

INSIDE DEFENSE

DAILY NEWS

Shanahan lays out Pentagon's guide for communicating with industry

March 07, 2018 | **Justin Doubleday**

Defense Department officials have a “critical responsibility” to engage with industry and should not fear such interactions as long as they stay within ethical and legal boundaries, Deputy Defense Secretary Patrick Shanahan makes clear in new guidance.

In a March 2 memo to DOD components titled, “**Engaging with Industry**,” Shanahan writes industry engagements are crucial to the new National Defense Strategy.

“Cultivating a competitive mindset requires that we optimize our relationships with industry to drive higher performance while always remaining within the letter and spirit of ethics and procurement regulations,” he continues.

The memo states industry is “often the best source of information concerning market conditions and technological capabilities.” Effective defense procurement requires DOD personnel to “engage in early, frequent and clear communications with suppliers,” according to the document.

Shanahan, a former Boeing executive, states DOD must always comply with ethics and procurement laws and regulations, but that should not dissuade interactions with companies.

“While we must always be mindful of our legal obligations, they do not prevent us from carrying out our critical responsibility to engage with industry,” Shanahan writes.

There exists a “broad range of opportunities” to interact with industry “in a fair, impartial and transparent manner,” he adds, pointing to events hosted by industry associations as an example.

The memo includes a “DOD Myth-Busters” guide on communications with industry to help officials parse through what is and isn't appropriate. For example, the guide points to a myth that “industry's interests are diametrically opposed to the government's interests.”

“While this may be true at times,” the fact section counters, “it is not universally true. Generally, both parties have an interest in successful contract execution.”

Another myth takes aim at the revolving door in government and suggests it's not necessarily OK to meet with an “old buddy” who is a retired general and now works for a major defense contractor.

“This one can cut both ways, and it's all about the details,” the fact section explains. “Of course, you may meet with your old friends, even if they work for defense contractors. But, depending on your position/participation in relation to the work performed by the contractor, there may be appearance or impartiality issues. Obtaining information about the intent of the meeting beforehand is important.”

The memo also includes an attachment laying out statutory and regulatory limitations on communicating with non-federal entities, including the defense industry.

Shanahan's policy update comes after lawmakers have raised concerns about the Trump administration's selection of several former defense industry officials for leadership posts at the Pentagon. In addition to Shanahan, Pentagon acquisition chief Ellen Lord is a former Textron chief executive, Army Secretary Mark Esper is a former Raytheon executive, and Under Secretary of Defense for Policy John Rood was previously a Lockheed Martin executive.

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CONTACT US

✉ insidedefense@iwpnews.com

📞 703-416-8500

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