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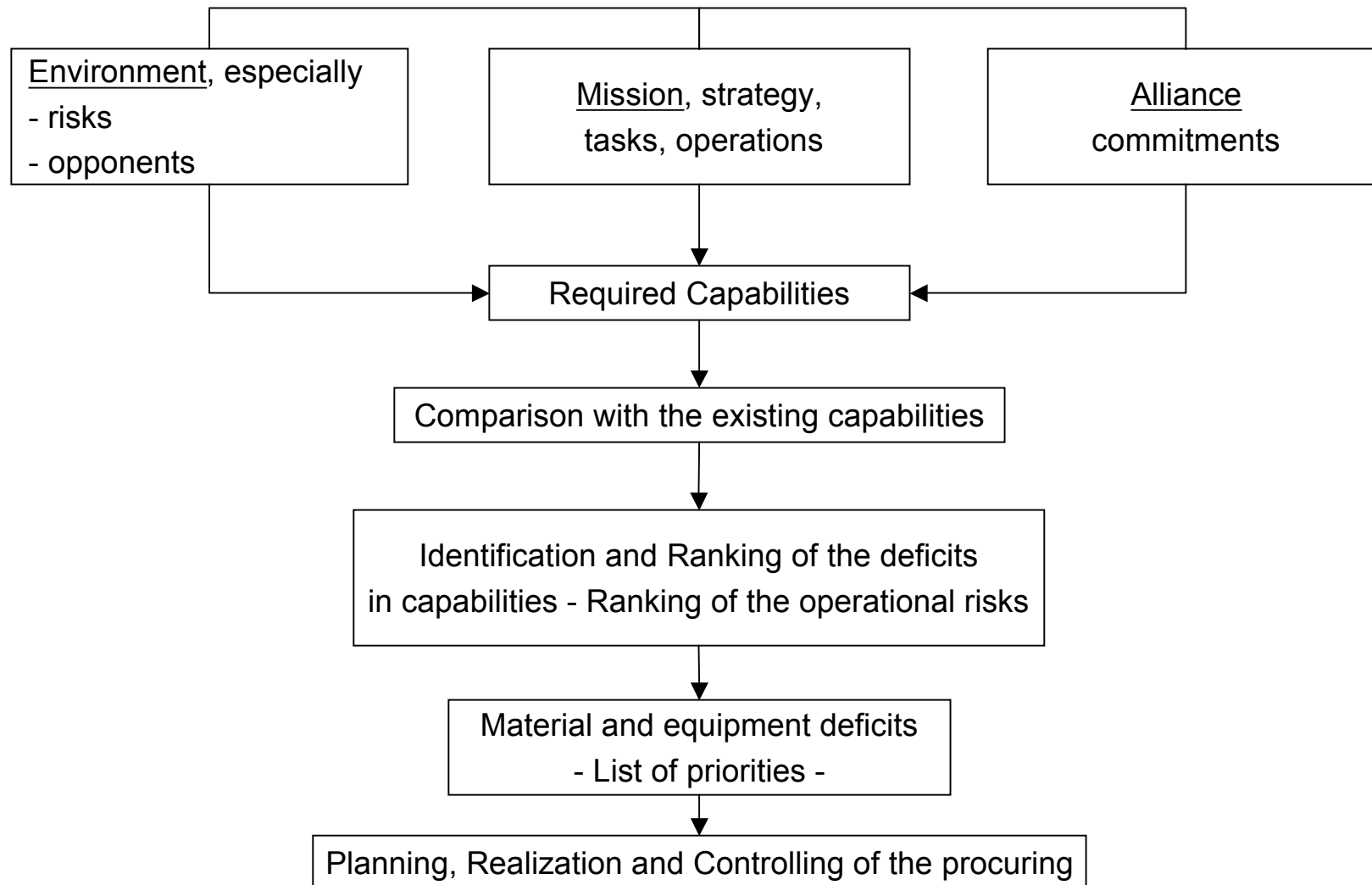
Guidelines for Planning Armament and Procuring in Armed Forces

Questions to measure the effectiveness in procuring



1. „Most important controlling instrument of planning armament are the required capabilities of Armed Forces as a whole“

Fundamental sequence of actions to determine the requirement to material and equipment:





What is essential in this process?

- permanent process
- dynamic process, in which it is most important to bring capabilities in line with permanent changes in the environment and within the Armed Forces themselves
- needs to be organized

Checklist/Questions:

1. How is the entire process organized (clear responsibilities etc.)?
2. Does the process include all required phases and activities?
3. What about the time the process needs and the frequency of the process?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



2. „Each project of procuring has to be conceived as a whole and integrated system. The effects on other areas and branches must be taken into account“

For example: new weapon system

--> Effects/consequences on:

- personnel (size, qualification, training, etc)?
- logistics?
- infrastructure?
- organization? Command structure?
- reconnaissance and communication?
- costs?!

Checklist/Question:

To what extent are the projects of procuring conceived integrally?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



3. „Big projects of procuring must be controlled centrally by the top management, coordinated with other projects of procuring and realized decentrally. The management of each project has to follow the principle: Management out of one hand“

Checklist/Questions:

1. Are vital responsibilities clearly settled by the principle of „Management out of one hand“ ?
2. How is the balance between centralization and decentralization?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



4. „The process of planning equipment and procuring has to follow the central idea of economic efficiency and rationalization. In the area of procurement lies the biggest potential to rationalize Armed Forces“

- Efficiency? Best relation between performance of the system and its costs

- Rationalization? Main focus: Substitute expensive personnel by capital!
Example of procuring: Hawk/Patriot; Destroyer/Frigate

- Always include additionally: Special investment program to rationalize the various normal “Routine-business-processes” within Armed Forces.
Example: Information Technology in the area of administration; simulation for training; safeguarding of the barracks etc. Often neglected!



- Precondition: enough financial funds for investment!
 - critical figure of success: the share of investment expenditures within the defense budget
 - Should be more than 30%
 - Good indicator: Investment per soldier

Checklist/Questions:

1. Does the planning of equipment and procuring follow the central idea of efficiency? (Is the procuring of new systems at the same time a means to rationalize the Armed Forces?)
2. How is the rationalization of the “Routine-business-processes” organized? (Centralized at the top level? Special investment program?)
3. Is an adequate share of the budget spent for investment?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



5. „To eliminate deficits in capabilities the whole spectrum of possible alternatives must be checked“

- dominating question: How to eliminate deficit in capabilities in the best economic way ?
not: Which system is good as a successor for the existing old system?
- Danger of thinking in inflexible patterns especially as a result of separate and specialized departments and branches within the Armed Forces
- Each equipment planning has to be not only analytic but at the same time innovative and creative!



Always check these alternatives with regard to a new project of procuring:

- Are there complete other means to eliminate the deficit in capabilities? (Example: Drones instead of aircraft)
- Further use of existing equipment by measures to maintain or increase combat value?
- Mix of „old“ and „new“?
- Make or buy?
- Are customary or modified customary products possible?
- Cooperation in functional areas as for instance in logistics and training?
- Creating a pool in the Alliance (e.g. AWACS)?
- Work-Sharing in the Alliance (e. g. reconnaissance)?
- Outsourcing?
- Leasing?



Checklist/Questions:

1. Do the processes of procuring take into account all possible alternatives to eliminate deficits in capabilities creatively and analytically to achieve best cost-benefit-relations? (How is the management of creativity?)
2. How are information exchange and cooperation with allies organized?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



6. „Planning of equipment and procuring needs professional knowledge, methods and tools“

Important methods and tools:

- Cost-benefit-analysis; cost-effectiveness-analysis
- Investment-Calculation
- Life-Cycle-Cost Calculation
- Computer Simulation
- Professional project management
- Financial planning, Budgeting, Cost Accounting
- Controlling

Checklist/Questions:

How are knowledge and application of professional methods and tools used in the process of procuring?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



7. „Essential criterions of procuring management are adaptability and the speed of adaptation“

Adaptability:

Problem very often: on the one hand very long lifetime of the system - on the other hand changing requirements to be met by the system during lifetime

→ necessary: Provide a “built-in-potential” to meet new requirements (“Growth potential”) from the beginning!

Example: Provision for new components; concept of exchangeable modules; built-in-potential for a multi-role-capability. To divide the procuring of a system in different periods of time.



Speed of adaptation:

- best adaptation/new system is worthless, if it comes too late!
- necessary: each process of procuring needs a structure determined by the time you need the project of procuring in your Armed Forces

--> Structure each process of procuring as a “time-working-financial-plan” with milestones

Checklist/Questions:

1. Do the systems your are planning have enough growth potential?
2. Are the processes of procuring orientated at the time you need the system?
3. How long are the processes of procuring?
4. How do you see the structure of your processes of procuring from the point of efficiency?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



**8. „Promotion and use of competition in the market belong to every procuring policy .
But also you have to insure a sufficient base of national armament industry“**

- Competition? Primarily by the means of announcement and invitation to make offers.
Special strategy: market-testing -> own facilities have to take part in the competition
-> companies will make offers

- Sufficient base of national armament industry?
 - often contrary to the principle of competition (EU-market, other markets)
 - Possible solution:
Decide and make a list of priorities of those armament industries, in which a major national competence from a military or economic-political point of view should be preserved.



Checklist/Questions:

1. Does procuring policy promote and make full use of competition?
2. What is the share of orders given on the basis of a competition?
3. Does the base of national armament industry, which should be preserved, correspond to military and economic-political needs?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



9. „Successful procuring management needs permanent and organized cooperation with industry“

Main emphasis:

- a. Information exchange:
 - deficits in capabilities? foreseeable equipment needs?
 - technological trends?
 - development in the markets?
- b. Know-how transfer:
 - methods and tools of modern management
- c. Identification of foreseeable problems and perspectives for cooperative solutions
- d. Cooperation in development, testing and procuring
- e. Cooperation in logistics and training
- f. Principle of partnership



Typical forms of cooperation:

- Mixed common working groups, assigned to specific branches (permanent or temporary)
- Common seminars
- Organized flow and exchange of information
- Specific and relatively independent organization of the Armed Forces to realize strategic partnership (e. g. Joint ventures)
- Specific departments within the association of armament industry, assignment to functional areas of the Armed Forces
- contracts



Checklist/Questions:

1. How intensive is the permanent cooperation with the industry? Short ways?
2. Do the Armed Forces have knowledge of current technological trends in the market?
3. Does the industry have knowledge of deficits in capabilities and equipment? Foreseeable procuring needs well known?
4. How is this cooperation within and outside the contract organized?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!



10. „Procuring management needs close information relationships to opinion-building groups, medias and especially to parliament“

- Why?

- All big projects of procuring are subject of public discussion, mostly controversially
- Crucial: opinion-building groups within the society
- Parliament does have the last decision about giving financial support

→ necessary: Each big project of procuring must be connected with an information strategy from the beginning



Checklist/Question:

1. Are the big project of procuring connected with an information strategy from the beginning?
2. How good are these strategies?
3. How is the flow of information between the Armed Forces and the government/parliament organized?

Answer by giving scores for instance from “1” (very poor) to “10” (excellent)!

Now: If you want - identify your strength and weakness!

How?

- bring together the scores you have got by the answers of experts to the individual questions
- Form a profile for instance like this:

Guideline Nr.	Questions Nr.	Scores										Range, Mean variation
		Average										
		1	2	3	4	5	6	7	8	9	10	
1	1											...
	2											...
	3											...
2	1											...
3	1											...



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- Give the result to the experts
 - Iterations and discussions
- > find out the strength and weakness on a common basis
- > start and carry out the improvement process!