adopting modern communications tools, and empowering its workforce to identify, quantify, and solve problems at the lowest levels and across the enterprise, the DoD will not only enhance efficiency and effectiveness but will cultivate a culture that inspires its employees in support of their mission and the nation’s security.

Improving Business Operations Culture Summary of Recommendations

1. Establish a clear vision and strategy to enhance employee engagement in business operations, integrating efficiency and innovation as Core Values throughout the DoD to support warfighters effectively.
 - a. Recommend the Secretary or Deputy Secretary create a video and memorandum for Pre-Command Courses, emphasizing efficiency and innovation in pursuit of mission accomplishment.
 - b. Suggest an annual conference and a recorded VTC with all 1-star/SES-1 and higher officers across the enterprise to discuss the vision and strategy.



- c. Update and communicate DoD Core Values as full sentences, emphasizing every employee's role in building efficiency and innovation and launch a marketing campaign to promote these values.
 - d. Recommend the Deputy Secretary or PIO conduct monthly department-wide electronic updates with periodic participation from the Secretary, addressing DoD's priorities, progress, challenges, and opportunities.
2. Advocate for promoting innovation and risk tolerance, communicated down to at least the O-5/GS-14-GS-15 level and all professional military education, conducting routine Net Promoter Scores with follow-up surveys for regular feedback.
 3. Suggest the implementation of an enterprise-wide communication platform like GAIN to seek innovative solutions, share best practices, and consolidate disparate WERX programs.
 4. Highlight the importance of public individual and team recognition, emphasizing continuous improvement in support of the warfighter.

There is a lot of waste across government – deadlines pushed, etc. because we don't have a lot of good project managers. If [the government] could invest in folks training for really good project managers or hire early career experts in it, that could go a long way in reducing waste.

DoD Senior Government Official

5. Recommend a programmatic approach to business transformation, including weighted promotion criteria, increased Training with Industry opportunities, and pilot programs before widespread implementation.

There has to be some performance expectation to solve problems gaps for the Department and changing institutional agility, responsiveness, and flexibility. That comes through intense collaboration.

DoD Senior Government Official

6. Propose DoD seek a legislative fix for the creation of a high-level appointee position with at least a five-year term, overseeing business transformation efforts empowered to enact enterprise-wide reforms and linked to a performance contract.




Final Comments

The Defense Business Board (DBB or the “Board”) appreciates the Deputy Secretary’s confidence in entrusting the DBB with this important Study. The Subcommittee sincerely applauds the hardworking people of the DoD who commit themselves to the defense of this Nation. The Subcommittee commends and genuinely thanks all those in private industry and academia as well who have contributed immensely and whose advice and knowledge were invaluable to this Study. We hope this Report is useful in their endeavors.

Respectfully submitted,


Gen Larry Spencer, USAF, Retired
Subcommittee Chair


Dr. Alex Alonso
Study Co-Chair



Preface

This Study, DBB FY 24-02, *Improving Business Operations Culture*, is a product of the Defense Business Board. The DBB’s recommendations herein are offered as advice and do not represent DoD policy. References in this report to case studies involving non-DoD entities does not imply DoD endorsement.

The Secretary of Defense established the DBB in 2002 to provide the Secretary and Deputy Secretary of Defense with independent advice and recommendations on how “best business practices” from the private sector’s perspective might apply to the overall management of the DoD. The Secretary of Defense appoints DBB members, who are senior corporate leaders with demonstrated executive-level management and governance expertise.

DBB members possess a proven record of sound judgment in leading or governing large, complex organizations and are experienced in creating reliable and actionable solutions to complex management issues guided by proven best business practices.

Authorized by the Federal Advisory Committee Act of 1972 (5 U.S.C. 10) and governed by 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, the DBB is a federal advisory committee whose members volunteer their time to examine issues and to develop recommendations and effective solutions, aimed at improving DoD management and business processes.



Study Members and Signatures

Hon. Deborah James serves as Chair of the DBB and the DBB Talent Management, Culture, & Diversity Advisory Subcommittee. General Larry Spencer, USAF (Ret.) and Dr. Alex Alonso, Chief Knowledge Officer for the Society for Human Resources Management, co-led the *Improving Business Operations Culture* Study. Other Subcommittee members who contributed to this Study are Matthew Daniel, Cheryl Eliano, Erin Hill, Jennifer McClure, Hon. Dave Walker, General Johnnie Wilson USA (Ret.), and Robert Wolf. Major Mike McDonald, U.S. Army Representative to the DBB; Dr. Sherri Malace, Senior Advisor to the Executive Director; Ms. Kayla Cross, analyst, and Mrs. Janice McLaury, researcher and writer, provided support to the Subcommittee. **Appendix E** provides biographies of the Subcommittee members.

The Subcommittee presented the Study and its findings and recommendations to the entire DBB membership during an open public meeting on November 14, 2023. After discussion and deliberations, the DBB unanimously approved the study. The briefing slides presented and approved are in **Appendix D**, and any public comments received are at **Appendix H**.

Signatures

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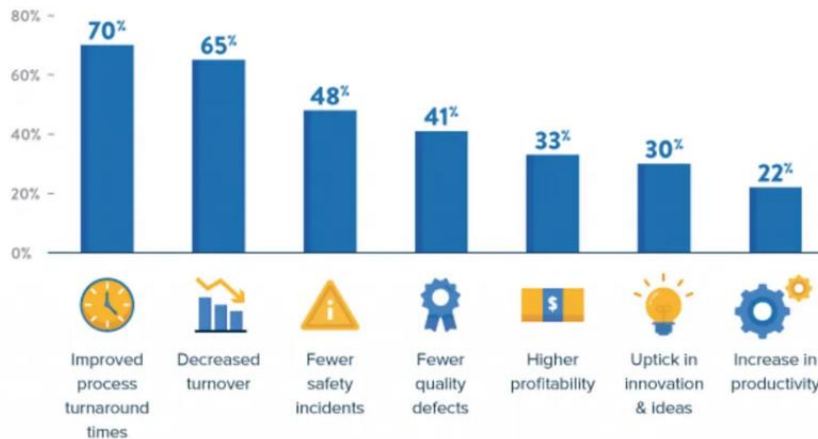
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Background

ADVANTAGES REPORTED BY ORGANIZATIONS WITH HIGHLY ENGAGED EMPLOYEES



1

Introduction

America and the United States Department of Defense may not have competitors like private industry, but it is inexorably in a period of strategic competition. America's pacing threat, the People's Republic of China, is working diligently to reshape the rules-based international order; Russia is still at war with Ukraine in the largest conflict in Europe since World War II; and autocrats in places like Iran and the Democratic People's Republic of Korea threaten regional stability around the world. China, Russia, Iran, North Korea, and other countries are also engaging in a range of initiatives designed to challenge the United States economically, diplomatically, militarily, and culturally around the globe.

Furthermore, the Subcommittee recognizes that while the DoD currently enjoys the largest budget in its history, it is not likely to be sustainable in the future. The economy is dynamic, and the DoD must streamline business operations to be as efficient and effective as possible both to support the warfighter at the tip of the spear, ensure national defense, and continue to be good stewards of taxpayer dollars. Improved business operations and business operations culture have the potential to result in not only streamlining business operations but operations generally while increasing employee engagement and commitment to this mission.

Another key issue is that even if the Department were to have someone identified and tasked solely with improving the Department's business operations and transforming the culture around such operations, they would find themselves limited by the inevitable leadership turnover at the top. This includes the Secretary and Deputy Secretary of Defense among other Administration officials, the different Service secretaries, and chiefs of staff. This will inevitably lead to major challenges attempting to create continuous business transformation.

Finally, the Subcommittee recognizes there is a significant recruiting challenge with the youngest generation in the military that is in danger of being retained once they are in service due to



employee disengagement, inefficiency, or general unhappiness with how the DoD conducts business. To recruit and retain the finest talent at the pace required in this globally competitive space, the DoD must clearly communicate with them where they are, hear their voices, provide honest feedback, and act on legitimate concerns and appropriate recommendations.

America's competitors work every day to erode U.S. advantages. To maintain its position in the world, the Department of Defense must consider new ways to harness the creativity of its employees to sharpen mission execution, including the efficient and effective execution of its business operations. The paper suggestion boxes of the past will no longer suffice. The Department needs modern mechanisms, tools, and guidance to empower employees to reduce waste, costs, 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 recognizes and rewards individuals for recommendations that result in substantial value to the organization.

According to a Subcommittee interview with a senior DoD official, "We should be careful about the way we talk to ourselves about business operations because it is not back-office. We are delivering real-world capability to a battlefield theater. Business operations are extended from factory to foxhole. The idea of optimizing business processes for efficiency doesn't just go into the institutional side of [the] DoD, but it provides effect at the pointy end of the spear. No other organization in the world could provide the level of support we are providing to Ukraine today at the efficiency by which we are doing that."

However, several senior U.S. Government officials remarked in Subcommittee interviews that the DoD does not effectively identify things it could be doing collectively as an enterprise; it is not engaging the workforce to make the organization better on the business operations side; efficiency is not a priority; and there is a disincentive for saving money out of the fear it will be taken away in the next fiscal year if it is not spent. There is consensus among senior DoD employees the Subcommittee interviewed that money is being given towards mission execution and success, but not how to do those missions in the most efficient manner possible. Additionally, there is a perceived break between the warfighters and those who support them, or what some have called "the tooth and the tail." This perceived disconnect can psychologically separate those who are supporting those who are in the field from their customers -- the warfighters tasked with achieving the mission themselves.

While it may be impossible to change the Department of Defense's culture all at once, Dr. John Kotter, Harvard Business School's Konosuke Matsushita Professor of Leadership (Emeritus), has suggested taking one bite of the elephant at a time.

Gallup estimates that \$450 to \$550 billion in productivity [in private industry] is lost each year due to disengaged employees.²

How employees feel about their work is a significant driver of organizational success. Engaged workers are more productive, stay with employers longer, and refer friends and colleagues, thereby boosting hiring efforts. Disengaged workers are more likely to leave for other opportunities, or worse, drag down the productivity of a team.³



Employee Engagement (EE) Definitions

Gallup defines employee engagement as the involvement and enthusiasm of employees in both their work and workplace. EE is a foundational component to workplace outcomes, well-being, manager development, performance, and more and is directly tied to employee engagement.⁴ It is the measure of the employees' personal investment and emotional connection to their workplace. Factors such as work-life balance, employee recognition, and compensation in addition to countless other factors all play a role in keeping employees engaged.⁵

“Employees want to feel their job is worthwhile, connected to their team, and appropriately involved in the organization’s operations. They also want to feel their abilities are well-matched to their role, so when the day-to-day experience within a role does not stack up against expectations, it significantly impacts engagement.”⁶

EE Outcomes

According to a CEO at a Fortune 50 company, it is critical to now be focused on outcomes and team results. Leaders must consistently communicate to and with their team, and understand their team members’ contributions at *all* levels, and the outcomes.

Some key outcomes of employee engagement are:

- innovation
- accountability
- quality standards
- productivity
- efficiency
- collaborations
- problem-solving skills
- professional growth
- training
- morale
- work-life balance
- loyalty
- bureaucracy busting
- Diversity, Equity, Inclusion, and Accessibility (DEIA)
- waste reduction
- cost-cutting

Why EE is Important

Organizations with high employee engagement outperform those with low employee engagement by 202%.⁷

Top-ranked companies in the 100 Best Places to Work in 2022 prioritize EE – the connection between how employees feel about their organization’s vision, strategies, and business execution with their commitment to being a part of realizing their organization’s objectives over time.⁸ Top-performing companies have found EE is closely related to productivity and job satisfaction; research shows that employees who are closely linked with a company are 20% more productive and 87% less likely to leave their positions.

Engagement is so important that some companies pay unhappy workers to quit – it takes at least four engaged employees to counteract the negative effects of one single disengaged employee.⁹

Employee turnover is costly, and retaining employees is difficult if not invested in; therefore, employee development is one of the most strategic best practices within HR. Forty percent of poorly trained employees leave a company within the first year, while 93% of employees stay at a company longer when invested in career development.



According to Gallup, total U.S. workforce employee engagement has declined for the past two years by a total of 4%; the first time it has dropped in over a decade.¹⁰ On the other hand, the OPM Federal Employee Viewpoint Survey (FEVS), which tracks how federal employees view their work environment, noted that government-wide employee engagement is similar to, if not slightly better than, that of the U.S. workforce overall.

The 2022 survey noted that federal employees remain resilient, engaged, and committed to public service and are finding creative solutions to stay connected to their teams, leverage workplace flexibilities, and remain motivated.¹¹ While from 2020 to 2022, the level of employee engagement remained relatively steady despite the pandemic and pay satisfaction decreased sharply, at 56% for 2022 -- 5% below the previous year's score of 61%.¹²

In the 2022 Partnership for Public Service "Best Places to Work in the Federal Government Rankings," only the Office of the Secretary of Defense, Joint Staff, Defense agencies, and Department of Defense Field Activities (combined as one category) ranked "Above Median." The Departments of the Air Force, Army, and Navy ranked 9th, 11th, and 13th respectively, with the Air Force and Army ranking Below Median and with the Navy ranking the lower quartile.¹³

Further refined data under "Effective Leadership: Empowerment," ranked the Air Force, OSD, Joint Staff, Defense Agencies, Department of Defense Field Activities, and the Army "Above Median," while the Navy was "Below Median." Under "Innovation," the Air Force was the only entity that ranked "Upper Quartile," while OSD, Joint Staff, Defense Agencies, the Department of Defense Field Activities, and the Army ranked "Above Median." The Navy ranked "Below Median."



British Airways Case Study

British Airways Invests Heavily in Employee Suggestion Program

The airline industry is among the most competitive in the world and continues to face increasingly thin profit margins. For decades, British Airways has invested heavily in its employee suggestion program so that workers in every part of the company's business operations can contribute promising ideas for workplace improvements and company savings.

Faced with a tough economic environment, increasing competition, and pressure from environmentalists to cut emissions. British Airways' ambitious emissions targets were set to improve fuel efficiency by 25% by 2025, compared to 2005. In 2021, it changed the target to a net zero by 2050. Building upon a successful employee idea program, the airline relaunched a Staff Suggestion Scheme.

In one example, one employee's suggestion to descale airplane bathroom piping resulted in a big win of more than \$750,000 a year savings in fuel costs. Descaling the toilet pipes on the planes – making them lighter and improving the performance, reduced the airline's operating costs and allowed it to drop ticket prices, passing some of the savings onto customers.

Encouraging all employees to submit ideas online, either anonymously or as part of their staff performance review process with management, British Airways launched a formal staff suggestion program. The remote-style system to submit ideas and suggestions proved convenient given the mobile nature of the airline's workforce from around the world.

Sources: Vetter¹⁴
Green Air News¹⁵

Trust is the Secret to Employee Engagement

“Employees in high-trust organizations are more productive, have more energy at work, collaborate better with their colleagues, and stay with their employers longer than people working at low-trust companies. They also suffer less chronic stress and are happier with their lives, and these factors fuel stronger performance.”

Source: Paul J. Zak, Harvard Business Review¹⁶

Trust is key to unlocking the benefits of employee engagement. Studies have found that people at high-trust companies report 74% less stress, 106% more energy at work, 50% higher productivity, 13% fewer sick days, 76% more engagement, 29% more satisfaction with their lives, and 40% less burnout than people at low-trust companies.¹⁷

In contrast, in low trust organizations, office politics and infighting often bog down employees. These employees are more likely to withhold information and hoard resources because they do not feel safe sharing, resulting in slower decision-making and an overall less effective organization.¹⁸

While trust is not something that comes easily, authentic leadership, transparent communication, and positive action can be key elements to building trust.¹⁹ During one interview the Subcommittee conducted, a CEO of a Fortune 500 company remarked that there cannot be one individual mechanism that is expected to work by itself. One must also change the broader culture



with mutually reinforcing signals and mechanisms, such as transparent and constant communication, town halls, brown bag lunches, all-hands meetings, employee empowerment for continuous process improvement, and an actionable feedback mechanism.²⁰ This is what Dr. Kotter calls “Surround Sound.” All the signals the employee receives must be heard from above, below, and by their peers to be truly internalized.

However, a prevalent issue within the DoD is that a significant number of troops lack direct communication from the highest levels of government. A considerable portion of them remain uninformed about critical documents like the National Security Strategy, the National Defense Strategy, or the National Military Strategies. Moreover, understanding how their roles align with these strategies and the Department's Core Values often eludes them.

Although frontline personnel may exchange insights among themselves, they are often confined within the silos of their respective units, hindering the sharing of best practices across various components or Services. Regrettably, the DoD currently lacks an effective mechanism for what can be described as a comprehensive "Surround Sound" communication approach.



Cisco Systems Case Study ***Cisco Garners Employees' Trust***

As a multinational technology corporation, Cisco has been able to engage employees across departments, borders, and time zones. The company's strategy for success combines a compelling brand vision, clear workplace standards, employee recognition, and continuous employee feedback.

- *Communicating the Brand Vision: Cisco defines employee engagement as the connection employees feel to Cisco's vision, strategies, and business execution and their commitment to helping realize company objectives over time.*
- *Employee Recognition: A formal Employee Recognition Initiative promotes employee engagement. The program recognizes employees not just for their achievements at work but for outstanding accomplishments in any area of their lives.*
- *Employee Feedback: To support its EE initiatives, an anonymous pulse survey asks employees for feedback on everything from management to career development. This enables Cisco to stay on top of how employees are feeling and single out areas for improvement.*

In the most challenging of years, the World's Best Workplaces found a way to do more for all. Cisco Systems was ranked second in 2022, with 96% of employees declaring it is a great place to work compared to 57% of employees at a typical U.S.-based company. In addition, in 2022, Cisco Systems earned recognition for:

- *#1 in Best Workplaces for Parents™ 2022 (Large)*
- *#3 in Fortune Best Workplaces for Women™ 2022 (Large)*
- *#1 in Fortune Best Workplaces in Technology™ 2022 (Large)*
- *#13 in PEOPLE® Companies that Care 2022*
- *#1 in Best Workplaces for Millennials™ 2022 (Large)*
- *#1 in Fortune Best Workplaces in the Bay Area™ 2022 (Large)*
- *#1 in Fortune 100 Best Companies to Work For® 2022*

Source: Great Place to Work²¹



Effective Management Philosophies

Talent is Ameritas Investment Corp's key differentiator and, as such, investing in employees' strengths is essential for long-term growth.

*Source: Ameritas Leadership*²²

Gallup notes companies with highly engaged executives tend to show better levels of EE, especially with employees who have been with the company for 10 years or more.²³ Though best practices produce ideal outcomes, they typically fall apart when EE is low. Executives who understand the connection between business success and employee engagement know how to set an example for the company.

Toyota famously uses a concept called “Kaizen” as a core principle of the Toyota Production System.²⁴ It is a combination of “kai” and “zen” that roughly translates to “continuous improvement.” It is a philosophy of ensuring maximum quality, eliminating waste, and improving efficiency. Kaizen attempts to humanize the workplace by empowering individual members at all levels to identify areas for improvement and suggest practical improvements.

Toyota Case Study

Toyota Implemented 9 Ideas per Employee Per Year to Improve Quality and Processes

Toyota is famous for its Toyota Production System: an approach that effectively engages front-line workers to improve their work, which ultimately results in continually improved operations and higher-quality products. Toyota understands that companies who solicit work improvements from only the top usually generate tepid enthusiasm from front-line workers. On average, Toyota implemented nine ideas per employee per year in the early 2000s.

Three essential elements guide Toyota's success: context, management processes, and people. Continuous improvements are considered part of everyone's job description, and the company's culture encourages front-line workers to suggest and implement local improvements. Mutual trust and respect have proven key and, as a result, employees make suggestions out of a sense of pride and togetherness. Toyota nurtures camaraderie through lots of group bonding activities; rewarding the team who came up with the idea instead of only the individual.

The management process is explicit for how work improvements work their way up the organization chart. Standard procedures are defined for how to execute work as a baseline for improvements and to ensure goals are implanted in the front lines where the real work for the organization is executed. When front-line workers notice problems, their idea is processed through a quality circle of peer workers and then approved by their manager before upper-level managers review and act. Toyota values front-line workers' skills and knowledge to solve problems and an end-to-end process perspective; supervisors are pivotal in developing these competencies. Through training, coaching, questioning, and encouraging responsibility, supervisors improve processes every day on the job as a routine practice.

*Sources: Bodek N., & Yorke, C., "All You Gotta Do Is Ask."²⁵
Harvard Business Review²⁶*



In many organizations, the Chief Talent Management Office (CTMO) is responsible for EE, directly affecting productivity. In the last DBB Study, *Building a Civilian Talent Pipeline*, the DBB recommended a CTMO to lead Departmental efforts across the Military Departments, Joint Staff, OSD, and interagency partners for talent management in the same manner businesses have done. The DBB recommended that the DoD's CTMO also be tasked with marketing the DoD's brand and communicating a well-developed value proposition. Many companies are strengthening their internal talent management capabilities with the chief talent management officer role. This new leader in the C-suite is responsible for every aspect of human resources, including EE.

Changing talent landscapes, migrating to hybrid work, and emerging technology are rapidly changing the traditional approaches to managing talent, the workforce, and intellectual capital. A new phenomenon of talent stagnation is blocking emerging leaders from ascending the career ladder and, as a result, these professionals are not able to learn the leadership skills needed to succeed in more senior roles.

Chief talent management officers need to implement initiatives catering to developing future generations of leadership through transparency and communication, a powerful employee value proposition (EVP), and Diversity, Equity, Inclusion, and Accessibility.²⁷

In embracing DEIA, many companies are migrating to a strength-based philosophy. They are actively identifying employee strengths to develop their innate talents and focus on what individuals do best. Creating a strength-based and engagement-focused organization has led to meaningful, impactful successes. Gallup analytics show employees who use their strengths are nearly *six* times more engaged in their jobs.²⁸

Monetary Gainsharing is Ineffective; Intrinsic Motivators Lead to Meaningful Engagement

“The most powerful thing we do is listen to our people. And if you think about some of the big things we have done over the last few years, it has all come from our employees,” stated Kelly Jones, a global leader and senior talent acquisition director. For example, Cisco has implemented a policy of giving employees five paid days to perform volunteer work as a way of giving back to their communities. Small measures all add up to fulfilling the expectations workers have of Cisco to support employee engagement and build bridges between the multi-generational workforce.

Source: Randstad Sourceright²⁹

Gainsharing refers to an incentive plan in which personnel receive benefits (monetary or non-monetary) directly tied to cost saving measures they initiate or participate in.

While monetary incentives exist in and out of the U.S. Government, including the DoD, both the public and private sectors have found that gainsharing works best when the rewards are intrinsic rather than extrinsic, including monetary rewards.

Many C-suite and senior public-sector executives have noted that traditional monetary gainsharing can be effective but often results in individuals spending more time documenting and measuring performance rather than outcomes or effectiveness. Moreover, many were frustrated by the timeline and adjudication of monetary reward due to legal or bureaucratic barriers.



Furthermore, they have noted that when rewards are tied to the company's mission paired with public recognition or rewards, such as time-off, developmental or broadening training and education the employee values, or simply making their job easier to do, they are more engaged.

One successful program identified by both senior-level DoD officials and the Subcommittee's focus groups was the Title 5 authorized Beneficial Suggestion Program (BSP), which included monetary and non-monetary incentives for ideas with tangible improvements or savings. The program encourages employees to submit ideas that contribute to the economy, efficiency, or effectiveness of operations across his or her agency and DoD enterprises. A network of suggestion coordinators organizes submissions, while internal subject matter experts (SMEs) evaluate suggestions. Employees submit suggestions as individuals or in a group. If adopted, suggestion awards, monetary and/or non-monetary, are granted following a full evaluation. The amount awarded for approved suggestions is divided by the number of employees who contributed.

For example, in late 2019, two distribution employees from the agency submitted a suggestion that gained high visibility from the United States Army Tank-Automotive and Armaments Command (TACOM). The suggestion identified inefficiency with the track-bundling process in the local depot. By doubling the number of shoes track-bundled per pallet from 32 to 64, TACOM reduced packing material used per slab resulting in an 84% cost reduction, a 50% manhour reduction, and increased warehouse floorspace. As a result of the implementation, the employees were awarded \$5,082.00 each.

However, several senior government officials shared the belief that there is a fundamental feeling shared among so many working Americans that they just want to do a good job in their positions. Some individuals gravitate to public service because they identify with the vision that they are contributing to something bigger than themselves, and they feel connected to the mission. They understand results matter, not just for themselves, but for the country.

Senior DoD officials remarked that these are the individuals they want to publicly recognize, whether with a photo in the lobby or hallways or on internal television channels. They do not necessarily need financial incentives to be innovative or to do a good job. One senior DoD official suggested that seeing the warfighter, especially in his or her element, has a positive impact on those who support them that ties them closer to the mission and those that they support helping retention. She stated that it was one of the biggest forms of reward the DoD can give to an individual tying them to something bigger than themselves.



Observations & Findings

Observations and Findings 1: The DoD is falling behind private industry in key ways

The DoD has Outdated Core Values

While the Department of Defense has vision and strategic priorities as outlined through the National Defense Strategy, its values are not well-communicated. Many service members and DoD civilians can state their Service's values but are unaware the DoD has them, much less state them verbatim and what it means to them in their daily occupation.

This is at odds with the private sector, which has ensured that the values are well-communicated from the executive level all the way down to the individual employee. Moreover, these values statements are often action-oriented with descriptions of exactly what they mean by each sentence, unlike the DoD and Services' common concepts of duty, integrity, honor, courage, loyalty, service, and respect.³⁰ For example, the company values at Adobe are:

- We create the future.
- We own the outcome.
- We raise the bar.
- We are genuine.³¹

The Subcommittee identified the lack of constant, consistent, and top-down communication of these values, priorities, and what they mean to the warfighter as a major Department-wide issue. Without this, frontline employees and warfighters cannot internalize the Core Values for intrinsic motivations, which are the engaged employee's primary drivers.

DoD Inconsistently Focuses on Intrinsic Rewards for Motivation

Most people are primarily driven by more than just financial incentives. Instead, their motivations arise from a desire to contribute to the larger purpose, be acknowledged, and earn respect. Honest, candid, and constant communication demonstrates transparency and respect towards employees.

While the DoD routinely grants awards at the conclusion of assignments, impactful accomplishments, and heroism, the private sector goes beyond this by routinely expressing appreciation for well-executed tasks, taking initiative, and identifying things that will save the company time and money in highly visible ways. This includes internal website announcements, internal television broadcasts, town hall meetings, brown bag lunches, and other events to publicly commend the exceptional efforts of frontline employees. Notably, this recognition is not deferred until annual performance evaluations; it is an ongoing practice.

An illustrative case within the DoD is the Defense Human Resource Activity's (DHRA) "You Rock" program. This initiative fosters a culture where peers nominate and recognize each other across the organization. DHRA copied this from an Air Force program and renders public recognition at DHRA's town halls.

Again, this is ad hoc and not enterprise-wide; most recognition is deferred to annual performance reviews or conclusions of assignments. These are typically private individual affairs rather than public displays of recognition that can serve as motivators to other individuals within an



organization, eventually leading to a cultural change built around rewarding teamwork, efficiency, and innovation.

The DoD Lacks an Effective Enterprise-wide Two-way Communication Platform

Currently, the Department lacks an enterprise-wide two-way communication mechanism from the Secretary of Defense to the frontline service member or DoD civilian and back up. One CEO noted that without a feedback loop, it would not classify as two-way communication but as a broadcast.

For example, in attempting to solicit qualitative feedback from a wide array of service members and DoD civilians on how to improve business operations and the business operations culture for this Study, the Subcommittee could only use existing quantitative FEVS data or submit a task through the Correspondence Automated Task Management System (CATMS) to conduct an enterprise-wide request for information. To collect qualitative feedback, the Subcommittee and DBB staff conducted five focus groups with dozens of service members and DoD civilians to represent the various components.

At lower levels, the Subcommittee found that DoD leaders frequently conduct town halls, brown bag lunches, and one-on-one engagements and leverage FEVS and employee survey data. While these are excellent business practices, they are ad hoc and depend on the leader and the type of organization they are leading. Additionally, these ad hoc means of garnering feedback are limited by the time and scale of the leader. In some pockets of excellence, senior leaders have successfully leveraged technology like the organizational home page to ensure it is easiest to navigate for the user, broadcast town halls, and solicit real-time online feedback, however, this is certainly not the case DoD-wide.

“I am very passionate about innovation, and I do not care where the ideas come from. It could be someone who has been here a year.”

DoD Senior Government Official

Many leaders in the DoD broadly recognize that talent with the deepest hands-on experience systems and processes often generate the most efficient and value-added ideas for performance improvements, yet still lack the infrastructure to garner those ideas systematically.

Within certain pockets of excellence in the DoD, an employee-led grassroots approach is evident. Here, the emphasis is on delegating decision-making authority to the lowest level feasible. However, it is important to note that in some cases, the DoD and Congress have authorized these organizations to prioritize flexibility and responsiveness. Other leaders take the opportunity to do this on their own accord but have not been chartered to do this. These leaders have noted that workers in their organizations are more engaged when they enjoy their positions, collaborate well, and understand how their work contributes to overall company goals.

One DoD organization holds a GS-15 board to focus specifically on internal business practices and people along with employee-driven subcommittees and groups that feed into that board to generate ideas on how to improve operations and employee work programs. This interaction builds bridges, drives bottom-up ideas, and establishes linkages across the two to work more cohesively.



“Most successful things that have developed over time and have improved the Department have grown from ideas from the folks who are left to do their work and find ways to contribute [...] The true innovation I’ve seen has grown up from the grassroots as opposed to “Let’s do this, and we’ll save a bunch of money.””

DoD Senior Government Official

DoD Employee Suggestion Boxes are Overwhelmed, and DoD Lacks Real-time Collaboration Tools

In 2013, the Army Suggestion Program (ASP) was suspended due to the backlog of 25,000 unreviewed suggestions. A senior Army official explained that the program experienced challenges in managing this backlog, including bureaucratic overhead and insufficient budgetary resources to address the identified deficiencies. In 2016, Under Secretary of the Army Patrick Murphy wanted to focus the Army on improving the business operations space through the Army’s Innovation Strategy 2017-2021. The Army Ideas for Innovation (AI2) replaced the ASP with applications in the Apple App Store and Google Play to encourage Soldiers and civilians to “share innovative ideas and creative solutions that positively affect the Army through cost-savings, increased productivity, and process improvement” later that year.³²

However, after Mr. Murphy’s departure, AI2 and the Innovation Strategy lost steam. Now, there is little Army-wide enterprise focus on innovation while division-level commands are conducting their own grass-roots efforts due to command focus.

A senior DoD government official commented that without the proper senior leader engagement and stress on this, funding, and resources, one cannot take these programs seriously. Moreover, lack of research, development, testing, and evaluation (RDT&E) funds or looser restrictions on those, some innovative ideas may not be able to be properly tested and implemented.

In 2015, the Navy launched the Naval Innovation Network and “The Hatch” as a virtual platform to allow “military and civilians anywhere around the world, on ship and ashore, to leverage their knowledge and skills to build on ideas and solve problems” with the ability for anyone to start their own campaigns to solve problems and garner solutions.³³

Some Subcommittee focus group participants have mentioned the Beneficial Suggestion Program but noted that they do not know what happened to it. Many also cited Interactive Customer Evaluation (ICE) surveys when asked about suggestion programs; however, the purpose is generally geared towards rating experiences with services received rather than enhancing business operations improvement.

Moreover, disparate efforts to solicit ideas from the workforce are generally limited to each Service, and the AI2 app in the Google Play store only has approximately 500 downloads, indicating that this effort may not be well-advertised.³⁴

The DoD currently has no easily searchable repository of ideas. While many best practices are captured in doctrine, training manuals, circulars, and pamphlets, they are typically by Service nor are they updated with real-time frontline feedback for troubleshooting.



“I don't think we're doing a good job engaging our workforce to make the organization better. We're focused day-to-day on execution. Being more efficient is not a priority.”

DoD Senior Government Official

When asking employees for their opinions, the communication loop must be full circle; even if an idea is not practical, a response is always warranted. The goal of the suggestion program is to ensure they feel valued as integral parts of the organization. One focus group participant noted that he would rather have no suggestion program than have one with no feedback because it would cause him to be demoralized and lose hope likening it to shouting into a black hole.

DoD WERX in Silos

The islands of innovation in a sea of stagnation believe it is critical to analyze risk tolerance, risk acceptance, and risk management; outcomes must remain the priority focus when managing budgets.

A senior DoD official reports that the Department of the Navy is actively streamlining processes related to weapons systems sustainment. The Navy has instituted a top-down and bottom-up approach to driving and institutionalizing change, instilling efficiency, resulting in cost savings and the adoption of innovative business models. He stated that “Top-down is charged with setting expectations and embracing change in addition to self-assessing performance of the mission. Ownership is given to those who are doing the work to lean in, learn, innovate, and make change.”

More recent history has shown the DoD transition from projects like IdeaScale, which works both government-wide and in private industry to engage employees at all levels, fuel collaboration across teams, foster creative thinking, and collect innovative ideas. This is beyond the suggestion box.

IdeaScale users include premier government entities like the White House, the U.S. Air Force, the U.S. Coast Guard, the Office of Naval Research, the Food and Drug Administration (FDA), the Defense Counterintelligence and Security Agency (DCSA), and the U.S. Nuclear Regulatory Commission (USNRC).

IdeaScale delivers:

- Enhanced problem-solving through collaboration, connecting the crowdsourcing platform with internal talent pools to exchange ideas to solve challenges.
- Elimination of cumbersome one-way processes through interactive discussions where collaborations are fostered across communities.
- Maximized impact of internal innovation and a streamlined ideation process.



NASA Case Study

Agency-wide Call for Ideas Using IdeaScale's Crowdsourcing Software

When the COVID-19 pandemic hit the U.S. in March 2020, NASA's workforce expressed a desire to help combat COVID-19. Consequently, NASA launched NASA@WORK, an internal agency-wide campaign soliciting ideas using IdeaScale's crowdsourcing software. The campaign focused on three challenge areas: personal protective equipment, ventilation devices, and monitoring and forecasting of the spread and impacts of the virus.

Remarkably, a single email generated over 3,000 pageviews on their NASA@WORK.

NASA@WORK ideas added value to several projects, including one using NASA's supercomputing capability to advance research for treatments and a vaccine, harnessing AI expertise for novel data mining techniques related to COVID-19, developing new virus tracking and forecasting apps, producing 3D printed masks and PPE equipment, NASA-modified ventilators, and creating virus detection sensors.

By bringing together diverse and expert voices to tackle complex problems, NASA saw 1,500 researchers generate 250 unique ideas.

Source: IdeaScale³⁵

Striking a balance between security with acquisition practices can hinder the exploration of new technologies, products, and solutions and the prototyping and experimentation of new business models and approaches to DoD challenges. As a result, some DoD organizations have created their own innovation environments to pursue and explore the latest solutions to the nation's cyber threats, protect national security, and support warfighters.

WERX aims to cut through the bureaucratic red tape that often impedes innovation in Department agencies.

DEFENSEWERX, established as a 501(c)(3) in 2012, operates a Cyber Fusion Innovation Center, MGMWERX (Air University), Nautilus (Navy and Marine Corps), and SOFWERX (SOCOM).³⁶ The DoD has additional efforts in DISAWERX, AFWERX, and SPACEWERX with subunits like the 101st Airborne Division, the 82nd Airborne Division, and 3rd Infantry Division mirroring those efforts with their own innovation programs.³⁷ Many of these programs utilize a "Shark Tank" like approach where frontline troops and civilians can showcase their ideas to senior leadership for investment or adoption.

The Guardians and Airmen Innovation Network (GAIN) stands out as one of DoD's pockets of excellence. GAIN provides a platform for commanders to launch initiatives or projects and solicit innovative solutions from the employee workforce. It serves as an infrastructure for employees to have their voices heard on projects with well-defined visions, goals, and timeframes with a feedback mechanism for leaders.

Furthermore, GAIN provides a platform for communities of interest to engage with each other on questions they might have or best practices they want to share with the broader workforce outside of their organization.



However beneficial these programs are, they are mostly focused on technological solutions rather than addressing bureaucratic challenges, business operations, increasing efficiency, or cost-savings measures.

A senior DoD executive emphasized that money and resources are “not given to innovate or to figure out how to make personnel management processes better. Money is only given to priorities that we have been granted admission to execute.” The DoD’s focus on mission accomplishment is commendable, but it lacks an emphasis on achieving that mission as efficiently as possible while still aligning with the commander’s intent.

These are not the only areas where DoD has pockets of excellence. A senior DoD government official championed the DoD’s SMART Scholarship-for-Service Program. Her organization funded 800 scholars in the past year, with internships at one of over 200 Department facilities for AI, biotechnology, autonomy, cyber, space, 5G, and various technology areas. Administered by the Office of the Under Secretary of Defense for Research and Engineering [OUSD (R&E)], this program offers a combined educational and workforce development opportunity. It aims to nurture future leaders in 24 STEM disciplines.

Since its inception in 2006, the program has awarded 4,200 scholarships to undergraduate, graduate, and doctoral students pursuing a STEM degree. Scholarship recipients benefit from hands-on experience, full tuition, annual stipends, internships, and guaranteed employment with the Department of Defense post-graduation.³⁸

However, this official also noted the difficulty of the hiring process stating, “It is insane. When I was in industry, we could hire somebody in six weeks, and I was still mad at the time it took. Here it takes seven months.” This reflects this senior government official’s anecdote about going to job fairs and university recruiting events where a candidate may be interested in working for the federal government, but when they come around to being able to hire the individual, they are months too late, and the candidate had already secured employment elsewhere with a higher salary.

Such delays in the hiring process may impede the infusion of the fresh perspectives required for generating innovative ideas. To address this, some DoD organizations leverage the Intergovernmental Personnel Act (IPA) to hire temporary talent.

The IPA is an exchange designed to increase partnerships between federal and state/local governments, institutions of higher education, and eligible organizations including nonprofits, federally funded research and development centers, hospitals, schools, research institutes, and scientific societies instead of hiring permanent civilians.

IPA talent temporarily expands capacity for mission-critical projects and initiatives, especially those requiring timely implementation, brings in top-level talent with specialty to bolster existing efforts or innovative new projects, incorporates diverse perspectives from outside of government, and expands the talent pool without expending time and resources to source and hire non-Federal professionals.

The DoD Must Rethink Personnel Performance Management

While the current DoD human resources system relies on annual performance evaluations, multiple Senior DoD officials and individuals in the DBB Subcommittee’s focus groups have claimed that there may be better methods of evaluating individuals and their contributions.



Critics argue that evaluation criteria lack measures for saving time, money, or resources, or for encouraging innovative methods to reduce waste and bureaucracy. Many advocate for continuous performance evaluations with periodic reviews and ongoing employee recognition throughout the year, as opposed to relying solely on annual assessments.

“Let’s either get rid of performance management to save the management the paperwork and much time or do a better job in this space, so important stuff that really matters can be addressed and prioritized.”

DoD Senior Government Official

DoD Once Led Government DEIA Efforts and Should Continue to Publicly and Prominently Prioritize

Years before much of the U.S. government and her states embraced integration, President Harry S. Truman called on Congress to enact protections for civil rights and establish bodies to do so. Congress threatened to filibuster, and President Truman forged ahead with an executive order in 1948 banning segregation within the armed forces. The order stated that “there shall be equality of treatment and opportunity for all persons in the armed forces without regard to race, color, religion, or national origin,” and established the President’s Committee on Equality of Treatment and Opportunity in the Armed Services military regulation revisions to implement the policy.

The 2022 OPM FEVS introduced a DEIA Index to gauge employee perceptions of agencies’ efforts in this regard, scoring 69 out of 100 in positive perceptions.³⁹ Many senior leaders in both government and industry recognize the positive correlation between diversity and innovation. They advocate for a strength-based philosophy, emphasizing the importance of understanding each individual’s unique strengths and values within the organization’s puzzle to form a winning team that increases the company’s bottom line or accomplishes the mission in the most efficiently and effectively.

One senior DoD official states that with any strategy, it comes down to people, and the Department needs to embrace diversity – not just in the traditional sense, but also in the diversity of journey. While many Americans may be uncomfortable with the idea of diversity and efforts to increase DEIA efforts, it is incumbent upon the Department to ensure it can draw the best from all of American society to better itself in defense of the nation. He posits that the Department needs a more liberal hiring process for direct hiring authority and rewarding more risk-taking and out-of-the-box thinking or positions.

“Leadership is solving problems. The day Soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help or concluded you do not care.”

Hon. Colin Powell, former Secretary of State⁴⁰

DoD Only Gathers EE Data Annually

EE surveys are critical tools for measuring and improving employee satisfaction. The FEVS measures engagement among federal employees annually. In the DoD, command climate surveys are mandatory. However, these tools currently lack comprehensive questions that address innovation, best business practices, and fostering command climates conducive to innovative thinking crucial for reducing waste and increasing efficiencies.



The newly introduced DEIA index to the FEVS will also make it possible to conduct trend analysis on how federal employees perceive the DoD's efforts over time. This can significantly contribute to driving both EE and ensuring the workforce represents diverse perspectives, thus fostering innovative solutions.

It is important to note that the FEVS and command climates are conducted annually; whereas, private industry is increasingly moving towards continuous evaluations to keep a finger on the employee's pulse, thus keeping them engaged.

Finally, the Office of Personnel Management (OPM) encourages agencies to conduct exit interviews but does not require it. DoD does not require exit interviews for employees across the board. This insight into why an employee is voluntarily leaving an organization may be valuable in making the organization better for the remaining and incoming employees.

The DoD Must Empower Employees to Identify, Quantify, and Solve Problems

“We have to self-assess and be our own toughest critics. We need to be honest about our abilities and be fully transparent about our performance. Once we ‘embrace the red,’ we will be able to identify solutions and more realistically predict our mission readiness[...] Secondly, we must get better. We need to be able to self-correct by continuously fixing small problems at the lowest level before they become a large issue. We must identify and fix root causes rather than adapting to issues that arise. And we need to clearly identify people who are accountable at every level.”

William K. Lescher, 41st Vice Chief of the Naval Operations⁴¹

The Operational Readiness Rate (ORR) is a key performance metric that the military currently conducts and should continue to conduct in its ability to organize, train, equip, and deploy military forces. However, one senior DoD official stated that it may be more significantly beneficial to the military to find a unit that is “red” that has implemented innovative ideas and increased EE to make that unit “green,” rather than one that has simply sustained green. Mutual trust in leadership and employees are vital components of this process and can be evaluated in regular pulse surveys and annual surveys.

In early 2019, the Navy's F/A-18 Super Hornet Fleet was at 55% mission capable. Super Hornet readiness had been low for 10 years despite money and resources focused on extra repair parts and depot repair. Leadership decided to “embrace the red” by taking a hard look at performance and harnessing the available data.

Leadership realized it was not a lack of inputs creating obstacles but the lack of capability of processes to turn those inputs into outcomes. The Navy observed the best performers and identified an opportunity to improve Super Hornet readiness through process changes that made maintenance teams more effective.

By taking best practices from the airline industry, leadership developed a new way to collaborate across the Navy in resolving jet issues and a new approach to how squadrons do large maintenance checks more thoroughly and efficiently. In less than a year, the effort resulted in Super Hornet readiness surpassing the DoD-required 80% Mission Capable rate and sustaining readiness ever since.



Success depends on trust. To be innovative, lean, and successful, the DoD needs to push more decision-making down to the lower levels; not over-engineer; and avoid leaping on every mistake someone makes – resulting in implementing unnecessary enterprise-wide policies. This approach lacks common sense and penalizes others [...] It is essential to evaluate the risk tolerance [...] A fail rate of 30% is okay because it shows employees are not complacent and are instead thinking about innovation and efficiencies.

DoD Senior Government Official

The Defense Department has been using ADVANA as a central hub for advanced data analytics.⁴² It has combined 1,200 systems into a central platform for data and analytics to simplify more than 3,000 business systems. It advertises its uses in everything from finance, budget, contracts, logistics, personnel, and readiness to testing the military's ability to track and respond to threats.

Throughout COVID-19, the DoD used ADVANA to track stocks of PPE across federal agencies to successfully share resources with the Department of Health and Human Services and the Federal Emergency Management Agency. Many metrics simply need to be quantified to measure the reduction of waste and costs, such as time, materials, and unproductive hours.

GAO Case Study

GAO Transforms to Be Leaner and More Effective

The Government Accountability Office (GAO) provides auditing, evaluation, and investigative services to Congress. In the early 2000s, GAO faced several challenges related to its workforce, including silos, inflexibility, and a lack of leadership development. To address these issues, GAO embarked on a transformation effort that focused on human capital management as a driver for change.

The transformation effort involved several key solutions, including breaking down silos, winning more flexibility, building management capacity, rating employees based on competency, and shifting to a new pay system. GAO also emphasized the need for strong strategic workforce planning, smarter recruitment and retention policies, and investments in the selection and training of managers. The agency importantly implemented a fair, unbiased, and transparent system for hearing employee appeals.

The GAO reduced 16 U.S. field offices to 11, reduced staff by 15%, increased productivity by 50%, and tripled outcomes.

The outcomes of GAO's transformation were significant. The agency became more flexible, results-oriented, and customer-focused and better equipped to meet the challenges of the 21st century. GAO's employees reported higher levels of satisfaction with their work environment, including opportunities to do their best work, fair treatment, and honesty and integrity from their leaders. The agency also improved its leadership development programs and communication across organizational levels. Overall, GAO's transformation serves as a model for other government agencies seeking to improve their human capital management practices and drive organizational change.

Source: IBM Center for the Business of Government⁴³



Another example from the DHRA started at a small Naval Common Access Card office. It ran a pilot mail-in request program initiated by that office to save customers and staff time from physically coming to an ID card facility. Within a few months, the office processed 13,000 requests through an online portal and 12,000 through the mail. It has now become the backbone of the infrastructure critical to the Department today which has seen extensive cost savings and reduction in manning for in-person CAC offices issuing millions of cards every year.

DoD Suffers from Excessive Bureaucratic Red Tape Stifling Innovation and Efficiency

“OSD sets benchmarks and they literally cut whatever wasn’t executed. So, instead of departments spending the fiscal year’s full budget, offer program managers the opportunity to apply the savings to improve their own programs or to modernize to move the Department towards more efficiency.”

DoD Senior Government Official

Regulations such as DoD 7000.14-R, Financial Management Regulation Volume 14, Chapter 1 outlines things such as ensuring obligation and expenditure of funds provide for a bona fide need of the period of availability of the fund or account.⁴⁴ This ensures the responsible use of DoD funds that should not be wasted or spent on unnecessary items or services while the phrase “bona fide need” indicates a genuine or legitimate requirement during the time frame that appropriations were approved.

While regulations such as these make sense, it is also vague in what qualifies as a “bona fide need.” Language specifically around programs designed for employee engagement at the end of the fiscal year is not included, although regulations to “maintain internal control systems” is.

According to the regulation, apportionments made by OMB will be available for specified time periods, programs, activities, projects, objects, or any combination of these and may be further subdivided by an agency, but not necessarily transferred. Therefore, if funds are leftover because of efficiencies gained or waste reduced, the leftover funds may not necessarily be used to improve the quality of life of employees or disbursed to employees for finding those efficiencies, unless that funding vehicle was already built into the budget and apportionment. A request may be made for the apportionment or reapportionment to the Undersecretary of Defense (Comptroller).

“Some of the accounting practices and policies we have are archaic, and if the Department wants to get after performance, this may not be where we want to spend the most of our time.”

DoD Senior Government Official

Archaic and convoluted government policies instigate and encourage excessive bureaucratic practices and promote red tape applications. The inability to update and adapt to modern-day policy and procedures often delays decision-making processes, causes challenges in implementing innovative personnel engagement strategies, and creates frustration among employees who see their ideas and initiatives stifled by layers of regulation. To combat these fossilized methods and operations, the Department must construct, update, and simplify new and current DoD issuances to reflect the contemporary interests and expectations of all DoD personnel.



Deloitte Article: Future-proofing the Labor Force

Governments worldwide are trying to bring labor policies in line with this new economic reality. The goal is to future-proof the labor force and to foster a workforce as dynamic as the economy it fuels. These policies seek to improve the efficiency of labor markets, including changes to education, skills training, credentialing, and employment frameworks. To function effectively in this fluid environment and endure future shocks, economies need adaptive workforces. Unfortunately, many government workforce policies have been based on an industrial-era model of employment. Work is changing at a dizzying pace and labor policies need to keep up.

Source: Deloitte⁴⁵

Title 10 Impedes Enterprise-wide Business Transformation

“Each of the component heads are imbued with their own authorities under Title 10, and they will use those to hone how they will or will not participate in a DoD-wide discussion.”

DoD Senior Government Official

Title 10 is a comprehensive framework that outlines the roles and responsibilities of the United States Armed Forces. It establishes each Service’s missions, values, and actions to “organize, train, and equip” personnel for their respective roles. Initially, creating separate systems for each command was beneficial in highlighting and creating specialized codes and customs for each branch, however, it also discourages department-wide systems disrupting business transformation and preventing enterprise reform.

According to several Subcommittee interviewees, one of the primary failures of past DoD CMOs was the institutional impediments of Title 10. When the CMO proposed an enterprise-level change, the Services would invoke Title 10 to override the proposal. While Title 10 gives latitude for the Services to manage their specific needs such as policies, regulations, and procedures, they should and must comply with DoD-level policies set by OSD and the JCS. Business transformation efforts must be a part of this.



Observations and Findings 2: Private Industry has Rapidly Transitioned Since COVID-19

PepsiCo Case Study *PepsiCo Employees Share Brand Mission Statement*

For PepsiCo, the road to employee engagement starts with getting employees to share in the brand's mission statement. The food and beverage leader has developed a moniker to rally employees behind a common culture and goal.

Communicating Brand Values: "The PepsiCo Way" is a moniker representing the seven core employee behaviors and values driving the company's vision. The simple but compelling list finds itself embedded in company communications and 7 company events like PepsiCo Way Day.

- *Acting with integrity*
- *Acting as owners*
- *Voicing opinions fearlessly*
- *Being consumer-centric*
- *Celebrating success*
- *Raising the bar on diversity and talent*
- *Focusing on getting things done fast*
- *Strong Company Culture: Uniting employees behind simple, snappy, and clear company values, has strengthened its workplace culture.*
- *Diversity and Inclusion: Within its guiding principles, conveyed its commitment to diversity and inclusion and hearing employee perspectives. "We continuously listen to our employees to ensure we are providing the best experience possible," says the team.*
- *Employee Feedback and Recognition: In its commitment to the PepsiCo way, the company continuously celebrates employee achievements. It also provides multiple channels for employees to share their opinions through a series of pulse surveys.*

Source: PepsiCo⁴⁶

The Subcommittee recognizes that DoD is exponentially larger and more complex than even the largest Fortune 500 companies on the planet. It also recognizes that national security is a different business with different measurements for what constitutes success. Companies *must* change and adapt to the environment and their competitors, or they go out of business. They are accountable to their shareholders who demand success and constant innovation.

Meanwhile, the DoD is in the business of national security, where it has near-peer competitors and pacing challenges but will not be truly tested until it goes to war. The DoD answers to its own form of shareholders and 535-member board of directors. However, the DoD can still adapt to attract and retain talent, garner its best ideas, and create more efficient and innovative solutions if it seeks relevant and applicable lessons from the private sector or cannot afford but to be agile.

Further, it is so ingrained in the DoD culture to take orders and execute them as conveyed rather than deviate to take a risk at the chance of innovation or better efficiency. There needs to be some performance expectations to solve problems and gaps for the Department and to change the institutional agility, responsiveness, and flexibility so that the positive impact on the warfighter is



a result of top-down, grassroots, and peer collaborations. As is the case with every industry, in every part of the world, the beating heart of business comes down to employees with great expertise and ideas, resulting in intense collaborations at all levels to improve the workplace and business practices.

Private Sector Company Values are Well-communicated and Ingrained in the Performance Evaluation System

Not only are the values communicated consistently, but several C-suite interviewees noted that they are ingrained in their performance evaluation systems and are the basis for feedback between managers and their employees. Black swan events like COVID-19, mergers, or changing business models have also served as a forcing function to reevaluate and sometimes change the company's values, which need to then be re-communicated.

A former Fortune 100 company CEO stated that they want the highest level of connection possible to minimize apathy by looking at some key areas:

- Can employees state the mission?
- Do they understand the company's goals?
- Do they understand what is expected of them?
- Do they understand how they translate that mission into their individual daily work activities?

A senior industry executive of a company with multiple subsidiaries noted that while the language of the parent company's values may differ from those of its subsidiaries, they are all aligned with the parent company's values. This alignment is documented in a "placemat" that outlines brand-specific language and execution, much like DoD might have for Services while ensuring shared values and consistent execution across a global footprint. It also allows for a consistent execution that retains the distinct culture of each brand while remaining connected to the parent company.

In the private sector, executive leadership drives 68% of transformation projects, and their experience with change tends to be very different than their staff's. In many ways, the public and private sectors operate similarly. A Fortune 500 CEO also conducts quarterly town halls that last an hour with 15 minutes dedicated to employee feedback survey results before highlighting teams doing something interesting to tell their story. He also holds routine communication forums with his leadership team and managing directors to reinforce what matters to him and the company.

Companies recognize that talent with the deepest hands-on experience systems and processes often generate the most efficient and value-added ideas for performance improvements. Nearly 80% of employees are hungry for leaders to prioritize communication and connect. This connection is achieved through listening, sharing transparently, and encouraging diverse viewpoints.⁴⁷ Additionally, companies have recognized that when recruiting talent from younger generations, communications and branding must emphasize autonomy and freedom for creativity. The narrative shifted towards a culture of production unencumbered by barriers, while top leadership aligned the workforce's expectations. One form of this two-way communication is employee suggestion boxes.



Private Companies have Two-way and Multi-faced Communication Channels that Benefit Bottom Line

Whether talking about ways to speed up production, increase the efficiency of systems, or expand innovative collaborations, employees have relevant, practical suggestions to offer. Excellence in business operations is a continuous, ever-changing process, and workers at every level have ideas to share for better ways of doing things, it is critical to embed this mindset in every layer of business.

An employee suggestion program often positively impacts morale, corporate culture, and an organization's bottom line. When organizations create positive changes that come straight from their employees, they naturally increase engagement, ownership, and performance. Further, any calls for attention to any problems or difficulties may come to light, which could ultimately prove beneficial, too.

Amazon Case Study

Amazon Prime is One of the Most Valuable Employee-Suggested Ideas Ever

Amazon is arguably the most innovative company in the world. A key factor in Amazon's global dominance stems from Amazon Prime, the company's fast-shipping subscription service. Using Prime, customers simply pay a flat rate annual fee and benefit from low-cost shipping for the entire year.

Charlie Ward, an Amazon software engineer, pitched the idea in the company's digital employee suggestion box on its internal website. Frustrated from having to click through multiple pages to access low-cost shipping, Ward proposed charging customers a flat rate each year and doing away with additional shipping costs altogether.

Recognizing the value of the idea, CEO Jeff Bezos gathered Amazon executives in November 2004 for a viable proposal by the end of the next quarter. Another employee suggested the use of the word "Prime" in the name, while other employees hatched the idea of free two-day shipping with a membership subscription. By the time Amazon started offering Prime in mid-2005, the company already had thousands of subscribers interested. Amazon's team predicted the program would break even in two years. It broke even in three months. Prime member customers spent as much as 150% more at Amazon.

Now, with more than 100 million global subscribers, and a range of additional customer offerings such as streaming media, Amazon Prime is an integral part of Amazon's business model. This example illustrates one of the key factors in running a successful employee suggestion program: responding to promising suggestions quickly and promptly assigning the right people to follow through with the task.

Source: Coby Skonord, Ideawake⁴⁸

Several private sector CEOs emphasize the role of pilots or trials in the instances that top-down initiatives are introduced. They emphasize the need for a controlled environment and a set period for these trials, with explicit goals or clearly outlined success metrics. Once the pilot is completed,



they require an analysis of its effectiveness to identify successful elements and areas for improvement before potentially scaling to the enterprise level.

However, CEOs recognize the importance of recognizing people as the foundation of productivity gains. One CEO highlighted that productivity gains stem from aligning individuals with processes and technology.

Companies Publicly, Constantly, and Consistently Reward and Recognize Individuals and Teams

In the private sector, an interviewed CEO who conducted routine quarterly town halls also frequently invited clients who were directly impacted by the team's positive work. He stated that this is very motivating to his employees because they hear directly from their customer base in a positive and public manner that reinforces their connection to the company and the mission.

According to a former Chief Marketing Officer of a Fortune 100 company, rewards and recognition hold immense significance due to their intrinsic benefits. She highlighted that these intrinsic rewards tend to hold more lasting value compared to monetary incentives.

In conducting regular feedback, personnel performance management underwent a significant paradigm shift, transitioning from the traditional annual approach to real-time conversations, encouraging a focus on team outcomes and results. This shift not only improved engagement but also facilitated continuous improvement.

The importance of passion-driven employees emerged as a key factor, with mentors and collaborative team players spearheading the organization's success. Four strategic priorities anchored one company's endeavors: customer impact, purposeful technology, empowerment, and a growth mindset.

CEOs Rely on Management for EE

The same marketing executive, now a CEO, pointed out that the primary reason for employee turnover is their manager. Also, 24% of employees not in leadership or management positions express feelings of detachment from their team or company.⁴⁹

Research indicates the most important tools managers possess to boost their employees' engagement are to:

- help employees connect what they do to what they care about;
- make the work itself less stressful and more enjoyable; and
- reward employees with additional time off.⁵⁰

One CEO interviewed by the Subcommittee underscored the instrumental role of mentorship in talent retention and its significance in continual performance evaluation. Mentors and managers who are involved with their employees and see them as a whole person creates engagement where the employee is passionate about their work. These employees then bring others with them and teach newer entrants into the company's community.

In situations where questions arise regarding an employee's performance, it is imperative for the manager to promptly address these concerns. For managers who do not embody this leadership



style, the CEO's organization proactively reassigns them elsewhere within the company or considers their exit from the organization.

Notably, research from Deloitte has shown that Millennials who stay at their organization for 5 or more years typically have a mentor, compared to just 32% of those without such guidance.⁵¹ To counteract the high turnover rate among Millennials and bridge generational divides, the Bank of New York (BNY) Mellon Corporation pioneered a Reverse Mentoring Program.⁵² This innovative initiative paired younger employees with executive team members, facilitating mentorship on topics of strategic importance and cultural relevance. This initiative not only aimed to ensure the organization's alignment with younger consumer preferences but also exposed younger employees to strategic thinking, leadership styles, and work mindsets of senior leaders.

This program has led to increased retention of Millennials at 96% among the first cohort, the sharing of digital skills, driving cultural change, the promotion of diversity, strengthening of trust between senior leaders and younger employees, and an overall increase in employee engagement.

However, it is essential to acknowledge that effective management is a skill that necessitates practice and ongoing support. In the contemporary workforce landscape, low- and mid-level managers are often the primary colleagues with whom they directly interact. According to a survey, 60% of hybrid employees say their direct manager is their most direct connection to company culture.⁵³

As leadership approaches from 2019 may no longer be suitable for the 2023 workforce, organizations must be prepared to provide fresh and relevant support and training to address the widening managerial skills gaps. This proactive approach ensures that leadership remains effective in nurturing talent and retaining valuable employees in a dynamic business environment.

A private sector CEO has implemented survey instruments that include statements such as, "At work, my opinions count," "Last year, I had opportunities to learn and grow," and "Someone cares about mentoring me." This approach has yielded participation rates exceeding 70%, allowing organizations to promptly address employee concerns and insights.

Finally, when employees turnover, exit interviews are commonly conducted when employees leave a company and play a significant role in the employee life cycle. According to Harvard Business Review, 75% of companies conduct exit interviews.⁵⁴ Gallup research emphasizes that 89% of employees leave their jobs due to company-related factors such as a lack of growth opportunities and a poor relationship with their manager.⁵⁵ Exit interviews enable employers to reflect on the employee's experience and gather valuable data. This aids management in identifying issues and devising effective solutions.

CEOs Welcome Failure and Cultural Change within Tolerance

During a Subcommittee interview with a Fortune 500 CEO, she detailed a multifaceted approach to innovation. Her company allocated funds for research and development, internal disruptors, and external partnerships. Notably, the company welcomed both challenges and failures, seeing them as opportunities to stretch the boundaries of what could be achieved through pioneering new ideas. Throughout the interview, the CEO repeatedly stressed the power of networks over hierarchical structures, and that she consistently encouraged employees to break out of their comfort zones and experiment.



An integral aspect of this transformation was the institutionalization of cultural change. It became apparent that for transformation to persist beyond the tenure of change agents, mechanisms needed to be integrated into the fabric of the organization.

Communication, transparency, and alignment with company values were paramount with top-down directives meeting bottom-up input while ensuring everyone was on the same page.

A comprehensive strategy of innovation, leadership, and communication underpinned the journey toward increased employee engagement and streamlined practices. By consistently demonstrating that these companies valued input, fostered employee empowerment, and embraced change, these organizations have reshaped their cultures and practices to thrive in a rapidly evolving business landscape.

Cisco Amplifies Voice of Workforce

Cisco, a global leader in cybersecurity and networking, credits its people for the company's transformation in recent years from an equipment-focused business to a comprehensive solutions provider. The company has increasingly amplified the voice of its workforce and has reached a turning point in its adoption of an employee-led culture, with many strategies having originated simply from conversations with its workforce.

Source: Cisco⁵⁶

Private Industry has Moved Away from Annual Reviews Toward Continuous Evaluation

Several private sector CEOs and executives have stated that they have already shifted away from annual performance reviews, with one stating that annual performance reviews simply do not work and are a waste of time. They emphasize the importance of on-the-spot feedback and frequent interactions between managers and employees to maintain engagement.

One CEO of a Fortune 500 company stated that annual performance reviews ended up impeding work and engaging the employees rather than helping. Instead, she and her organization have shifted to people-oriented priorities in their agile approach to business plans with the message that networks beat hierarchies. This approach prioritizes customer impact, technology with purpose, empowerment, and a growth mindset.

In embracing this people-first approach, the private sector has begun to consider the different wants and needs of a diverse workforce, including generational gaps.

Companies are Actively Adapting to a Shifting Generational Environment

Today, younger generations seek alignment with organizations that reflect their values, including DEIA initiatives. Therefore, the employment brand and employee experience speak to the employee value proposition (EVP) and play pivotal roles in attracting and retaining talent.⁵⁷

Diversity and Inclusion Training: Intuit regularly sets diversity and inclusion benchmarks. To support employees, the company holds multiple courses and training sessions for staff, including the Leading Inclusively e-learning.

Source: Intuit⁵⁸



Connecting an organization's mission with employee values fosters a sense of alignment, motivating employees to work for organizations driving social and environmental change. Studies indicate that people are willing to forego financial benefits to work for socially responsible companies. A purposeful mission is not sufficient to establish feelings of value alignment; employees strive for a connection between their day-to-day work and the organization's greater purpose.

52% of respondents believe it is important to work for a company with codified values and behaviors that leadership reinforces. However, over 28% of employees feel that organizational culture has suffered during the pandemic, necessitating new approaches to reinforce corporate identities.⁵⁹

Younger generations challenge traditional business infrastructure to push for positive global change. Forward-thinking companies are adapting to accommodate these values. For example, 80% of Cisco employees have actively engaged with their communities since FY 2020, raising \$100M through employee donations and Cisco Foundation matching gifts, contributing 1.3M volunteer hours, and supporting 6,800 global nonprofits and U.S.-based schools.

Through a series of executive focus groups, C-suite interviews, and a survey of professionals in the U.S. and UK conducted in May 2020, Insider analyzed the impact transformation has on the people crucial to its success. The survey confirmed what the Subcommittee's interviewees stated: people are at the heart of transformation. Furthermore, buy-in and support from staff is the number one contributing factor to the success of these initiatives.⁶⁰

Effective management involves taking a genuine interest in employees' opinions, fostering engagement, and boosting motivation. It empowers employees by granting them more control over their work environment, enhancing morale and productivity. EE is a two-way communication channel and a key factor in driving transformation.

Millennials place high importance on up-to-date technology, with 93% considering it crucial.⁶¹ Technologies such as smartphones and social media have played significant roles in the lives of younger generations, enabling broadcast capabilities, two-way communications channels, and the capability to collaborate across the Internet.

While younger generations are comfortable with digital feedback channels, almost all employees value feedback mechanisms. One Subcommittee interviewee and CEO stated that younger people need feedback, particularly since the shift to remote work caused by COVID-19. Online forums and collaboration tools have become crucial.

Post-pandemic, employees expect flexibility, transparency, and ongoing learning opportunities. Organizations willing to harness new communication platforms, AI, and advanced technologies can better engage employees. Empowering employees with new technologies and skills fosters robust training, development, and advancement within the organization.

Notably, Millennials are more likely to leave their jobs due to a lack of career advancement opportunities (35%) and a lack of learning and development opportunities (28%).⁶² A quarter of Gen Z and Millennials state learning is the number one reason they are happy at work, and 27% of Gen Z and Millennials say the number one reason they would leave their job is because they did not have the opportunity to learn and grow.⁶³



IBM's solution was THINK40, which required every worker to complete at least 40 hours of training and development each year.⁶⁴ Prioritizing employee skills and customizing content tailored to their professional development needs, from cloud computing to business process management, is a key strategy for IBM. In 2021, IBM employees completed more than twice that time, on average, because customized content has been tailored to employees' specific professional development needs and desires. A senior executive noted that 98% of IBM's employee population utilizes its learning platform every quarter, and in the first half of 2021, its workforce spent 1.37 million hours learning, more than double the required 40 hours each year.

75% of human resources professionals with recruiting difficulties note a shortage of skills in candidates for job openings. Investing in employee development enables an organization to address its skill shortages, train the current workforce to meet future company needs from within, and prove to the employee that they are a valued member of the team worth investing in. The awareness of an organization's interest in employee development is also a strong employee morale booster and, ultimately, productivity.

95% of Intuit Employees Say It Is a Great Place to Work

Up to 95% of Intuit staff say this financial services company is a great place to work, in stark contrast to the 59% of employees on average across U.S. companies. This achievement has been the result of ongoing efforts rather than an overnight success.

Source: Fortune. "Fortune 100 Best Companies to Work for 2023." Fortune, 23 August 2023, <https://www.greatplacetowork.com/certified-company/1000127>

Private Industry Uses Net Promoter Score and Surveys to Gather Important Metrics

In private industry, a Net Promoter Score (NPS) measures a customer's loyalty, satisfaction, and enthusiasm by asking them to rate on a scale of 0-10 how likely they are to recommend a product or company to others.⁶⁵ NPS aggregate scores help businesses enhance services, customer support, and overall delivery for improved customer loyalty.

NPS surveys will ask follow-up questions to understand why customers gave a specific score, track trends, and gather qualitative feedback. With scores ranging from -100 to +100, anything over zero indicates the company has more promoters than detractors. The real values lie in the qualitative insights that determine a customer's likelihood to remain loyal to the company

The NPS and its follow-on survey can be easily adapted to measure employee engagement.

One CEO the Subcommittee interviewed noted that their company's online employee suggestion program incorporated employee voting buttons. Participants could vote on ideas, which helped prioritize issues and ideas with higher community support. This also allowed managers and company leaders to prioritize and identify democratized issues that their employees wanted to be addressed.



Recommendations

The Subcommittee recommends the following actions to address the observations and findings from this Study. **Appendix A** outlines a recommendations roadmap and timeline for implementation. **Appendix N** contains potential areas for additional study.

1. Vision/Strategy. Secretary of Defense in coordination with (ICW) USD(P) (for National Defense Strategy) and PIO / Director of Administration and Management (DA&M). outline a vision and strategy for improving business operations and how the Department will proceed. Business operations should support the warfighter, and efficient and effective business operations not only reduce waste and unnecessary bureaucracy but will help deliver capability to the warfighter. The values of better business operations and continuous process improvement should be part of the Core Values of not just the DoD but also the Services to ensure that every Soldier, Sailor, Airman, Guardian, Marine, and DoD Civilian know that they have a role in improving the business operations culture of the Department to be the most nimble, proactive force in support of the warfighter. In this regard, the Subcommittee noted that efficiency is not one of the Core Values stressed in the DoD.
 - a. Recommend the Secretary or Deputy Secretary create a video for Pre-Command Courses at the O5-O6/GS-14-GS-15-level stressing the importance of efficiency and innovation in pursuit of mission accomplishment. The same messages should be echoed through all professional military education and civilian equivalents at all levels.
 - b. Recommend the Secretary or Deputy Secretary host an annual conference and record a VTC with all 1-star/SES-1 and above enterprise-wide to discuss the vision and strategy.
 - c. ASD(PA) ICW USD(P) and USD(P&R). Recommend the Secretary of Deputy Secretary, with the support from the Chairman of the Joint Chiefs of Staff, the Joint Chiefs, and DMAG, update and communicate DoD Core Values as guiding principles comprised of sentences rather than single words such as “Honor,” “Duty,” and “Loyalty,” with stress on efficiency and innovation to the lowest levels. Create a marketing campaign around DoD Core Values. Upon updating the vision, strategy, and DoD Core Values, the Secretary should issue a memorandum with the video to the Total Force on multiple platforms. The memorandum and video should outline the updates and emphasize that it is the responsibility of each individual to ensure that their organization is the most efficient and innovative in order to ensure mission success.
 - d. Recommend that the Deputy Secretary and/or PIO conduct monthly department-wide electronic updates on the DoD’s priorities, progress, challenges, and opportunities in which the Secretary participates periodically.
2. Communications and Senior Leader Engagement. PIO/DA&M. It needs to be inculcated at every level, training, and education opportunity that the Secretary of Defense, Deputy Secretary of Defense, and PIO/DA&M are focused on increasing innovation and risk



acceptance (within tolerance) to increase efficiency and reduce waste and bureaucracy. This should be communicated at least down to the O-5/GS-14 level. Conduct routine Net Promoter Scores and follow-on surveys to gather quantitative and qualitative feedback more regularly than FEVS, annual evaluations, and command climate surveys.

3. Infrastructure Scaling in Innovation and Engagement. DoD CIO. Recommend OSD create an enterprise-wide two-way communication tool like GAIN that can launch campaigns at specific problem sets and command levels in search of innovative solutions and better business practices. This platform should also host joint communities of interest for common to share best practices and provide feedback. Consolidate disparate WERX programs into this system so best practices are shared without silos. By integrating upvote and downvote buttons, live comments, and threaded messages, this new platform will empower users to provide real-time feedback in each campaign and community of interest. This will democratize the userbase and prioritize which efforts are deemed most worthy of command and leadership's attention at the necessary levels, keeping the system from being overwhelmed. Additionally, if ideas or solutions are properly implemented from this platform, it can provide another place for command and leadership to recognize those efforts and the positive effect it has on the force.
4. Individual and Organizational Recognition. USD(P&R) ICW PIO/DA&M and USD(C)/CFO. Observations and findings have pointed out that monetary rewards may reinforce negative behaviors rather than intrinsic rewards such as recognition. Individual-level rewards could come in the form of public timely recognition and time-off or promotion points. Organizational recognition may solve two issues: that money saved will not be taken away from the organization at the end of the year, and money saved could be reinvested in the workforce – either in training and education, time off, or investments in quality-of-life improvements. Individual and team recognition should be continuous, public, and directly linked to achievements.

If an organization's leadership identifies that funds and resources are left over at the end of the fiscal year primarily due to gained efficiencies and improvements, the individuals responsible should be publicly recognized, annotated on performance evaluations, and the leftover funds should be released back to the organization for organizational improvements. Reinvesting leftover funds in the organization can build on that momentum to improve its efficiency and effectiveness. Quality of life improvements for personnel can help to attract and retain top talent.

There is a lot of waste across government – deadlines pushed, etc. because we don't have a lot of good project managers. If [the government] could invest in folks training for really good project managers or hire early career experts in it, that could go a long way in reducing waste.

DoD Senior Government Official

5. Programmatic Approach to Scaled Management of Business Transformation. USD(P&R) ICW PIO/DA&M. Recommend the J1 and PIO identify and submit weighted promotion criteria across the Services in areas such as efficiency and innovation with quantifiable data. Recommend increasing the amount of Training with Industry opportunities for service members and civilians to understand best business practices in the private sector and import into the DoD where applicable. Recommend the PIO office create dashboards



within ADVANA around engagement and efficiency. Specifically, the Subcommittee proposes the CTMO develop and introduce two mechanisms for ensuring business transformation—a surveying mechanism for capturing employee perspectives and a people manager-focused learning and development program designed to promote better business process improvement. In concert, both would allow the Department to define key values around business operations and to assess how military and civilian personnel are engaged in business process improvement. Despite potential reservations regarding survey fatigue the CTMO can engage in surveying using minimized-burden pulse surveys used in industry across the private sector. For example, large employers in the technology and health care industries are engaging in daily one-item check-ins with staff managed via email or web-based data capture. Others are using tools like Savvy to capture performance management and engagement data post-meeting participation. The Subcommittee recommends the CTMO arm the Deputy’s Management Action Group (DMAG) on a quarterly basis with data from business transformation surveys to develop strategies for ensuring operational business efficiency.

6. Personnel Management System Reform. The DoD must rethink the personnel management system. USD(P&R). Private industry has moved away from annual reviews. While the DoD and the Services depend on annual reviews, the J1 and Service Human Resources offices should study business implementation, lessons learned and effectiveness of these efforts. Identify key metrics that businesses are using to increase employee engagement to import into an updated personnel management system.
7. PIO Reform. Deputy Secretary of Defense/COO ICW PIO/DA&M. In 2020, the DBB recommended abolishing the CMO position the way it was, but all duties and responsibilities were moved under the DA&M. The Subcommittee recommends the DoD seek a legislative fix to create a high-level appointee with a proven record of business transformation at an appropriate level to be effective with at least a 5-year term that will lead a small office of formally trained and educated strategists, business analysts, data scientists, project managers, change management specialists, and IT transformation managers that focuses solely on business transformation, with authority to institute enterprise-wide reform across the Services, and reportable to the Deputy Secretary of Defense. The position should be linked to a performance contract. The office would be empowered to run pilot programs with specific key metrics aimed at improving enterprise-wide business operations issues.



Conclusion

The Department of Defense faces a complex landscape of challenges and opportunities in engaging the workforce, fostering a culture of innovation, and effective communication. To address these issues, the DoD must undergo a transformation that connects business operations to the warfighter, recognizes and rewards efficiency and innovation at all levels, and embraces diversity, equity, inclusion, and accessibility as essential drivers of progress. By streamlining bureaucracy, adopting modern communications tools, and empowering its workforce to identify, quantify, and solve problems at the lowest levels and across the enterprise, the DoD can not only enhance efficiency and effectiveness but cultivate a culture that inspires its employees in support of their mission and the nation's security.



Table of Appendices

- Appendix A: Recommendations Roadmap
- Appendix B: Additional Case Studies
- Appendix C: Terms of Reference
- Appendix D: DBB Presentation to the Board
- Appendix E: Board Member Biographies
- Appendix F: Contributors List
- Appendix G: Methodology
- Appendix H: Public Comments
- Appendix I: Acronyms



Appendix A: Recommendations Roadmap

Immediate Implementation (0-6 Months):

Vision/Strategy: The DoD can put together a team to outline a comprehensive vision and strategy for improving business operations, emphasizing efficiency and innovation. This should include updating the DoD Core Values to incorporate these principles and create a marketing campaign around them.

The Secretary or Deputy Secretary should engage in video messages, annual conferences, and could begin monthly department-wide electronic updates to convey this vision at every opportunity to create the beginnings of “surround sound.”

Mid-Term Implementation (6-18 Months):

Communications and Senior Leader Engagement: Based on the vision/strategy, focus on increasing innovation and risk acceptance, particularly related to efficiency and waste reduction, at all levels through routine communications.

Begin regular quarterly Net Promoter Scores and surveys to gather quantitative and qualitative feedback more frequently.

Infrastructure Scaling in Innovation and Engagement: Implement a two-way communication tool like GAIN at the DoD level to facilitating problem-solving campaigns and communities of interest. It may be possible to use this tool as another means of communicating top-down vision and intent for lower-level campaigns encouraging better business practices and inculcating a culture of reduced waste and bureaucracy. Consolidate existing WERX programs into this system to encourage sharing of best practices without silos.

Programmatic Approach to Scaled Management of Business Transformation: Introduce weighted promotion criteria that prioritize efficiency and innovation. Expand Training with Industry opportunities for service members and civilians to learn from the private sector. Identify pilot units or offices for business transformation and leverage ADVANA for data-driven insights on engagement and efficiency areas.

Long-Term Projects (18+ Months):

PIO Reform: Establish a presidential appointee position, linked to a performance contract, responsible for leading an office focused solely on business transformation. This office should be staffed with experts in various relevant fields and empowered to run pilot programs aimed at improving enterprise-wide business operations.

Organizational Gainsharing: Develop a gainsharing program that rewards individuals and teams with public recognition, time-off, or promotion points for contributing to efficiency and innovation. Work with legal and finance to ensure that money saved is reinvested in workforce development and quality-of-life improvements. Announce those successes publicly and recognize the team and individuals responsible for the improvements through storytelling via every relevant communications platform.



Appendix B: Additional Case Studies

Toyota Business Partnership Groups Case Study

From a Single Acorn, Employees Drive Inclusion at Toyota

*Creating an environment to foster diversity and inclusion is the basis of the Toyota Way, founded on Respect for People and a commitment to all of Toyota's employees. With Business Partnership Groups (BPGs), **company-wide employee-driven networks strengthen engagement, inclusion, and connections within the workplace.** Offering support and resources, BPGs improve talent acquisition and retention, boost leadership skills and nurture communication.*

More than 40% of employees at Toyota's North American headquarters belong to a BPG. An executive leader sponsors each chapter, including the Toyota North American Advisory Council (NAAC), a virtual team of representatives from diverse business units across the affinities. NAAC leaders serve as dedicated diversity and inclusion advisors, helping guide the BPG chapters to have a greater impact on the workplace, workforce, local communities, and market.

With more than 100 BPG chapters across the country, Toyota is positioned to be a frontrunner to cultivating diverse employees in inclusive settings.

- *With networks like the African American Collaborative (AAC) and Women Influencing and Impacting Toyota (WIIT), team members can find a group that speaks to their interests, aligns with their principles, and gives voice to their perspective.*
- *For 20 years, Toyota Organization for the Development of LatinOS (TODOS) laid the foundation for employee resource groups and served as a network for Latino team members to share ideas, work together, perform meaningful community outreach throughout the U.S., and mentor. Today, the trailblazing group of more than 600 members sponsor a high school mentoring programs to promote student skill-building in public speaking, personal finance, and job preparation, including education in the Toyota Production System.*
- *Toyota's Young Professionals resource group is a measured gateway to the talent pipeline. Mentoring, training, and preparing young adults before they enter the workforce allows the automaker to seamlessly integrate new hires and provide essential professional skills that can prime them for leadership roles. These development opportunities build trust, forge relationships, and are viewed as a commitment to local communities, which leads to stronger employee retention.*

*Toyota initially weathered the chip shortage during the COVID-19 pandemic better than rivals. During the downtime, Toyota committed to repairing and shipping unfinished vehicles from impacted plants to keep talent employed. Toyota has a reputation for taking care of its employees, and before COVID-19, **it worked to relocate full-time employees in economic downturns instead of laying them off.***

Sources: Toyota⁶⁶



Microsoft Corporation Case Study **Microsoft, A Company of Learn-it-Alls**

It's hard to come by a single list of companies with great employee engagement without finding this technology giant at the top.

Over the years, Microsoft has spearheaded employee engagement efforts through multiple channels. So how do they do it exactly?

- *Build Community Through Communication: Facilitating internal communication across all departments fosters a sense of community within the company. A “CEO Connection” page in Microsoft’s internal communications plan lets employees network with staff and leaders. It also makes leadership communications more accessible and encourages top-down conversations.*
- *Professional Development: Microsoft does not simply offer professional growth opportunities; it promotes a growth culture. Microsoft is known as a company of “learn-it-alls,” not “know-it-alls,” and a growth mindset is essential to Microsoft teams.*
- *Pulse Surveys: Microsoft’s ‘Daily Pulse’ is a series of pulse surveys that capture a snapshot of how employees are feeling. Regularly surveying employees using a pulse survey tool measures employee engagement and employee engagement trends over time.*
- *Team-building Activities: The company arranges several team-building events and opportunities for colleagues to bond. Microsoft also uses events to rally employees behind solid company values and to bolster social responsibility.*

Source: Neuro Leadership Institute⁶⁷

3M Case Study

3M Inspires Innovation Any Time, Any Where and From Everyone

Manufacturing giant 3M is a famously innovative company and is respected as the official birthplace of the 15% Program. As part of the company’s vision, every employee at every level is asked to spend 15% of their work time on innovative projects. As a result of this pioneering philosophy, other tech titans like Google have employed similar practice to help spur unique ideas. (Note – follow this case study in the Study with Google.)

Moreover, 3M has relied on employee suggestions for groundbreaking, new ideas, products, systems, and processes. This approach reflects the concept that every one of 3M’s employees could be responsible for the next world-shaping invention. In 1974, 3M Engineer Arthur Fry dreamed up the Post-It note, a simple combination of paper squares and low-grade airplane adhesive.

In 2021, 3M earned the U.S. government’s highest award for innovation through its sheer and stellar innovative solutions, the National Medal of Technology. The company’s portfolio of nearly 60,000 products includes Scotch Brite, ACE bandages, and medical and industrial products. 3M’s commitment to its 15% program recognizes and celebrates employees’ genius inventions and demonstrates the company values.

Source: The Wall Street Journal⁶⁸



Google Alphabet Case Study

Alphabet Inc. Provides Death Benefits to Family Members

Better known as the parent company of Google, Alphabet Inc. has no problem attracting top talent. The software ringleader has an history of putting employee engagement first and does not shy away from trying new strategies for workplace improvements.

Alphabet Inc. prioritizes building an engaged workforce and considers employee suggestions. Since Covid-19, the company has offered employees maximum flexibility in their workplace, with most employees opting for fully remote or hybrid work.

Another example of the company providing unique compensation and benefits beyond competitive salaries is its offering of death benefits, up to 50% of a deceased employee's salary for 10 years. Children of the deceased employee receive \$1,000 per month until age 19, or age 23 for full-time students.

Like other high-tech giants, the company's 20% creative time + 80% work program has paid off with generating innovative ideas. As a result of this program, Google Alphabet was born, and the tool accounted for 20% of Google's total revenue in 2014 alone.

Source: Inside⁶⁹

Apple Case Study

Apple Continues Start-up Atmosphere to Foster Collaborations

When asked about team collaboration, Steve Jobs, Apple's famed co-founder, stated: "One of the keys to Apple is that Apple is an incredibly collaborative company.... We are organized like a start-up. There is tremendous teamwork at the top of the company, which filters down to having tremendous teamwork in the rest of the company."

For Apple, teamwork continues to be at the heart of the company culture and at the core of success with employee engagement.

- *Culture of Collaboration: A focus on teamwork has translated into an overarching culture of collaboration at the company. This is reflected in just about every aspect of the business. From its fluid company hierarchies to its open office design, everything encourages collaboration.*
- *Competitive Benefits and Compensation: It goes without saying the company offers pretty awesome perks and benefits. Since 2015, Apple has offered free stock shares to all employees, with grants starting from \$1,000 to \$2,000.*
- *Wellness in the Workplace: It's not all about the financial perks. Apple's employees also enjoy plenty of wellness options, such as in-house fitness center, sprawling nature walks right outside their office, and medical professionals on-site.*

Source: Apple⁷⁰



Nvidia Case Study

Nvidia Employees Rate Their Happiness at the Workplace A+

A multinational technology company, Nvidia designs state-of-the-art graphics processing units and computer chips. But beyond its value proposition, Nvidia is one of the global leaders in employee engagement because it prioritizes positivity in the workplace, opportunities for professional growth, and satisfaction towards compensation and benefits.

- *Team-centric Attitude: “There’s only one team at Nvidia. That means no politics, no hierarchy,” says the team. This type of company culture helps build trust among employees and encourages confidence in participating in the workplace.*
- *Team-building Events: Promoting teamwork and collaboration goes beyond a great internal marketing statement. Nvidia also initiates regular team events and community outreach projects, which employees work on together to foster shared values.*
- *Promoting Innovation: Nvidia encourages employees to take risks and see failure as a step to success. This spirit of innovation helps empower employees in the workplace and promotes autonomy—a key driver of employee engagement.*

Source: NIVIDIA⁷¹

Salesforce Inc. Case Study

Paid Volunteer Time Off Inspires Employees

Salesforce knows that in order to recruit workers that will propel its company forward, it needs to first engage its top brand advocates -- employees. In the company’s efforts to engage employees, Salesforce focuses on offering unique and competitive benefits and work perks tied into the company’s overarching values and sense of responsibility to local communities.

- *Paid Volunteer Time: Employees receive 56 hours of paid time in order to volunteer in their neighborhood. Employees also enjoy a competitive matching policy of up to \$5,000 annually for giving back to causes they care about.*
- *Diversity and Inclusion Groups: “We focus on the key differentiators that Salesforce has to offer,” said Ana Recio, former executive vice president, Global Recruiting, Salesforce. Staff have the option to join Equality Groups, which are employee-led groups centered on common backgrounds, identities, or interests.*
- *Focus on Wellness and Work-life Balance: The company’s Wellness Reimbursement Program offers staff \$100 each month to use on any wellness activity they like – Yoga classes, nutrition therapy, and more.*

Source: Salesforce⁷²



Mastercard Case Study

Mastercard Harnesses Its Talent to Widen Field of Vision

This multinational financial service giant has become a leader among employee engagement companies in its industry. The company's success can be attributed to a few key employee engagement drivers:

- *Continuous Feedback: Mastercard's belief that employee engagement and workplace inclusion drive innovation and better business results. At the heart of this, is regular employee feedback to ensure all employee voices are heard.*
- *Diversity and Inclusion: "You need to harness the collective uniqueness of those around you to widen your field of vision -- to see things differently, to fail harder, to innovate," says Ajay Singh Banga, former executive chairman of Mastercard. The company commitment to an inclusive work environment is firm and backed by extensive employee training.*
- *Flexible Work: Since remote work became the norm during the pandemic, Mastercard has grown to adapt to flexible work arrangements. Today, many workers at Mastercard can continue working from home until they feel comfortable returning to the office.*

Source: Mastercard²³



Appendix C: Terms of Reference



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.



OSD003812-23/CMD004932-23



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.



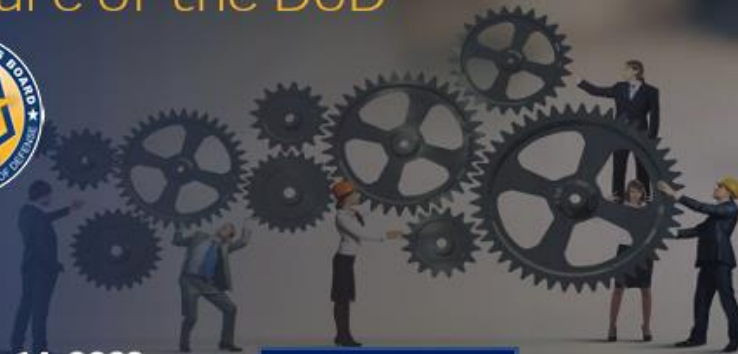
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Senior Pentagon Leadership
Directors of Defense Agencies
Directors of DoD Field Activities
Advisory Committee Management Officer, DA&M



Appendix D: DBB Presentation to the Board

Talent Management, Culture, and Diversity Advisory Subcommittee

FY2024 Assessment of the Department of Defense Improving the Business Operations Culture of the DoD



November 14, 2023

Pre-Decisional



ToR/Tasking

- Examine best practices in employee engagement and performance incentives to reduce waste and bureaucracy within its business practices.
- Evaluate and provide recommendations to improve the current state of DoD programs to increase workforce morale, productivity, innovation, and minimize bureaucracy.
- Provide case studies of emerging trends in employee engagement trends in employee engagement from the public and private sectors that foster process improvements and gainsharing that may be applicable to DoD personnel.
- 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.

Pre-Decisional



Kate Hallinan





The Subcommittee

Talent Management, Culture, and Diversity Subcommittee



Secretary Deborah James
DBB Chair



Gen Larry Spencer
Chair Lead



Alex Alonso
Co-Chair



Erin Hill



Hon. Dave Walker



Robert Wolf



GEN Johnnie Wilson



Jennifer McClure



Matthew Daniel



Cheryl Eliano

Pre-Decisional

3

Approach & Methodology

Study Scope

Conducted six months of study and interviewed 35 DoD leaders and private-sector senior executives with a focus on employee culture, innovation, incentives, and gainsharing.

Focus Groups

Conducted five focus groups with 41 participants to capture the views and suggestions of DoD military and civilian employees across field activities, agencies, and units focused on improving the business operations culture.

Data and Literature Review

Analyzed and synthesized data from 35+ organizations and from a comprehensive literature review to provide context for findings.

Pre-Decisional

4



The DoD



3.4 million military and civilian personnel



Existing in 4,800 sites in 160 countries around the globe



\$817 billion budget

Culture

Strong focus on operations and readiness.

Little evidence of a culture of better business operations.

Employees

Neither trained nor incentivized to focus on improved business operations.

Messaging

We are already the best military in the world.

"If it's not broke, don't fix it."

What is the burning platform?

Pre-Decisional

5



Key Issues - External

INTERNATIONAL COMPETITION

Must challenge China, Russia, Iran, North Korea, & terrorist initiatives to surpass the U.S. economically, militarily, technologically, culturally, and diplomatically

FEDERAL BUDGET PRESSURE

Must streamline business operations in a constrained resource environment to support the warfighter

Pre-Decisional

6



Key Issues - Internal

LEADERSHIP TURNOVER

No continuous focus on business transformation as a priority

INCONSISTENT WORKFORCE INCENTIVE

Focus is on mission success, not efficiency

NO FEEDBACK MECHANISM

There is no functional two-way communication platform to solicit innovation, garner data, and provide feedback

Pre-Decisional

7



Observations & Findings

Where the DoD Currently Is

A. Performance Management & Incentivization

- i. DoD can articulate the relationship between principal authority of the warfighting mission and business process improvement as a core value
- ii. Intrinsic rewards vs. extrinsic rewards
- iii. Constant and consistent public recognition
- iv. Continuous performance management based upon company values

B. Employee Engagement & Communications

- i. DoD Core Values are not well-communicated; do not address business operations
- ii. DoD lacks a two-way communication platform
- iii. DoD only gathers annual EE data through FEVS

"Business operations are extended from factory to foxhole. The idea of optimizing business processes for efficiency doesn't just go into the institutional side of [the] DoD, but it provides effect at the pointy end of the spear."

-DoD Senior Official

Pre-Decisional

8



Observations & Findings

Where the DoD Currently Is

C. Process Improvement Systems

- i. Establish systems supporting a culture built on continual improvement
- ii. DoD has pockets of excellence but no enterprise platform
- iii. DoD has several options for establishing a process

“Business operations are extended from factory to foxhole. The idea of optimizing business processes for efficiency doesn’t just go into the institutional side of [the] DoD, but it provides effect at the pointy end of the spear.”

-DoD Senior Official

Pre-Decisional

9

Recommendations

- 01 Establish a clear vision, strategy, and updated Core Value for business operations
 - Video and memorandum around business operations
 - Annual conference and VTC for 1-star+/SES-1+
 - Monthly Department-wide updates from DepSecDef or PIO
- 02 Promote risk acceptance towards innovation and business transformation to O-5/GS-14 level and all professional military education
 - Net promoter Scores and surveys
- 03 Establish enterprise-wide communication platform to seek and share innovative solutions
- 04 Emphasize recognition and continuous improvement in support of the warfighter
- 05 Weighted promotion criteria, efficiency and economy metrics integrated into evaluations, increased Training with Industry opportunities, and pilot programs
- 06 High-level appointee dedicated to business transformation

Pre-Decisional

10



Recommendations



Pre-Decisional

11

Discussion



Pre-Decisional

12



Appendix E: Board Member Biographies

The Honorable Deborah Lee James

Chair, Defense Business Board and Former Secretary of the U.S. Air Force

From December 2013 through January 2017, Deborah served as the 23rd Secretary of the United States Air Force with responsibility for 660,000 military and civilian personnel and a budget of nearly \$140 billion. She was the second woman to ever lead a military service in the United States.

Prior to this role, she served as President of SAIC's Technical and Engineering sector, a \$2 billion, 8,700-person enterprise. Earlier in her career, Deborah held other P&L positions and worked in the Legislative Branch of government and the Department of Defense (DoD).

Deborah has deep expertise in strategic planning, risk management, public policy, cyber security, space, logistics, and innovation. Deborah is a proficient speaker on business and government topics, including issues in national security and world affairs, politics in Washington, business transformation leadership, mergers and acquisitions, cost reduction strategies, and diversity and inclusion.

She is an accomplished keynote speaker and enjoys working one-on-one as an Executive Mentor with C-suite level professions, sharing her expertise and providing advice on team building, organizational change management, partnering with the Federal Government, and transformational technology. Deborah is the author of the new book "Aim High: Chart Your Course and Find Success" and she periodically appears on *MSNBC*, *CBS*, and other national news programs. Finally, Deborah serves on various for-profit and non-profit boards of directors. Deborah became a member and Chair of the Defense Business Board upon her appointment in September 2021.

Previous Experience

- 23rd Secretary of the United States Air Force
- SAIC, President, Technical and Engineering Sector
- SAIC, Executive Vice President, Communications and Government Affairs
- SAIC, General Manager, Command and Control Business Unit
- Business Executives for National Security (BENS), Executive Vice President and Chief Operating Officer
- Vice President, United Technologies, International Operations, and Marketing
- Assistant Secretary of Defense, Reserve Affairs, DoD
- Armed Services Committee, US House of Representatives

Education

- Columbia University, School of International & Public Affairs - MIA, International Affairs
- Duke University - AB, Comparative Area Studies

Today's Affiliations

- Member, Board of Directors: Textron, Unisys, Noblis, Systems & Technology Research, Atlantic Council, PenFed Foundation
- Advisor: Beacon Global Strategies LLC, LeanIn.org, Massachusetts Institute of Technology, Lincoln Laboratory, Ursa Major Tech, SOSi
- Executive Mentor, Merryck & Company
- Senior Advisor, Center for Strategic and International Studies



**General Larry Spencer, U. S. Air Force (Ret.)
President, Armed Forces Benefit Association**

General Spencer serves as president for the Armed Forces Benefit Association (AFBA) and 5Star Life Insurance Company. AFBA provides survivor benefits and other benefits to those who serve this great nation, including members of the uniformed services, first responders, government employees, and their families. 5Star Life is the primary underwriter of the AFBA member policies and is a growing provider of group and worksite insurance products.

Retiring as a Four-Star General, Spencer spent over 40 years in the Air Force. His last assignment was as the Vice Chief of Staff of the US Air Force, Pentagon, Washington, DC. In this capacity, Spencer was the second highest-ranking military member in the Air Force. He presided over the Air Staff and assisted the Chief of Staff of the Air Force with organizing, training, and equipping 690,000 active-duty, Guard, Reserve, and civilian forces serving in the United States and overseas.

Spencer began his career in the enlisted ranks and received his BS in Industrial Engineering Technology from Southern Illinois University (SIU), Carbondale. Spencer was commissioned through Officer Training School in 1980 as a Distinguished Graduate. He has commanded a squadron, group and wing, and was Vice Commander of the Oklahoma City Air Logistics Center. He was also the first Air Force officer to serve as the Assistant Chief of Staff in the White House Military Office. He served as the Chief Financial Officer and Director of Mission Support at two major commands and held positions within the Air Staff, Secretariat, and the Joint Staff. Prior to his assignment as Vice Chief of Staff, the General was Director, Force Structure, Resources and Assessment, Joint Staff, the Pentagon, reporting directly to the Chairman of the Joint Chiefs of Staff.

General Spencer participated in contingency Operations Desert Shield/Storm, Desert Thunder, Desert Fox, Allied Force, and Iraqi Freedom. Spencer earned two Master's degrees; one in Business Management from Webster College and a second in Industrial Resource Strategy from the National Defense University. He also completed post-graduate courses at Harvard University and the University of North Carolina, Chapel Hill and was awarded an Honorary Doctorate Degree from SIU.

General Spencer has two named awards: The Air Force General Larry Spencer Innovation Award and the Air Force General Larry Spencer Special Acts and Services Award. He is also a Distinguished Senior Fellow of Fels Institute of Government, University of Pennsylvania. General Spencer is the author of the 2016 book "The Green Eyeshades of War," a historical review of financial management during war.

General Spencer served as the Air Force Association's top executive; where he set records for revenue generation, membership growth and technology symposium revenue, sponsorships, exhibit sales, and attendance. Currently, he sits on the boards of Whirlpool Corporation, The Triumph Group, and Haynes International. Larry and his wife, Ora, reside in Lorton, Virginia.



Dr. Alexander Alonso, PhD
Chief Knowledge Officer Society for Human Resource Management

Dr. Alexander Alonso, PhD SH RM-SCP, is the Society for Human Resource Management's (SHRM's) Chief Knowledge Officer leader for Business Intelligence, Research, Insights, and Innovation functions. In his role, he also serves as the Executive Lead for SHRM's subsidiary, CEO Academy, an institute designed to prepare emerging Chief Executive Officers by learning from thought leaders and former CEOs with lived experience as captains of industry.

His career portfolio includes more than \$300 million across new revenue streams based upon practical thought leadership designed to make better workplaces for a more inclusive world. In fact, Dr. Alonso was recognized as an inaugural member of the Blue-Ribbon Commission on Racial Equity in the Workplace, a coalition designed to foster equitable and inclusive cultures. His research has been featured in numerous outlets, including *USA Today*, *NBC News*, *BBC*, *CNN*, and more. He has served as a member of several speaker's bureaus with more than 400 speaking engagements over the last decade being called "one of the most effective communicators of data in recent memory by *HR Magazine*."

His works have been recognized for their contribution to real-world human capital issues. They include being recognized with SIOP's 2007 M. Scott Myers Award for Applied Research in the Workplace for developing the federal standard for learning and development of healthcare providers; a 2009 Presidential Citation for Innovative Practice by the American Psychological Association for designing performance management systems; and the 2013 SIOP Distinguished Early Career Contributions for Practice Award for extensive applied research on the link between human resource management and organizational sustainability.

Throughout his career, he has published works in peer-reviewed journals, authored several chapters on community-based change initiatives in workforce readiness, and authored books like "The Price of Pettiness," "Talking Taboo: Making the Most of Polarizing Topics," and "Defining HR Success: A Guide to the SHRM Competency Model in Practice." Alex also serves as a columnist analyzing major trends in the workforce for *TIP* and *HR Magazine*. He has served on several professional society boards, including as President for the Personnel Testing Council of Metropolitan Washington Area. Currently, Alex serves on the National Credentialing Council for Crane Operators Foundation; the SIOP Foundation Board of Directors; the North American HR Management Associations (NAHRMA) board; and the Zeal Capital Advisory board. He is a Fellow of SIOP, Division 14 of the American Psychological Association.



Matthew Daniel
Principal Of Talent Strategy, Guild Education

Matthew Daniel stands out as a gifted leader, strategic thinker, and innovative operator in the field of Talent Development. Currently, he serves as Principal of Talent Strategy and Mobility at Guild Education, where he is responsible for research, consulting, and thought leadership on topics at the intersection of learning and development and DEI, reskilling, internal mobility, and the future of work.

For nearly 20 years, Matthew has consulted on talent development, talent management, and HR technology strategies for Fortune 500s, including companies like Nike, Boston Consulting Group, Bristol-Myers Squibb, Valero, GlaxoSmithKline, Allstate, ExxonMobil, Cigna Healthcare, Microsoft, Walmart, and General Motors.

Matthew has also spent time serving in the public sector, with the first two years of his career on the Pine Bluff Arsenal, supporting contracts with both the Department of Homeland Security and the Department of Defense. Later, Matthew supported learning technology strategy for the Department of Veterans' Affairs.

Earlier in his career, Matthew spent six years internally at Capital One, leading learning design, technology, and innovation. He was responsible for learning and talent development in support of the organization's Digital Transformation, helping to architect the mobility of existing talent into new skills and new roles as the organization evolved. Matthew's experience evaluating HR systems has made him a partner to product and strategy teams across the Edtech and Talent Development sector as they build to meet a growing field.

Matthew graduated first in his college class with a BA in History from the University of Arkansas at Pine Bluff, an HBCU. As a passionate member of the talent development community, Matthew has been a member of the Association for Talent Development for many years and served on the local board in Nashville, TN. He speaks regularly at industry events, inspiring and challenging his field. Matthew is regularly published in industry outlets like *TD Magazine*, *CLO*, *HR.com*, *CTDO*, and *Training Magazine* on the topics of skills, career pathways, mobility, and equity in development.



Cheryl Eliano

District 10, National Vice President, American Federation of Government Employees

Cheryl Eliano is District 10, National Vice President of the American Federation of Government Employees, representing more 40,000 federal workers in Texas, New Mexico, Louisiana, Mississippi, and Panama. Eliano was first elected to the position in May 2014 and she was re-elected to three-year-terms in 2017 and 2020.

Eliano's mission for District 10 is to provide exceptional leadership and service at all levels and locations for all those she serves. In 1979, Eliano began working for the federal government as a commissary cashier in Munich, Germany. She retired from federal employment in 2014 to serve as national vice president.

Prior to being elected as the AFGE District 10, national vice president, Eliano served as president of AFGE Local 1920 for more than 11 years. She made history when she became the first female elected to serve a full term as president. She also was the first person to serve in three major functions as well: secretary/treasurer, chief steward, and president.

Eliano scored numerous achievements during her time leading AFGE Local 1920, which represents Army civilians at Fort Hood, Texas. She helped organize and lead employee rallies to oppose the Department of Defense's National Security Personnel System and fought the contracting out of civilian positions on base. She helped create a labor-management forum to address workplace issues proactively, helping to avoid costly and disruptive disciplinary actions, and also created a program to train employees and managers on workplace discrimination, employee assistance programs, and other personnel issues. She also was instrumental in implementing alternative work schedules for Fort Hood employees.

She sits on the executive boards of the Texas Workforce Commission, the Texas AFL-CIO, the Texas Gulf Coast Area Labor Federation, and the Texas Labor-Management Conference. She is a member of the Killeen Chamber of Commerce and currently serves as chair of the AFGE National Executive Council's Organizing committee. She recently was elected as a Board Member of the AFL-CIO 2021. Eliano is also a licensed Evangelist Missionary at her church in Copperas Cove, Texas.

Eliano is the proud recipient of numerous awards honoring her commitment to the labor movement, including several leadership awards for maintaining labor-management partnerships and several certificates of achievements for conducting labor-management training at Fort Hood. She also received a humanitarian award from the NAACP.

A native of Brooklyn, New York, Eliano attended the New York City College of New York for her Nursing Degree. She also holds certifications from the University of Maryland, New Mexico State University, and Central Texas College of Killeen, Texas.

Eliano lives in Nolanville, Texas, with her husband Perry. They have five children and three grandchildren.



Erin Hill
Deputy Chief Auditor, BNY Mellon

Erin Hill is the Deputy Chief Auditor at BNY Mellon. Erin oversees the audit program for Clearing and Collateral Management, Pershing, Markets, Treasury Services, Market and Credit Risk, Credit Risk Review, Global Client Management, Marketing, and Communications.

Previously, Erin was BNY Mellon's Chief Administrative Officer, where she led Real Estate, Procurement, Third Party Governance, Real Estate, Aircraft, all other Corporate Services and certain enterprise-wide legal, compliance, and regulatory initiatives. Erin led the global CAO Roundtable, a forum of chief administrative offices across the company, ensuring alignment on firm-wide priorities and communications. Erin joined BNY Mellon in January 2018.

Prior to joining BNY Mellon, Erin spent 13 years at JPMorgan Chase & Co. in a number of senior roles. Most recently, Erin was the Head of Consumer Branch Banking and Wealth Management, leading the firm's 5,500 retail branches and 50,000 bankers and financial advisors. Previous roles at JPMorgan included Chief Administrative Officer of the Consumer Bank, Chief Operating Officer of Legal & Compliance, and Chief Financial Officer of JPMorgan's private equity business. Erin was also a corporate attorney with Wachtell, Lipton, Rosen & Katz, specializing in corporate governance and acquisitions. Erin was the finance director at Tishman Speyer Properties, an international real estate developer, leading significant real estate acquisitions, including Rockefeller Center. Erin started her career at Arthur Andersen & Co., a public accounting firm.

Erin earned her law degree from Columbia Law School; an MBA from Columbia Business School; and is a certified public accountant. Erin also has her Series 24, 7, 9, 10 and 66.



Jennifer McClure
Founder & CEO, Unbridled Talent, LLC

Jennifer McClure is an entrepreneur, keynote speaker, and high-performance coach who works with leaders to leverage their influence, increase their impact, and accelerate results.

Frequently recognized as a global influencer and expert on the future of work, strategic leadership and innovative people strategies, Jennifer has decades of in-the-trenches leadership and executive experience working in and with startups, privately held companies, and Fortune 500 organizations in a variety of industries.

As a top-rated keynote speaker, Jennifer has shared her insights with thousands of leaders at conferences and corporate events around the world. Clients include Procter & Gamble, General Electric, IBM, SAP, Oracle, Bloomberg, Charles Schwab, Stryker, LinkedIn, Notre Dame University, Society for Human Resource Management, Association for Legal Administrators, and Association for Talent Development.

In her informative and entertaining keynote programs and workshops, she shares a blend of research, best practices, case studies, and storytelling which leaves audience members inspired and motivated to take action when they return to work.

Jennifer is also the Chief Excitement Officer of DisruptHR, a global community designed to move the collective thinking forward when it comes to talent in the workplace, and she hosts a weekly podcast - *Impact Makers with Jennifer McClure* - sharing conversations with practitioners, entrepreneurs, authors, and speakers who are changing the world while building careers that they love, and lives that matter.



The Honorable David M. Walker Former U.S. Comptroller General

Mr. Walker is a nationally and internationally recognized fiscal responsibility, government transformation/accountability, human capital, and retirement security expert. He has over 40 years of executive level experience in the public, private, and non-profit sectors, including heading three federal agencies, two non-profits, a global service line for Arthur Andersen LLP, and serving as Comptroller General of the United States and CEO of the U.S. Government Accountability Office (GAO) for almost 10 years.

Mr. Walker is also a writer, speaker, and media commentator. He has authored four books, the latest is entitled *America in 2040: Still a Superpower?* (2022). His prior book was entitled *Comeback America: Turning the Country Around and Restoring Fiscal Responsibility* (2010), which achieved National Bestseller status. He has been featured in a number of major programs and documentaries including *60 Minutes* and the critically acclaimed documentary *I.O.U.S.A.*

Most recently, Mr. Walker was the Distinguished Visiting Professor (William J. Crowe Chair) at the U.S. Naval Academy where he taught the Economics of National Security. Previously, he served as a Senior Strategic Advisor for PwC's Public Sector Practice (now Guidehouse). Mr. Walker was the Founder, President, and CEO of the Comeback America Initiative (CAI). Prior to founding CAI, Mr. Walker served as the first President and CEO of the Peter G. Peterson Foundation. Previously, he served as the seventh Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO) for almost ten years (1998-2008). Under Mr. Walker's leadership, GAO underwent a dramatic and highly successful transformation.

Mr. Walker's appointment as Comptroller General was one of three presidential appointments by different Presidents (Reagan, Bush 41, and Clinton) during his 16 years of full-time federal service. The U.S. Senate confirmed him unanimously for all three Presidential appointments. His previous Presidential appointments were Assistant Secretary of Labor for the current Employee Benefit Security Administration, and as one of two Public Trustees for Social Security and Medicare. Mr. Walker also served as Acting Executive Director, Deputy Executive Director, and Chief Negotiator for the Pension Benefit Guaranty Corporation. He also has over 20 years of private sector experience, including approximately 10 years as a Partner and Global Managing Director of the Human Capital Services Practice for Arthur Andersen LLP. His initial private sector experience was with Price Waterhouse & Co., Coopers & Lybrand, and Source Services Corporation.

He also has over 20 years of private sector experience, including approximately 10 years as a Partner and Global Managing Director of the Human Capital Services Practice for Arthur Andersen LLP. His initial private-sector experience was with Price Waterhouse & Co., Coopers & Lybrand, and Source Services Corporation.

Currently, Mr. Walker currently serves on various boards and advisory groups, including the Defense Business Board and the Federal Fiscal Sustainability Foundation. He is a member of Advisory Committees for American Promise, the Institute for Truth in Accounting, the Center for the Study of the Presidency the Congress, and the Peter G. Peterson Foundation. He previously served as Chairman of the Independent Audit Advisory Committee (IAAC) for the United Nations, Chairman of the U.S. Intergovernmental Audit Forum, Chairman of the Government Transformation Initiative Board, and as a member of the Board of Directors for the International Organization of Supreme Audit Institutions, AARP, the Committee for a Responsible Federal Budget, the Partnership for Public Service, and the Connecticut Municipal Accountability Review Board. He is also a past member of the Trilateral Commission.

He is an inductee in the Accounting Hall of Fame, the Internal Audit Hall of Fame, the National Academy of Public Administration, and the National Academy of Social Insurance. In addition,



he is a member of and has held various leadership positions in Rotary International and the Sons of the American Revolution (SAR). He is a non-practicing CPA who has a B.S. in Accounting from Jacksonville University, an SMG Certificate from the JFK School of Government at Harvard University, a Capstone Certificate from the National War College, and four honorary doctorate degrees from American University, Bryant University, Jacksonville University and Lincoln Memorial University.

He has won numerous national and international leadership, professional, and public-service awards, including top awards from two heads of state (i.e., Austria and Indonesia) and two U.S. Cabinet Secretaries (i.e., Defense and Labor), the top award for his CPA profession (i.e., AICPA Gold Medal), and the Alexander Hamilton Award for economic and fiscal policy leadership from the Center for the Study of the Presidency and the Congress.



General Johnnie Wilson, USA (Ret.)
Former Commanding General of the U.S. Army Materiel Command

General Johnnie E. Wilson, born February 4, 1944, is a retired United States Army four-star General who served as Commanding General of the U.S. Army Materiel Command (AMC) from 1996-1999. AMC is the Army's primary logistics and sustainment command. With more than 100,000 military, civilians, and contractor employees impacting all 50 states and more than 100 countries, AMC is responsible for managing the global supply chain and ensuring installation materiel readiness across the Total Force.

In 1961 at the age of 17, Wilson enlisted in the Army and rose to the rank of Staff Sergeant. He served 2 years in the 7th Special Forces Group prior to attending Officer Candidate School (OCS). In 1967, he was commissioned a Second Lieutenant in the Ordnance Corps. The following year, he was promoted to First Lieutenant and the year after that, Captain. Wilson served at every level of command. He commanded three times at the Company level – a maintenance company in the 82nd Airborne Division; a supply and services company in the 173rd Support Battalion (Airborne) in South Vietnam; and a maintenance company with the 1st Armored Division in Germany. As a Lieutenant Colonel, he commanded the 709th Maintenance Battalion, 9th Infantry Division in Fort Lewis, Washington. Additionally, he commanded twice at the Colonel level.

In 1988, as a Colonel, he was assigned to serve as the interim Deputy Commanding General of the 21st TAACOM (Theater Army Area Command), the most diverse logistics unit in the Army. This unit was responsible for preparing for war with the Soviet Union and supporting major operations in neighboring theaters. During his General Officer phase, Wilson served as the Commandant of the U.S. Army Ordnance School at Aberdeen Proving Ground in Maryland; Chief of Staff of the U.S. Army Materiel Command; Deputy Chief of Staff for Logistics for the U.S. Army in Washington D.C.; and Commanding General of the U.S. Army Materiel Command.

In 1973, he earned his Bachelor of Science in Business Administration from the University of Nebraska at Omaha. While in Omaha, Wilson became involved with his community by becoming the President of the University's Pen and Sword Society, representing veterans on the campus. Further, he served as a student representative on the campus legislature. Wilson also earned his Master of Science in Logistics Management from the Florida Institute of Technology in 1977.

He served five overseas tours: Germany (3), France, and Vietnam. After 39 years of service, General Wilson retired on 16 April 1999. The awards and decorations Wilson received in the military include Defense Distinguished Service Medal (with oak leaf cluster); Legion of Merit (with oak leaf cluster); Bronze Star (with two oak leaf clusters); Meritorious Service Medal (with two oak leaf clusters); Army Commendation Medal; Army Distinguished Service Medal; Master Parachutist Badge; Special Forces Tab; Army Staff Badge; and Army Good Conduct Medal.

Following his retirement, from 1999 to 2007, Wilson became the President and Chief Operating Officer of Dimensions International, Inc., a firm that provides aviation-related products to analyze and process information coming from radar systems, air traffic control computers, and communication systems. Honeywell Corp. acquired Dimensions International in 2007, and Wilson served with Honeywell throughout the transition until 2009, when he retired.

Over the years, Wilson has served on the Morgan State Board of Regents, Washington First Bank Board of Directors, ROCKS Intl, Career Comms Group, Alpha Phi Alpha, and Sigma Pi Phi. He was nominated by U.S. Secretary of State Colin Powell to serve on the Board of the Truman Library Institute. Wilson received the Meritorious Service Award from the NAACP and the Lifetime Achievement Award from U.S. Black Engineer magazine. General Johnnie Wilson Middle School, a tower, and park in Lorain, Ohio was named after General Wilson. General Wilson earned an honorary Doctor of Law degree from Alabama A&M University.

Wilson and his wife Helen reside in Virginia.



Robert Wolf **Founder, 32 Advisors**

Robert Wolf is the Founder of 32 Advisors, a holding company which includes the direct investing arm 32 Ventures, the bipartisan economic insights company Strategic Worldviews, and advisory services for corporate clients on financial matters, risk, and governance. Robert was named Chairman of the AI-driven messaging software platform Community in Summer 2022.

Prior to forming 32 Advisors, Robert spent 18 years at UBS, a global financial services firm. While at the firm, he held several senior positions, including Chairman and CEO of UBS Americas and President and Chief Operating Officer of the Investment Bank. He joined UBS in 1994, after spending 10 years at Salomon Brothers.

Robert held three Presidential appointments under President Obama: as a member of the Economic Recovery Advisory Board from 2009-2011, the Council on Jobs and Competitiveness from 2011-2013, and the Export Council from 2014-2016. In 2012 Robert was on the Homeland Security Advisory Council's Border Infrastructure Task Force.

Currently, Robert serves on the Board of Directors of the Obama Foundation, the Alumni Board of the Wharton School, the Economic Advisory Council for the Center for American Progress, and the Leadership Council of NYC's Robin Hood Foundation. He is also a member of the Council of Foreign Relations and the Partnership for NYC. Recently, Robert served as a member of New York City Mayor Eric Adams' transition team and on the Board of EJF's SPAC advising on the completed \$8.5 billion transaction with fintech company Pagaya. Robert also formerly served as Vice Chairman of the Robert F. Kennedy Center for Justice & Human Rights, on the boards of the Undergraduate Executive Board of the Wharton School, Children's Aid Society, Athletics Board of Overseers at the University of Pennsylvania, and Financial Services Roundtable. Robert was named multiple times to *Worth Magazine's*, *100 Most Powerful People in Finance*. In 2016, Robert joined *Fox News/Fox Business* as a contributor, where he can be seen multiple times per week on the network.

Robert is a graduate of the Wharton School at the University of Pennsylvania, receiving a B.S. in Economics. While at UPenn, he played on the varsity football team that won IVY League Championships in both the 1982 and 1983 seasons and was an honoree into the Ivy Football Association in 2013. In May 2014, Robert received the Distinguished Alumni Award from the Wharton School.

Robert was born and raised in Marblehead, MA and is in the town's Athletics Hall of Fame, and currently resides in Purchase, NY.



Appendix F: Contributors List

The Defense Business Board would like to thank the following individuals and organizations for their time in contributing knowledge and information supporting this Study. Their help is greatly appreciated.

The Subcommittee interviewed the following individuals:

Lisa Arfaa, Ed.D., Director, Office for Diversity, Equity, and Inclusion, Department of Defense

Christopher Barnhurst, Deputy Director, Defense Information Systems Agency

Brad Bunn, Vice Director, Defense Logistics Agency

Kevin Burnett, Chief Information/Innovation Officer, Imagine, Believe, Realize, LLC

Blair Christie, CEO, Denim

Tom Derry, CEO, Institute of Supply Management

Hon. Mike Donley, Director, Administration and Management, Department of Defense

Greg Hicks, CEO, Unlabel/GAIN

Marilyn Hewson, CEO, Lockheed Martin

Barbara Humpton, CEO, Siemens Corp. U.S.

John Goodman, CEO, Accenture Federal Services

Dr. Barbara Jackson, Deputy Chief Information Officer, Defense Counterintelligence and Security Agency

John Kotter, CEO, Kotter, Inc.; Konosuke Matsushita Professor of Leadership, Emeritus, Harvard Business School

Anne McAndrew, Deputy Comptroller, Department of Defense

Regina Meiners, Director, Washington Headquarters Services, Department of Defense

ADM Mike Mullen (Ret.), Former Chairman of the Joint Chiefs of Staff

Margie Palmieri, Deputy Chief Digital and Artificial Intelligence Officer, Department of Defense

Hon. Erik Raven, Undersecretary, U.S. Navy

Jeffrey Register, Director, Defense Human Resources Agency

Jennifer Rinck, VP of Learning and Development, Hilton

Kyleigh Russ, Senior Advisor, Office of Personnel Management

Kristen Saboe, Head of Employee Voice, Google

Hon. Eric Shinseki, Former Secretary of Veterans Affairs



Noelle Shott, Lead for Modernization, U.S. Marine Corps

Hon. Heidi Shyu, Under Secretary for Research and Engineering, Department of Defense

Thomas Steffens, Deputy Chief Financial Officer, Department of Defense

Robin Swan, Director, Office of Business Transformation Office, U.S. Army

Dr. Stefanie Tompkins, Director, Defense Advanced Research Projects Agency

Hon. Dave Walker, Former Comptroller General of the United States, Government Accountability Office

Judy Werthaus, Chief People Officer, Walmart

Marion Whicker, Executive Deputy to the Commanding General, Army Materiel Command

Catherine Zachary, Joint Chiefs of Staff Director of Business Management, Department of Defense



Appendix G: Methodology

The Subcommittee conducted six (6) months of study and gathered data from a series of interviews, surveys, focus groups, and a comprehensive literature review to challenge and validate assumptions. The team analyzed and synthesized data from more than 35 organizations and individuals across the public and private sectors. Discussions included perspectives and experiences from senior government officials and private-sector executives alike. Moreover, to gather qualitative data from across the DoD, Services, and DAFAs, the Subcommittee conducted five focus groups with 41 participants.

The interviews with the 35 individuals took place over Zoom and ranged from 30 minutes to over one hour each. There were at least two Subcommittee members on each call, with Gen. Larry Spencer (Ret.) leading the public-sector interviews and Dr. Alex Alonso leading the private sector interviews with other leads during the interviews if there were scheduling conflicts or availability issues.

Notes and key takeaways for the Study were captured; although, they strictly adhere to the Chatham House Rule, meaning the participants are free to use the information received, but neither identity nor the affiliation of the participants would be revealed in this Study unless they specifically provided their consent to do so.

Furthermore, DBB staff and Subcommittee conducted five 2.5-hour long focus groups over two weeks with 41 individuals. Individuals were identified by their organizations through a CATMS task from the DBB staff. The Subcommittee agreed on a questionnaire for the focus group participants. These questions queried the participants on their knowledge of any program to share best practices or cost-savings ideas, how suggestions are collected and fielded within their organization, if the employees felt comfortable sharing ideas with their leadership, what incentives would encourage them to share best practices or ideas, how their leadership could increase trust within their organization, and areas where money or resources are currently wasted among others.

Like the interviews, the focus groups were conducted over Zoom to eliminate any geographical obstacles and, also, strictly adhered to the Chatham House Rule.

Dr. Sherri Malace developed the questionnaire and gathered, collected, and analyzed the data from the focus groups for input into this Study.

Finally, the DBB staff analyzed and synthesized data from 15 organizations and from a comprehensive literature review to provide context for findings.



Focus Group Questions:

1. What improvements do you believe are needed, if any, to the business operations culture of the Department, and why?
2. What tools or other means do you use to review and share best practices with other internal (DoD) organizations?
3. Is there a means to submit innovative ideas within your organization, and if so, do you believe it sufficient and successful? If yes or no, please explain in what ways.
4. Have you had an idea recently that you did not want to share, and can you provide an example of why you did not or haven't shared it?
5. What incentives or rewards would attract or drive innovation ideas for your / or within your organization?
6. What sort of communication methods or venues interest you to know and understand better – and possibly weigh in on, happenings above, across, and below the organization?
7. What do Department leaders do well and not so well?
8. If you had the ear of the Secretary of Defense or other top DoD leaders, what would you like them to know about the business operations culture you have/are experiencing?
9. What would you suggest if you could directly influence positive change?
10. Of the insights, thoughts, and suggestions shared today, what stands out as a priority to target first?



Appendix H: Public Comments

No public comments were received during the meeting or electronically following the meeting.



Appendix I: Acronyms

| | |
|--------|---|
| AAC | African American Collaborative |
| AFBA | Armed Forces Benefit Association |
| AI2 | Army Ideas for Innovation Program |
| ASP | Army Suggestion Program |
| BENS | Business Executives for National Security |
| BPG | Business Partnership Group |
| BYN | Bank of New York |
| CAI | Comeback America Initiative |
| CATMS | Correspondence Automated Task Management System |
| DBB | Defense Business Board |
| DCSA | Defense Counterintelligence and Security Agency |
| DEIA | Diversity, Equity, Inclusion, and Accessibility |
| DHRA | Defense Human Resources Activity |
| DoD | Department of Defense |
| EE | Employee Engagement |
| EVP | Employee Value Proposition |
| FDA | Food and Drug Administration |
| FEVS | Federal Employee Viewpoint Survey |
| GAIN | Guardians and Airmen Innovation Network |
| GAO | Government Accountability Office |
| IAAC | Independent Audit Advisory Committee |
| ICE | Interactive Customer Evaluation |
| IPA | Intergovernmental Personnel Act |
| LACMA | Los Angeles County Museum of Art |
| NAAC | North American Advisory Council |
| NAHRMA | North American HR Management Associations |
| NPS | Net Promoter Score |
| OCS | Officer Candidate School |



| | |
|-------|--|
| OPM | Office of Personnel Management |
| ORR | Operational Readiness Rate |
| OUSD | Office of the Under Secretary of Defense |
| RDT&E | Research, Development, Testing, and Evaluation |
| R&E | Research and Engineering |
| SaaS | Software as a Service |
| SAR | Sons of the American Revolution |
| SHRM | Society for Human Resource Management |
| SIU | Southern Illinois University |
| SME | Subject Matter Experts |
| SOCOM | Special Operations Command |
| TACOM | U.S. Army Tank-Automotive and Armaments Command |
| TODOS | Toyota Organization for the Development of LatinOS |
| USNRC | U.S. Nuclear Regulatory Commission |
| WIIT | Women Influencing and Impacting Toyota |



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