Military Trading - A Personal Perspective (Paper No. 45)

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UK Changing Approach to Capability and Capability Trading

Maximising Benefit from Defence Research
A review of defence research and technology for alignment, quality and exploitation

Maximising Defence Capability Through R&D
A review of defence research and development

Innovation Strategy
Creating a new environment for innovation within the defence supply chain

Defence Industrial Strategy
An examination of the Ministry of Defence's ability to leverage capability management

19 November 2008
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What are we trading?
Inside a programme .. and between programmes

UK Defence Lines of Development – Core plus Contextual
http://www.aof.mod.uk/aofcontent/tactical/tlcm/content/introductiontotlcm.htm
## Methodology

<table>
<thead>
<tr>
<th>Normative</th>
<th>Interpretative</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society, social systems</td>
<td>The Individual</td>
<td>Societies, groups, individuals</td>
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<tr>
<td>’Objectivity’, conducted from the outside</td>
<td>‘Subjectivity’, personal involvement</td>
<td>Critiquing the specific, participant researcher</td>
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<tr>
<td>Explain behaviour, seeking causes</td>
<td>Understanding actions and meanings</td>
<td>Critiquing, transforming actions</td>
</tr>
<tr>
<td>Medium, large scale research</td>
<td>Small scale research</td>
<td>Small scale research</td>
</tr>
<tr>
<td>&quot;Structuralists”</td>
<td>“Phenomenologists”</td>
<td>“Action researcher”</td>
</tr>
<tr>
<td></td>
<td>“Ethnomethodologists”</td>
<td>“Critical theorists”</td>
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</tbody>
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Adapted from Cohen, Manion and Morrison, 2007:42, and Clough and Nutbrown, 2002:17
Methodology Application

Semi structured interviews were carried out with trading practitioners who have “made choices”

Interviews were transcripted and coded using Discourse Analysis (DA) techniques

Themes and model fundamentals were developed and are being evolved
Case Study Selection Criteria

- Did the interviewee have direct first-hand control over a trading decision?
- During their term in office, had the interviewee made a decision that remains in place since their leaving (if appropriate)?
- Could the interviewee provide first-hand experiential details of the trading process, including the information on which the trading decision was made and the trading outcome?
- Was the project reviewed by the UK National Audit Office Major Project Reports process?
Case Study One - Guided Multiple Launch Rocket System (GMLRS)

"... early discussion were focussed on the number of units and the bottom line cost ..."

"... every change increased the immediate cost, even when the change was intended to result in long term savings ..."

"... project reviews were held in isolation of other reviews ... consequences only came to light due to ad hoc conversations ..."

"... it was frustrating that sometimes we were asked to make cuts in very short timescales, on one occasion to cut £500k out of the project with only 30 minutes notice before reporting ..."

"... the route for contract change was tortuous ... through MoD and with (the industrial company) ..."

"... the main factors that influenced the ILS costs were related to parts and shipping ... very little consideration was given to who did the task and what training they would need ..."

"... tracing and recording the justification for a decision was a nightmare, and often people did not want to have to do it ..."

"...Overall – I felt that we achieved the aim, but we could have saved a lot of time and bother along the way ..."
Case Study Two - Type 45 Destroyer

"... some parts of the project swamped the others in terms of cost, so they got all the attention ..."

"... the health of the project was intrinsically linked to the health of BAE and the other main players ... when PAAMS started to have problems, everyone suffered ..."

"... the project was huge and full of conflicting factions ... the different uniforms, different nations and the different industrial players ..."

"... the fundamental assumptions were not robust at the start ... in later discussion, more and more risks were emerging by the second ..."

"... the requirements database tried to capture the links and implications, but it was split into sections to make it manageable ... that then did not link to each other ..."

"... trading became an exercise in complexity theory ... the ripples were impossible to track"

"...I am not sure if the Navy will ever get the ship it wanted, and even then, I am not sure if will have anyone left to crew it ..."

<table>
<thead>
<tr>
<th>Case Study One (GLMRS)</th>
<th>Case Study Two (Type 45)</th>
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<tbody>
<tr>
<td>• Accountability for trading decisions was not desired by the participants</td>
<td>• The project trading decision were well documented but not well understood</td>
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<td>• The trading process was inherently narrow and incomplete</td>
<td>• Trading took place in groups and “factions”</td>
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<td>• The trading decision were made at very short notice</td>
<td>• The complex implications of trading were too vast to appreciate</td>
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<td>• Short term costs rose despite long term projected savings</td>
<td>• Short term benefits took precedence over long term benefits</td>
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<td>• The MoD planning schedule was the key trading driver, not programmed project decision points</td>
<td>• Ownership of the trading decisions was not down to a singular sustained individual</td>
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<td>• The trading process was biased by directed area of consideration</td>
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Validated trading findings to date

- Validated evidence and reinforcement of the need for consistent taxonomy
- Validated evidence of the impact of departmental structures and military boundaries

Factors that need to be included in the evolving “Trading Model” are:-

- Layered trading effects – global, customer, supplier and partner
- The associated timeline effect of each layer