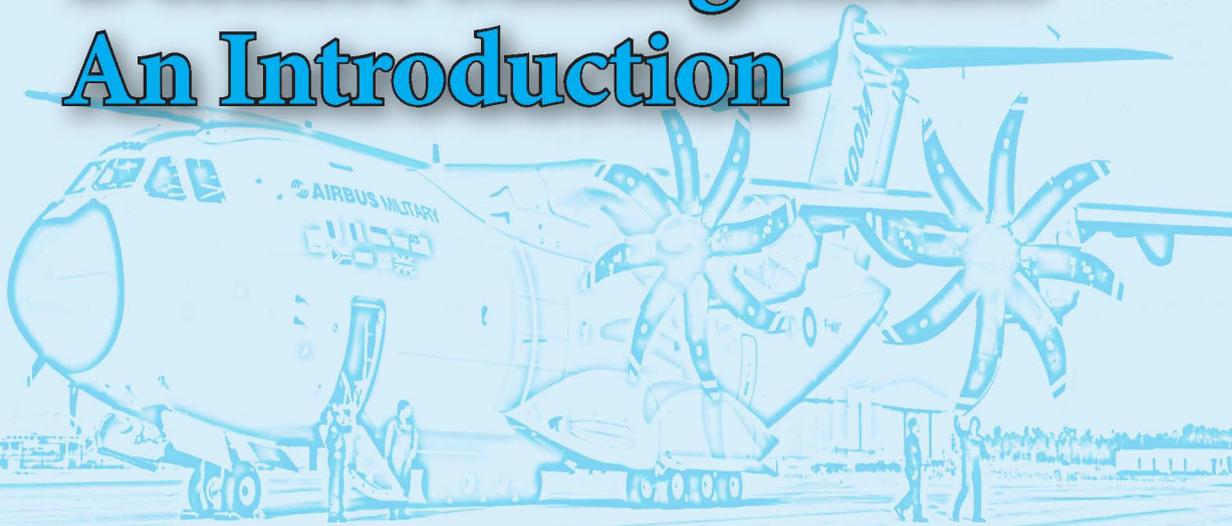


Defence Management: An Introduction



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Introduction

Hari Bucur-Marcu

In historical terms, defence management emerged as a topic of interest for the defence sector not too long ago. It is no more than five decades since some Western nations introduced the concept of managing defence in addressing such issues as allocating financial or human resources, solving strategic or operational problems in a comprehensive approach, or using business-like tools governing the defence sector. Such an enterprise requires excellence at all levels and in every department of the defence establishment. One proven way of achieving this is to apply the managerial functions of planning, organising, leading and controlling to those segments and activities of the defence organisation that may contribute to maximising the operational performance of armed forces.

The problems in need of managerial solutions are similar throughout the entire Euro-Atlantic space, regardless of the status of each individual nation, be it a North Atlantic Treaty Organization (NATO) member or a partner. Some of these problems are decades old but became urgent in the last fifteen years or so. Among these problems, the cuts in personnel and spendings as a result of the 'peace dividends' after the end of the Cold war, as well as the increased demands for more deployable forces that operate far away from their home bases and have to be sustained for longer periods.

To consider the application of managerial approaches to these and other similar problems, they should emerge in the general context of democratic concerns on the status of defence and enquiries related to outputs and outcomes of the defence sector in general, and the defence forces in particular. This is a pre-condition of great importance, since it is very unlikely that any organisation financed with public money, including defence organisations, would ever initiate their own measures to increase efficiency, unless there are incentives or pressure exercised from above. If this observation is accepted, then any theoretical approach to defence management should be anchored in the realm of democratic control over defence and the armed forces.

Defining Defence Management

There is no universally agreed definition of 'defence management,' but it simply encapsulates the idea that defence organisations need to turn defence policies into practice, and in doing so, to develop appropriate and sustainable planning mechanisms, support systems and infrastructure.

More than half a century ago, defence was identified as a public good produced by a democratic government on behalf of the people. About the same time, the scientific world discovered that governments are by their very nature inefficient producers of public goods. The question then became how the governments can provide defence in a more efficient manner, and part of the answer was to introduce managerial practices to defence. In turn, management may be described as the science or the coherent way an organisation is acting in order to meet its objectives in given conditions, in an effective and efficient manner, by adequately performing the functions of planning, organising, leading and controlling.

The modernisation of the defence sector is another central challenge governments in the Euro-Atlantic community have been facing for at least a decade. Some nations are concentrating on transforming their armed forces to better respond to the new security challenges of the 21st Century, while others are undertaking more ambitious overhauls of the entire domain of defence under the goal of building new defence institutions, especially the nations that recently transitioned from communist to democratic regimes or that are still in the final phases of this transition. All these states have strategic expectations from security and defence sector reforms, rightfully considering the success of these reforms as facilitating their integration in the Euro-Atlantic community and enhancing their people's security and prosperity.

The achievement of these strategic goals requires better distribution of constrained public resources, a more efficient way of utilising these resources and a more visible and accountable outcome of governmental programmes, including defence programmes. In more and more nations, the public administration is replacing its rather inflexible and highly bureaucratic form of working on behalf of the public with more flexible and accountable public sector management. The question then is how governments can 'produce defence' in a more efficient manner. Part of the answer is seen in the introduction of good managerial practices from the business sector into defence, where the achievement of expected results in a competitive environment is paramount for the survival of any organisation.

The NATO-EAPC¹ initiative in the field of partnership cooperation entitled *Partnership Action Plan on Defence Institution Building* (PAP-DIB) may offer a good example

¹ NATO-EAPC stands for North Atlantic Treaty Organisation – Euro Atlantic Partnership Council. Both the members of the Alliance and the partners are represented in this council.

of combining national incentives for reforms through better institutionalisation of defence with the international interest in supporting such a programme. Part of this initiative deals directly with the concept of defence management. One of the objectives stated in the PAP-DIB document, namely objective five, calls for the nations embarking on building defence institutions to “develop effective and transparent measures to optimise the management of defence ministries and agencies with responsibility for defence matters, and associated force structures, including procedures to promote inter-agency co-operation,” while objective nine deals with the management of defence spending.²

In a managerial sense, planning is different from planning for military operations, yet it still has a direct impact on force development or procurement of major military equipment. Managerial planning implies both focussing on the ultimate goals as stated in relevant policies and flexibility in achieving these goals. Also in a managerial sense, organising implies bringing flexibility to rigid structures by organising work processes within these structures instead of re-organising the structures themselves. At its turn, leading implies both assuming responsibilities and delegating elements of the decision-making process, which differs from the well established command chain in the armed forces. Controlling means mostly to keep track of developments and intervene whenever necessary to re-focus staff on objectives.

On the other hand, defence management does not and cannot substitute the specific military processes of planning and conducting military operations, or acquiring combat readiness. What defence management can do is to join up people within the defence organisations with training for missions, with equipment and support for better accomplishment of the defence objectives and missions.

Where Defence Management Stands within the Defence Sector

As an institutional process, the management of defence is situated between defence policy formulation and actual command and control of the military forces. It should address areas of action such as defence resource management, personnel management, acquisition management, where—during defence policy implementation—it is likely that inherent uncertainties require higher flexibility and subsequent decisions, and unexpected problems might occur, requiring proper identification and appropriate solutions.

Over time and in different nations, managerial systems were introduced and tested for their relevance in terms of planning, efficiency and accountability. Developed specifically for the public sector or borrowed from the business practices, systems such as

² NATO Basic Texts: *Partnership Action Plan on Defence Institution Building (PAP-DIB)* (Brussels, 7 June 2004), available on-line at www.nato.int/docu/basic/txt/b040607e.htm.

Planning, Programming, Budgeting System (PPBS), Performance Management System (PMS) or Total Quality Management (TQM) have a history of successes and failures that deserve a critical treatment in a book on defence management. The main observation is that no theoretical approach to defence management in general provides for a specific management system or management philosophy. What is essential for a nation, that has identified a genuine need for improving the performance of its defence sector, is to understand that introducing a managerial culture in the sector is even more important than the managerial tools that nation chooses to implement.

From both theory and practice, we may conclude that there are only two main management approaches, and these two approaches are not mutually exclusive. One can be described as identifying problems and finding solutions to those problems, and the other one can be described as finding solutions for how to do things better.

Defence management brings clarity to areas of activity with high uncertainty as to whether the path taken to meet the objectives is the right one, or the problems encountered are properly identified and solved, while leaving other areas to function as they were. Table 1 depicts different levels of management within ministries of defence, in comparison with two other important areas of organisational activity, namely policy formulation and planning.

There is strategic defence management, which is the locus where strategic problems are identified and strategic solutions are analysed, decided and implemented. Life is full of examples of such problems. The most important ones, in strategic terms, are usually described as addressing different aspects of the question 'how much is enough?' Defence management may bring more coherent solutions to dilemmas like 'guns or butter' (dealing with the opportunity costs of defence versus other public goods, and with an optimal allocation of national resources), or national self-sufficiency in defence capabilities versus shared responsibilities with other partners or allies and the appropriate delegation of sovereignty.

Then there is an operational management, addressing the problems of defence performance, especially at the services level, but also at the general level, e.g., in dealing with manpower or logistics. And there is, of course, defence management at the current level, dealing with day-to-day problems and solutions in any defence command or unit.

It is expected that these types of management be differentiated according to their level at least in terms of mechanism and procedures, while the managerial tools remain the same (they were developed regardless of their level of application). In practice, these levels might be identified more by the nature of managerial function than the mechanisms employed.

Table 1: Roles and Place of Management at Different Defence Organisational Levels.

Level	Policy	Planning	Management
Strategic	National security strategy Strategic defence concept	Defence planning directive Strategic capabilities plan	<ul style="list-style-type: none"> • how to implement strategic policies and plans • identify and solve strategic problems
Operational	Military strategy Executive policies (i.e. personnel, procurement, public affairs) Joint service (Army, Air, Navy) doctrines	Operational plans Capability development programmes Procurement programmes Training programmes	<ul style="list-style-type: none"> • how to implement operational policies, strategies and doctrines • identify and solve operational problems
Current	Terms of reference Organisation's mission statement Standard Operating Procedures (SOP) Job descriptions	Work plans Exercise plans Field operations plans	<ul style="list-style-type: none"> • how to implement organisational policies and current plans • identify and solve current problems

Institutional Requirements for Successful Defence Management

Wherever defence management emerged both as a conceptual and a practical approach to efficiency of the defence sector, there were huge expectations surrounding it but also genuine anxieties. The experience of different nations shows that some glamorous defence initiatives failed to deliver years after their implementation. As a whole, the record of delivery in key areas of defence remains inconsistent. Time and again, governments had to go back to first principles and develop new approaches to ensure an appropriate level of efficiency of public spendings on defence. They had to put actions on their agendas aimed to better clarify future directions of change, as well as key underlying concepts of management to be embedded in defence.

Be it efficiency oriented or more problem solving oriented, defence management requires certain conditions related to existing decision-making frameworks and imple-

mentation systems. Among these conditions we may name supervision, accountability, inclusiveness, legitimacy, morality and many others. Whenever such conditions are not met, actions should be taken in order to create them. Here we are facing a dilemma. Is creating the appropriate conditions part of the defence management framework, or is it a component of another domain, such as defence institutionalisation or defence planning? The obvious answer is that creating the appropriate conditions is not managerial in nature, so long as management is dealing more with implementing policies and finding solutions rather than defining requirements.

At the level of the defence sector proper, some institutional requirements should be considered in order to grant a fair chance of success to any enterprise to introduce managerial tools and practices. Ministries of defence, if they want to be successful, have to meet two conditions when developing and introducing such managerial tools and practices: they have to be part of the management framework of the general government and they should provide an organisational structure separate from the defence staff. In other words, a ministry of defence should adopt the same managerial philosophy as the general government, even if the domain of defence makes this ministry distinct among all others in the government. This is important for ensuring an appropriate dialogue between policy makers at all levels of government and for facilitating the flow of resources necessary for implementing the policies. Looking around the Euro-Atlantic community, we can find examples of governments that paid special attention to their ministries of defence in the process of introducing different forms of management, such as resource allocation based on programmes and multi-annual planning.

But there are also governments that kept their ministries of defence apart from the trials and experiments that characterised the implementation phase of new management in public governance. Regardless of the implementation phases, eventually all these ministries should adopt the same managerial philosophy. This implies appropriate training of all personnel involved in managerial actions, institutionalisation of managerial principles and procedures, as well as acquiring organisational experience through at least one planning cycle before considering that the management system has been implemented.

As for the separation between civilian and military leadership and their staffs, this condition is of paramount importance if we consider management as being an organisational enhancer and not a substitute for well-established military command and control procedures. That is to say that management would be the primary responsibility of civilian leaders, while military commanders would maintain their current roles and would not be transformed into managers. This separation is presented here for theoretical purposes only. In reality, we may notice a blurred demarcation between civilian and military roles in defence management, especially at the strategic level. If the key

task of defence management were to steer the efforts of the defence organisation toward effective and efficient implementation of policy goals and objectives, then all matters other than the conduct of military operations would fall in the remit of defence management, whether in the realm of civilians or military.

The institutionalisation of defence management bears the local specificity of every nation or defence sector. Some nations choose to establish defence management boards or councils with dedicated missions and terms of reference, while other nations make no institutional separation between organisational structures and management tasks.³ In this section we look only at institutionalisation requirements, or principles, leaving the appropriate structures and functions aside.

The main institutional requirements for successfully managing a ministry of defence comprise (certainly there are many more aspects that might be brought into the discussion but they may not carry the same management specificity as these ones):

- Legality of all organisational and institutional measures
- Appropriate mechanisms and procedures for managerial decisions and for supervision
- Accountability regulations
- Inclusion of all participants in the implementation phases of managerial decisions.

Legality is one of the most important institutional conditions for any organisation, and it preserves its importance for the defence organisations as well. It is expected that the introduction of any managerial framework in the defence sector will be accompanied or preceded by appropriate legislation. Such legislation should include provisions regulating organisational structures and their managerial attributes. Whenever

³ Just to give some examples, in the United Kingdom, there is the Defence Council chaired by the Secretary of State and comprising the highest-ranking civilians and military officers, and tasked to serve as the highest decision-making body for the conduct of defence affairs. Here, defence management is in the remit of the Defence Management Board, chaired by the Permanent Under Secretary and providing senior-level leadership and strategic management of Defence. The Board is comprised of the non-Ministerial members of the Defence Council and external, independent non-executive members. In the United States of America there is just a Defence Management Council, mirroring an internal board of directors in a corporation and comprising senior civilians and military in high positions in the Department of Defence. In France, there are two committees at the level of the Ministry of Defence: the Ministerial Committee on Defence Investments, chaired by the Minister of Defence and tasked to examine the operational requirements that must be satisfied, but also the financial and economic information relating to the most important investments within the Ministry before they are launched, and the Finance Committee, which deals with budgetary issues.

the public domain is involved, and especially in the security and defence sectors, clear-cut legal provisions give a sense of protection against abuses and corruption but also assign responsibility to both military and civilian leaders for their decisions and actions.

Moreover, a legally established decision-making system would allow for flexibility in policy implementation. Any effective mechanism of policy formulation and implementation within the government, and in the defence sector in particular, would comprise a system of checks and balances to ensure both that the policy is consistent with the supreme goals and interests of the nation, and that it is clearly understood and effectively implemented by the appropriate organisations. Nevertheless, the implementation phase is never linear. Some of the intentions might not be fully understood, others might not be realistic, and still others may become obsolete during implementation due to changing external or internal conditions.

In a fully bureaucratic and rigid system, any such instances would require reiteration of the policy formulation process and a referral to the decision-makers at most senior levels, which in practical terms often equates to not implementing the policy at all. In most if not all cases, such situations lead to serious waste of the scarce resources already invested in such failed policy implementation efforts. If the system permits, from a legal point of view, to take corrective managerial actions in policy implementation, there would be no need to reiterate the process of policy formulation as long as the objectives remain the same. The managers would be responsible, in the name of the law, for reaching the objectives stated in the policy, while using their discretionary powers to choose appropriate paths for implementing this policy. Also in legal terms, it is expected that all civil servant positions at all levels of the organisational hierarchy would have clearly stated managerial remits.

For effective and successful defence management, it is important that appropriate decision-making and supervision mechanisms and procedures are fully institutionalised. For defence purposes, the most important quality control systems are those measuring performance at the strategic level, namely matching policy goals and objectives with concrete defence outcomes such as force structures and capabilities. But supervision mechanisms should be developed at all levels. For the operational level and, especially, for the current level, this institutionalisation implies remits of supervision established in job descriptions and standard operating procedures for civilian and military personnel in executive positions, and these remits should be associated with appropriate quality control mechanisms or systems developed at the appropriate level.

Institutionalisation of supervision mechanisms implies also introducing procedures for the flows of information up and down in the defence organisation, as no real supervision can be effective in the absence of appropriate knowledge about relevant as-

pects and achievements in policy implementation. These supervision mechanisms should respond to questions such as:

- Is the policy fully understood by the military?
- How is the policy implemented?
- What are the results of the policy, once implemented?

The answers to these questions should be obtained by employing appropriate tools. One possible selection of such tools comprises authorisation tools (approval of implementation documents such as strategies, doctrines, concepts or regulations; authorisation of funds within budget execution; endorsement of procedures, programme supervision and so on) and verification tools (theoretical models, simulations, trials, evaluation exercises, inspections, surveys and interviews, reviews and lessons learned, auditing and others). Through the institutionalisation process, these tools would be assigned to dedicated positions within the defence organisation, accompanied by appropriate description.

Accountability should also be institutionalised. In a managerial sense, the main accounting mechanism that should be fully institutionalised is a comprehensive reporting system. Such a system would reveal partial and final results of programmes and actions for the implementation of policies and strategies. Moreover, the institutionalisation requires provisions and regulations for reporting within and between defence structures, and facilitating both hierarchical and peer exchange of information. Such a reporting system would by no means replace classical auditing systems.

Inclusiveness, as an institutionalisation requirement, deals with organisational relations among staff members. In a managerial sense, the members of the staff should be encouraged to participate in all processes of policy implementation. This requirement should be translated into organisational regulations, such as standard operating procedures that guide and facilitate such participation.

The most important feature of defence management institutionalisation is the employment of managerial tools in order to enhance organisational performance in accomplishing missions and to find the best solutions to the problems identified during the process of defence policy implementation. As an applied science, the management developed a large array of tools, from overall philosophies to small problem solving mathematical instruments. Most if not all of these tools are suitable to be used in the management of defence organisations.

What tools the defence organisation actually uses may be a matter of both external and internal decisions. It is expected, however, that the defence sector adopts the same main managerial system as the general government. As mentioned above, examples of such managerial philosophies or overall management systems are Total Quality Management, Performance Management and implementation of a Planning,

Programming, and Budgeting System. Within this overall managerial philosophy, the ministry of defence would decide on which main tools would be employed across defence organisations. Such tools are the Balanced Scorecard, Benchmarking, and Process Reengineering.

It is important to regulate the tools and mechanisms employed in defence management for several reasons. Firstly, clear regulations serve the principle of unity of purpose. All members of the organisation would 'speak the same language' and would spend less time and effort trying to understand what the others are saying or doing. Secondly, the establishment of common, defence-wide tools and mechanisms facilitates training and organisational learning.

An area that does not need much regulation is the use of 'technical' tools such as charts and diagrams, calculators, pathways, graphs, brainstorming, and many others. Units within the defence organisation should have the independence to choose which of these management tools they want to employ and for what tasks.

About This Book

What theoretical and practical aspects of defence management should be of primary interest to civilian and military leaders and their staffs; to advisers and consultants; academic and professional researchers; and to students on defence issues in nations considering a managerial approach to defence? While the publication of public sector management is getting momentum in recent years, the literature on defence management is still scarce and scattered over a large array of topics of varying significance for the holistic understanding of the matter.

This introductory text aims to set a framework for further discussion on the topic of defence management. The first chapter is an extensive theoretical treatment on defence management and its place among the complementary and to an extent competing concepts of policy making, management, administration, command and control, and leadership. The second chapter covers the topic of defence planning as a core process within defence management, which guides the reader through the complicated process of planning while highlighting the main challenges, as well as tools and mechanisms that might be useful in the process. The third chapter of the book, representing the basics of program-based force development, shows how programmes are used to relate policy objectives to resource allocation decisions. The fourth chapter of this book covers the management of finances and introduces and assesses the key issues of finance management in defence. The fifth chapter explores the complexity of manpower management in the context of national security and presents a comprehensive analysis of demand and supply of human resources for defence. The sixth chapter deals with acquisition management and the specifics of identifying appropriate requirements, acquiring and maintaining complex weapon systems, other equipment and

services for the defence sector. The final chapter offers insight into the legislative framework for formulating defence policies and managing their implementation, with a focus on best practices in ensuring proper spending of public resources.

We hope that this book will add value to those individuals seeking an initial clarification of basic aspects of efficiency and effectiveness of defence. With the aim of reflecting the latest thinking in the field, the authors offer comprehensive analyses of the topic from both theoretical and practical points of view. They introduce and assess the main principles and theories underlying changes in the managerial approach to defence, as well as best practices on specific areas such as organisational management, planning, manpower, acquisition and finance. There is still room for clarifications of specific roles and interactions between defence management and other defence topics, such as defence institutionalisation, democratic control, policy and strategy, and defence planning.

We believe that this book will contribute to understanding the basic requirements nations should consider before applying management approaches to defence and what are the specific issues in transitioning to defence management practices in different areas or departments of the defence organisation.