

Executive Summary

The Current and Future State of Sustainment: How to Get There From Here

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The Defense Sustainment Consortium (DSC) was tasked with building a database of knowledge that could be used for two basic purposes. First, we wanted to get a sense of the current state of the sustainment industry, including private enterprise and DoD, and where it will be in five years. The second use of that knowledge is to help guide the DSC in choosing the most promising pathfinders to invest in. We needed to understand what the problems are, what the opportunities are, what tactics might be most promising, and what barriers there are to change. While the members of the DSC are generally quite knowledgeable about sustainment issues, we specifically did not want to rely only on them for this information. Our goal was to gather data from a wide range of stakeholders that had domain knowledge. We chose a Delphi survey as the appropriate means of gathering scientifically reliable data.

It is the nature of a Delphi that the early rounds produce as many questions as they do answers. That is, the patterns of answers produce new questions that could not previously have thought of. The point is to start with a broad, open-ended set of ideas and with each round dig deeper into the issues. Round 2 of this study began with a scenario of sustainment in five years' time, (Figure1) which emerged from in-depth interviews with selected experts. The survey then asked about the consequences of realizing the scenario, best tactics, and barriers to change. In addition to validating the scenario, respondents provided considerable insight about consequences and tactics that can be incorporated into a logical model of sustainment change.

Characterizing the current state of sustainment:

- There exists a high degree of mistrust and poor communication between DoD and private industry.
- Outdated, cumbersome, and expensive policies, practices, and processes exist within the government and DoD. Particularly in the area of contracting regulations and practices.
- Government is waiting for industry to prove that they can take on more responsibility, and do it cheaper. Industry is unwilling to invest dollars on building that level of business case until they believe that it will result in their getting the work over a long term.

Characterizing the future state of sustainment:

- The DoD will focus on improving their policies, practices and processes.
- Rationalization will occur resulting in a shift of non-core responsibilities to the supply base. There is agreement on the ends, but not on the means.

- Industry and DoD will form new and innovative working relationships where each concentrates on what they do best.

Tactics to help us get there:

- The tactic that stands above all others is that people want DoD to take steps to understand their true costs.
- DoD should shift much more toward acquisition based on Total Cost of Ownership (TOC).
- Industry should invest in improving their sustainment related capabilities.
- Critical enablers to progress include integrating technologies, long-term contracts, and open communication.

Implications for Pathfinders:

There are some important implications to be derived from the first two rounds of the Delphi. However, we must caution that we still have to dig much deeper into many of these issues.

- Our respondents overwhelmingly want DoD to take steps to understand their true costs. This is outside the purview of what we can hope to accomplish in Pathfinders. However, it does tell us that Pathfinders must include some basis for appropriate comparison which means that the DoD function(s) involved need to be committed enough to provide the requisite information. It also is not beyond our mission to strongly communicate this concern to the government.
- Acquisition based on TOC is also problematic given the mission of the DSC. However, this response points to the need to delve deeper into the issue to see if there is an analogous practice that can be applied to extant weapon systems. Again, we also need to communicate this to the government and DoD as well as Industry.
- People see technology insertion as having both a positive impact, and a good chance of success in the next five years. Supporting Pathfinders in this area is then a logical choice. The added benefit is that the literature supports the notion that properly managed insertion of integrating technologies can be a powerful first step to relationship and trust building.
- Industry is confident that they can offer the DoD products and services that can save time and money. Our government respondents are less sure. Pathfinders must build an unassailable business case. Pathfinders that include a long-term contract will have the most appeal, and the best chance of proving the business case.
- There is a high level of mistrust, and communication is poor. Many DoD people naturally believe that rationalization will have negative impact on their own jobs. For Pathfinders to have a reasonable chance of success, they clearly must have a significant Change Management component, and as many champions in Industry and Government as possible. Many previous efforts have neglected this issue, and fallen short as a result.
- The uncertainty and mistrust on both side also indicates the need for Pathfinders that involve partnering between DoD organic functions and Industry. These types of arrangements are an excellent means of moving toward a more cooperative attitude by all parties, and a common vision.

Next steps:

We should continue to follow the Delphi approach of zeroing in on the critical issues.

- Now that we have identified a set of barriers, we should find out if that set is complete and what makes them barriers.

- What steps can be taken to mitigate the barriers?
- Of the “required” tactics, why they are seen as required, and under what conditions can they best be deployed?
- There is a serious mismatch between what respondents see as critical tactics, and where they see a good chance of progress. We need to know what can be done to increase the probability of success in those critical areas on a specific tactic-by-tactic basis.
- To improve the reliability of our data, we need to acquire a larger, and carefully stratified sample pool in the next round. We also need to feed back to our respondents our findings, and our interpretation of them. They can then provide guidance in terms of the accuracy of our implications, as well as respond to our digging deeper into the issues.