Business Concepts for the Security Sector: Benchmarking, Core Competencies, and Outsourcing

*By Kevin D. Stringer**

The 21st century brings tremendous transformation requirements for the typically industrial age, Cold War era defence sectors found in most countries. Asymmetric threats, joint and combined operations and shifting and ambiguous missions within multilateral security arrangements are just some of the challenges to be faced. The private sector offers several concepts, that when properly applied, can help defence establishments in their organizational and functional transformation for the realities of 21st century conflict.

Defence policy makers have often attempted to apply business principles to the security sector with varying degrees of success. Great care must be taken in applying business models to military matters. Examples of mistakes in this process abound -- ranging from U.S Secretary of Defence Robert McNamara's use of body count metrics based upon business statistics and systems analysis during the Vietnam War to "just-in-time" supply concepts for military logistics operations. The application of any principle or practice from the business world to the security sector must be carefully considered as the goals, cultures, and organizational attributes of private companies and defence organizations are quite different. Naturally, a comparison between the business world and the military is at times imprecise, but some relevant crossover can be found given the generic fundamentals all organizations possess -- structures, hierarchies, functions, processes, missions assigned and required outcomes.

This article aims to show how the three business concepts of benchmarking / adopting best practice, focusing on core competencies, and outsourcing are relevant to national security organizations and that use of these concepts can benefit defence establishments. The article will highlight how a considered application of these three principles by military institutions can lead to enhanced organizational effectiveness.

* Dr Kevin D. Stringer is an international banker with expertise in business solutions and Adjunct Professor of Security Studies at the Baltic Defence College. He graduated from both the US Military Academy and the US Army Command and General Staff College. He earned a PhD in International Security from the University of Zurich.

1. Comparative benchmarking for best practice

To promulgate and assess directions for organizational reform in military institutions, the fields of comparative politics and business benchmarking provide a foundation for identifying and selecting potentially new organizational structures for a wide range of existing or emerging missions. Comparative politics as a subfield of political science is concerned with identifying both similarities and differences between international institutions in a systematic way. This approach enables political scientists to seek out patterns to answer useful questions and then make informed judgments (Calvert, 1993, p. 9 and 241). Comparative politics is constructive in establishing a framework to identify similarities and general patterns among political institutions to understand the political universe (Macridis and Burg, 1991, p. 2). Through comparative studies, political scientists can compensate for the lack of laboratory experiments by comparing political experiences and phenomena in one setting with those in other settings (Wilson, 2002, p. 2). This possibility is valuable since the variability of human behaviour, both individual and organizational, makes it very difficult to enunciate scientific laws in social sciences. But comparative analysis does enable political scientists to make propositions that have a high probability of being accurate and durable (ibid p. 4). This discipline can be applied when viewing military institutions, a subset of political organizations. The validity of this statement is supported by a 1996 RAND study, also using the comparative approach, which stated, "Comparisons with other armies can highlight different approaches to the preparation and conduct of warfare" (Dewar, Debra, Builder, 1996, p.2-3, 8, 42).

With a comparative framework established between two military institutions, a modified form of functional benchmarking from the business world can be used to extract pragmatic examples of possible organizational solutions that are based upon existing or historical templates. The primary assumption is that certain existing or historical organizations may represent the "best of breed" examples for addressing certain types of missions and therefore set a qualitatively high benchmark to be emulated. These then are the models to be examined and possibly adopted or adapted by the evaluating military.

Benchmarking is commonly used in business to evaluate different institutions and their performances in various fields of endeavour. Functional benchmarking is the comparison of functions between organizations whose overall mission or operations may be the same. The key elements of benchmarking are simple: at its core, benchmarking is about systematically comparing the performance of operations with a view to stimulating performance improvement by extracting the principles of "best practice" from higher performing operations (Camp, 1989). It is a rational technique for continuously improving key business processes and practices using, as the driver, comparative measurement against best practice regardless of industry or location (Codling, 1995 and Codling, 1998). As G. Watson states, "Benchmarking is a continuous search for and application of significantly better practices that lead to superior performance" (Watson, 1993, p. 4). Robert Camp identified four types of benchmarking -- the one applicable for the defence sector is benchmarking against the equivalent functional operations of non-competitors, in this case, other military organizations (Camp, 1989). The recommended methodology is to fuse the comparative approach found in comparative politics with the deriving "best practice" method from benchmarking to provide organizational solutions. The process is to identify those international formations that have successfully performed equivalent functional operations for the given mission, describe the inherent qualities or capabilities of these institutions, and extract their beneficial aspects. This approach enables the distillation of possible organizational structures derived from successfully performing comparative organizations, which could be considered "best of breed" for each type of mission evaluated. These structures would then be the organizational models to adopt or adapt for use (Stringer, 2006).

The approach of adapting business practices for the military is not new. For example, the U.S. Army's focus on efficiency and economics led to an effort to adopt "business practices" into the work of the military. This effort has a long history. Robert NcNamara, himself a retired Ford executive, attempted to bring business models into the Pentagon in the 1960s. He applied new metrics to the Vietnam conflict, centring on body counts. He introduced a "game-theory" approach to war in the form of "graduated pressure" in which military forces were explicitly used to send messages to the enemy. Since then, the armed forces have adopted successively almost every major business fad, like "total quality

management," "velocity management," and "just-in-time logistics," among others. Efforts to reduce the defence budget in the 1990s in order to expand the "peace dividend" led then-Secretary of Defence William Cohen to announce a "revolution in business affairs" in the Pentagon, to parallel and support the "revolution in military affairs" that he sought to bring about by transforming the military (Kagan, 2003, p. 4). The overall goal of these business applications has generally been directed to creating "efficiencies" that might not be practical or applicable to the military's role of conducting successful operations along the spectrum of conflict.

Yet while some of these attempts at using business practices may have produced unwanted results, their application in other areas has had remarkable outcomes. For example, in the United Kingdom, a military armoured vehicle repair shop that introduced a lean production transformation -- improving the configuration of assets, material resources, and staff -- generated a 44 percent increase in the availability of equipment, a 16 percent reduction n turnaround times, and a more than 40 percent increase in "right the first time" production. This achievement put about 40 more vehicles into operation at any one time. Moreover, the repair shop progressed from constantly missing its vehicle delivery deadlines to never missing them (Bhatia and Drew, 2006).

Similarly, using functional benchmarking to evaluate other real and often tested military organizations for their potential adoption offers a pragmatic application of a business concept to the military world. One reason for the need of a truly pragmatic direction is that the types of operations found in today's security environment are so diverse and complex, with aspects of some types of operations mixing or tangentially touching with others, that a purely theoretical approach based upon artificial models or nonexistent, synthetically constructed, or fanciful structures would lead to lack of credibility in their application, reader scepticism, and examples that are not realistic for real-world operations. Winning wars and winning peace require unique and varied capabilities (Armitage Jr. and Moisan, 2005, p. 5). *The aim is not to create force structure efficiency, but effectiveness*. Proposing organizational change via benchmarking leads to one of the lessons of history where superior organization, and not technology, has often been the key to military success (Van Creveld, 1985, p. 101).

To illustrate the application of functional benchmarking, the mission of post-conflict transition provides a good example. A distinctive feature of the security landscape of the post-Cold War era is that the once clear dividing line between the realms of internal and external security has become increasingly blurred (Lutterbeck, 2004, p. 45-68). In the current and future security environment, armies will have a continuing mission in assuring general security and law and order to enable post-conflict reconstruction in critical areas (Fieald and Perito, 2002, p. 77-87). Post-conflict transition can be defined as the time that exists between a state of national emergency and that of routine national development. In the immediate aftermath of a military intervention or the collapse of a state, general lawlessness and looting invariably occur. Military combat forces are neither appropriately trained nor equipped to deal effectively with this problem, nor do most military commanders want the policing job. Local police forces are also not the solution, however. Even a legitimate and functioning indigenous police force can be easily overwhelmed by the well-armed former combatants or organized criminal actors that swiftly emerge in post-conflict situations (Gantz, 2004).

A case in point for the extreme worst case post-conflict situation is found in Iraq after Gulf War II where there were no functioning indigenous police forces and no occupying gendarmerie. Post-conflict states must provide their populations with security, stability, safety, and the assurance that transparent law enforcement and judicial processes provide the same protections and penalties for all citizens. They invariably need help in accomplishing this. Recent peace operations demonstrate that the international peacekeeping force has to make immediate progress in this area; without it, the international engagement will be jeopardized by a loss of credibility and an entrenchment of organized crime, extrajudicial processes, and terrorist activities (Field and Perito, 2002, p. 79-80).

As military missions in Bosnia and Kosovo have demonstrated, post-combat operations reflect one of the most complex and challenging phases of the conflict spectrum. Part of the reason for recognizing this as a new phase is that, although organized hostility has ended, order has yet to be restored (Armitage Jr. and Moisan, 2005, p. 1). The challenge of this mission vexes a number of militaries today since the organizational capability to address this task is not available or extremely immature.

Functional benchmarking provides a way to derive best practice from other organizations.

A case example for using functional benchmarking for addressing the post-conflict phase is the United States. The U.S. military in particular suffers an organizational deficit in being able to address this mission. With the exception of military police forces, the U.S. military is not formally trained to perform law enforcement functions. Addressing criminal activity and the rule of law requires a force structured, equipped, and trained to perform these tasks (Field and Perito, 2002, p. 80). While the military is able to mobilize and deploy rapidly in large units, most are uncomfortable with, ill suited to, and not generally trained for police tasks that are central to post-military conflict operations (for example, riot control, border control, domestic surveillance, securing/protecting sensitive sites) (Armitage Jr. and Moisan, 2005, p. 2). The U.S. has neither a national police force nor constabulary police, which suggests the U.S. will not be able to provide a solution to this capacity gap anytime soon. The U.S. is faced, however, with a growing need for the capabilities that constabulary police can provide. In Afghanistan, Iraq, and Haiti, the U.S. has acted to meet national security interests without all the tools necessary for success in the post-conflict environment (Gantz, 2004).

With both the mission and organizational deficit identified, the next step is to find an organization that performs the task well, and explore what form and capabilities it has for adoption. The functional model for addressing this type of mission is found in the military and civilian constabulary units fielded by other nations. These formations straddle the military-civilian fence and can deploy with their own transport, communications, and logistical support. They can respond to situations requiring greater use of force than civil police, such as crowd control and area security. They also serve as a bridge between military and civil police forces and assume task that are not clearly set in either camp (Field and Perito, 2002, p. 80-81). The European allies have substantial experience in the use of forces with the kind of training, organization, and equipment that is directly relevant for future law enforcement missions in stability and reconstruction operations. There is much Washington could learn from its allies to overcome the temptation that elite special operations, military police, or special Army/Marine units can do the job alone (Armitage Jr. and Moisan, 2005, p. 2).

The term *constabulary* refers to "a force organized along military lines, providing basic law enforcement and safety in a not yet fully stabilized environment" (Schmidl, 1998, p. 22). Constabulary police in certain European countries are armed forces that have both military and police capabilities, and can therefore operate independently or in cooperation with other police forces in either a military or civilian capacity. The French *Gendarmerie* and the Italian *Carabinieri* are examples of this type of highly trained police force. Their primary function is the protection and well-being of the country and its citizens. In peace and stability operations, a constabulary force can provide for public security after the military combat units have pulled back, but before international civilian police are deployed and local law enforcement capabilities are restored (Gantz, 2004).

Though serving as police, constabulary forces are highly skilled in the tactics and doctrine of light infantry, including rapid deployment and an ability to sustain themselves logistically. The Dutch *Marechaussee*, for example, can deploy a 50-person detachment as a rapid-response unit within 48 hours (Perito, 2004, p. 42). These forces are also highly trained. For example, the Italian *Carabinieri*, serving as part of Kosovo Force, averaged 10 years of specialized training, about twice the time of their military counterparts. Other training includes martial arts, use of firearms and light weapons, intelligence-gathering and interrogation techniques, international law, negotiation, social skills, use of communications equipment, and foreign languages and cultures. Most European constabulary forces also have specialized dog units and sniper teams. Their equipment reflects a hybrid of police and military gear as well: flak jackets, shields, batons, tear gas, and automatic weapons. (ibid, p. 158) They are able to secure and protect traffic routes, facilitate the introduction of civilian rebuilding and assistance, set up and manage prisons, and establish and train certain types of national police and law enforcement institutions (Armitage Jr an Moisan, 2005, p. 5). These units can even have armoured cars, small airplanes, and helicopters Lutterbeck, 2004, p. 47). In the Balkans, particularly in Kosovo, the United Nations (UN) and the North Atlantic Treaty Organization (NATO) have successfully used constabulary police for special events security, border patrol, high risk arrests, election security, and the protection of VIPs and international judges and prosecutors. The constabulary police units have

proved critical to restoring law and order, combating organized crime, and responding to civil disturbances (Gantz, 2004).

Prominent voices in both the US and Europe propose creating specialized structures, e.g. constabulary forces, for this purpose (SWP/SSI Working Group, 2003, p. 2-3). With the business practice of functional benchmarking, the U.S. can identify an array of constabulary organizations that can be considered "best in breed" for post-conflict transitions. These formations can then be evaluated for adoption or adaptation for the U.S. force structure. Given the post-Cold War change in security requirements, most Western states can expect to see a need for these so-called transitional law enforcement forces as part of all future stability operations (Kelly, 2006).

Similarly, the mission of homeland defence is another challenge facing defence organizations worldwide. Critical installation security looms large in the planning for homeland defence. Again, functional benchmarking can be applied to the American defence situation. Protecting America's critical infrastructure and key assets is a formidable challenge. The open and technologically complex U.S. society presents an almost infinite array of potential targets (Office of Homeland Security, 2006). The U.S. Patriot Act defines critical infrastructure as those "systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters" (ibid, p. 30).

Given the dependency U.S. society has on a number of important objects, this mission grows to overwhelming proportions. Not only are individual objects challenging, but the U.S. society and the modern way of life are also dependent on networks of infrastructure -- both physical and virtual (ibid, ix). This vulnerability is also noted in the *Strategy for Homeland Defence and Civil Support* that gives the Department of Defence (DoD) responsibility to assure access to defence critical infrastructure. This infrastructure could also include selected civil and commercial infrastructures that provide the power, communications, transportation, and other utilities that military forces and DoD support organizations rely on to meet their operational needs (Department of Defence, 2005 p. 18).

In this regard, the Director of Central Intelligence has warned of the possibility that al-Qaeda or other terrorist groups might try to launch attacks against critical U.S. infrastructure nodes, such as airports, bridges, harbours, and dams as well as the electronic and computer networks that support these systems (Tenet, Testimony Before the Senate Select Committee on Intelligence, 2002). The President's Commission on Critical Infrastructure Protection in 1997, in assessing the vulnerabilities of the nation's critical infrastructure, included 400 airports, 1,900 seaports, 6,000 bus and rail transit terminals, 1,700 inland river terminals, 1.4 million miles of oil and natural gas pipeline, and other banking, financial, and energy-related networks (White House, 1997 and Davis and Shapiro, 2003, p. 72). Not only terrorist groups present a threat to critical nodes, but also natural disasters, industrial accidents, and transnational criminal activity are to be considered when protecting objects of national, regional, and local importance.

After September 11, 2001, President Bush asked governors to call up over 7,000 National Guard personnel to supplement the security at the nation's 429 commercial airports. Guardsmen also reinforced border security activities of the Immigration and Naturalization Service (INS) and U.S. Customs Service (Office of Homeland Security, 2002, p.44). This trend has continued and since the September 11 terrorist attacks, some 8,000 National Guardsmen have been involved in the security of 420 airports and some 3,800 National Guardsmen have undertaken security operations around reservoirs, nuclear power plants, seaports, and civilian and government facilities (Davis and Shapiro, 2003, p.73). Governors have activated the Guard to perform additional missions, such as guarding bridges and nuclear power plants (General Accounting Office, 2004, p.1-2). National Guard troops were called upon to perform many manpower-intensive duties following 9/11, some more meaningful than others (Kelley, 2003, p.40). Protection of critical infrastructure such as airports, dams, nuclear generating facilities, and chemical plants will be first-order issues for the nation's governors. Manpower will be at a premium, and the National Guard is the primary source of readily available, trained, organized, and well-led emergency manpower for the nation's governors (ibid, p. 41). The following are some examples of how the Army National Guard (ARNG) has supported homeland defence missions, particularly for critical installation security:

- The New Jersey ARNG provided security for bridges, tunnels, and nuclear power plants for the state governor during 2003 and continues to provide security at two nuclear power plants.
- The Oregon ARNG provided security at federal installations, such as the Umatilla Chemical Depot and Fort Lewis, Washington, in 2002 and 2003.
- The Texas ARNG performed security missions at U.S. Air Force installations and state nuclear power plants from October 2001 to October 2002.
- The Georgia ARNG provided airport security almost immediately after September 11, 2001, and continues to guard Army and Air Force bases as required (General Accounting Office, *Reserve Forces*, 2004, p. 20—21).

Yet these National Guardsmen are often not trained specifically for critical installation defence, and depending on the site to be secured and protected, their knowledge of local factors and interoperability with civil agencies based upon a lack of habitual, developed relationships might be less than adequate. In fact, the arrangements are very much of an ad hoc, "come as you can" nature. More importantly, with the constant manpower drain caused by pacification duties in both Iraq and Afghanistan, the availability of dual-use ARNG assets is reduced for state governors.

Given the large number of objects and networks listed in the President's Commission on Critical Infrastructure Protection in 1997, security coverage of all might not be practicable given resource and personnel constraints. To provide a starting point for critical installation security, commercial airports are critical nodes for commerce and travel. How to defend these installations with general purpose reserve forces is trying at best. Therefore, applying benchmarking to seek "best practice" for his type of mission could provide a useful model to evaluate. Given the importance of major commercial airports to trade, defence, and local and national economies, the Swiss Army developed a concept in the 1980s to address the specific security needs and protection requirements of airport infrastructures.

The genesis of the Swiss Airport Regiment 4 began in 1984 at the Swiss Federal Government level. The key concern for Swiss military planners

was an airborne Soviet assault on the Zurich-Kloten International Airport, a Swiss object of national economic and military importance, and its consequences for the NATO alliance's flank. Although Switzerland was neutral during the Cold War, an inability to defend her territory in the face of Soviet aggression might have caused unwanted military reactions from NATO that would have violated Swiss neutrality. By the direct order of the Swiss Federal Council, a dedicated airport defence unit was created at a rapid rate and became operational in 1987.

The formation was a small brigade composed of 3,400 reserve soldiers who were on standby duty the entire year just like the fire or police departments, and who could be alerted within 2 hours via a pager system. They were responsible for the defence and security of two collocated airports -- an international civil airport and a smaller military airport 15 kilometres away. This type of organization brought a number of advantages to executing its mission of defending the airport. One major advantage was the deep knowledge built-up in terms of the airport area -- terrain, geographical and spatial expertise, and the long-term, established working relationships with airport authorities, airport police, fire, and rescue services. A second was its focus, without dilution or distraction by other major tasks, on one key mission. This allowed the serving citizen-soldier unit member to learn his job well over a number of years in an annual or biennial training rhythm. A third benefit was that unlike other formations, the Airport Regiment did not require mobilization authorization from the political authorities. As an autonomous unit, its soldiers were alerted for duty like the fire department, and the personnel assembled on their complete equipment and uniforms at their organizational headquarters near the airport. Because at any given time a certain number of these reserve personnel may have been away from the region on business trips, vacation, or foreign travel, the regiment was always kept at an overstocked level in terms of manpower and all key positions were double slotted (Egger, no date). The only perceived disadvantage was a more complex personnel management challenge given the timelines for alerts and the consequent need then to recruit from the local region. For certain military specialties, this requirement placed stress on the military personnel system to source "hard to find" military occupational specialties.

Given that since the 1960's, airports have been prone and vulnerable to terrorist actions, the airport regiment provided a deterrent effect against such assaults. With the extensive use of liaison officers, the regiment was well integrated into the airport crisis staff, and had intense contacts with the state and the local police, air traffic control, and airport medical services. This high, value-added quality as a specialized reserve formation is one reason for it to be considered by countries struggling to defend critical installations of this nature. Its best practice example, derived from benchmarking, shows a path for organizational change or adaptation.

2. Core competencies

C. K. Prahalad and Gary Hamel developed the idea of corporations focusing on their core competencies in order to develop a competitive advantage over other companies. According to them, the real sources of advantage are to be found in the management's ability to consolidate corporate wide technologies and production skills onto competencies that empower individual businesses to adapt quickly to changing opportunities. In short, core competencies are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technology to achieve synergies and create unanticipated products (Prahalad, and Hamel, 1990, p. 79-90).

In other words, by selecting and focusing on an organization's core competences, the management is able to bring value which enables the institution to achieve a superior output. The desired outputs for a corporation are increased revenues and profits. The output for a military organization is mission success in warfighting, stability operations, or homeland defence. Senior leadership will therefore be judged on their ability to identify, cultivate, and exploit core competencies that make success possible -- growth and profit for a corporation; effectiveness and mission accomplishment for a military.

While large countries generally tend to develop big, all purpose forces to cover all contingencies and military roles, smaller countries, with both reduced populations and budgets must consider what core competencies they should focus in order to provide value added contributions as alliance members, peacekeeping donors, and ad-hoc allies. These competencies may imply focusing on certain niche capabilities for

multilateral efforts within a more general national defence framework. Highlighting the need for effectiveness, Lithuanian Undersecretary for Defence Policy Renatas Norkus stated, "The most important thing is getting the job done. It is not a matter of which flag to use [United Nations, North Atlantic Treaty Organization, European Union], but a matter of getting the right capabilities to the right place at the right time" (Norkus, 2006, p. 167). In times of shrinking defence budgets and overstretched forces even small contributions matter (ibid, p. 169). This point is especially true if the contribution is a core competence of the sending state and harmonizes with the contributions of other states in the peacekeeping mandate.

This thinking resonates also in the wider European security community. One view is that Europe as a whole, primarily for financial, strategic and ultimately political reasons, will generally not be able to match the depth and breadth of U.S. transformation efforts, so its militaries will be relegated to either a complementary or specialized role in joint operations with the U.S (SWP/SSI Working Group, 2004, p. 2-3). This approach implies focusing resources and development on certain military core competencies for alliance or peace operation contributions. As the NATO Parliamentary Assembly 2005 Annual Session noted on the Prague Capability Commitments:

> "Not all members need to have the same capabilities. As part of a larger alliance, it is possible, and in fact preferable, that smaller Allies concentrate on particular capabilities that are often in high demand. This makes both fiscal and strategic sense. The smaller Allies cannot be expected to develop large expeditionary forces, but they should be encouraged to develop deployable units in particular high-demand areas. The same amount of money, for example, could be used to purchase a few fighter aircraft or maintain a state-of-the-art brigade specializing in chemical and biological protection or emergency medical care. But it is clear that in today's strategic environment a specialized brigade will be far more useful in the Alliance's missions than a few additional fighters" (NATO Parliamentary Assembly, 170 DSCTC 05 E, 2005).

A good example of a country focusing on core capabilities for an alliance contribution is the Czech Republic. Nuclear, Biological, and Chemical

(NBC) defence has long been a niche specialty of the Czech armed forces. This competence was developed during the Cold War by the then Czechoslovakia. Based on the knowledge that any East-West exchange of such weapons would likely have occurred over Czechoslovakia, NBC brigades were established to operate alongside each Army Corps. After the Iron Curtain fell in 1989, the new Czech military continued this high quality capability tradition. As a next step, its NBC units were deployed to the Middle East as part of the 1991 Gulf War coalition.

Since the Czech Republic's induction in NATO, the Czech Chemical, Biological, Radiological, and Nuclear (CBRN) Battalion has been the most high-profile example of niche capabilities in action. The battalion has been on operational standby as part of the NATO Response Force (NRF) since the summer of 2004. It arose directly in response to the Prague Capability Commitments identified need for improved CBRN capabilities (ibid).

In 2003, an elite 250-man military unit from the Czech Republic, specializing in NBC weapons defence, was on the ground at Camp Doha in Kuwait. The unit was participating in training and exercises in conjunction with Operation Enduring Freedom, said a Czech diplomat in Washington. "The specialty of the unit is consequence management," said Vratislav Janda, deputy chief of mission at the Czech Embassy. "They are special troops like [the U.S. Army's] Green Berets," he said (Book, 2003). In this case, the Czech military is using its expertise in CBRN protection to contribute a numerically small but highly useful specialized unit to a coalition.

Amidst growing fears of terrorist attacks and weapons of mass destruction, NATO is setting up a 500-strong multinational battalion specialized in nuclear, biological and chemical detection. The Czech Republic, a respected international authority in this field, has been given a lead role in setting up the unit, ensuring its action capability and being in command in the first year of its existence. This new multinational battalion is being set up in reaction to the new security situation in the world and the heightened danger of the use of weapons of mass destruction. It is to serve not only in times of war but also for eliminating weapons of mass destruction in peacetime and in cases of dangerous accidents, such as factory leaks endangering the population, anywhere in

the world. The Czech Republic, whose anti-chemical unit played a key role in protecting allied forces in the Gulf War, is to mastermind the setting up and training of this multi-national unit and will remain in command through the first 12 months of its existence (Lazarova, 2003). On the same theme, the Czechs are also developing an epidemiological centre in Techonin to provide treatment and research on exposure to biological weapons (NATO Parliamentary Assembly, 170 DSCTC 05 E, 2005).

The Baltic countries are also engaging in some specialization and focus on core competencies for alliance contributions. Lithuania, Latvia, and Estonia have focused on several niche capability areas: Mine-Clearing Measures (MCM), military medics, Explosive Ordnance Disposal (EOD) and Special Operation Forces (SOF). Lithuania is also currently conducting a deployment of SOF in support of combat operations in Afghanistan (in addition to its lead role in one of the Provincial Reconstruction Teams in Western Afghanistan). Additionally, Lithuania, together with Latvia and Estonia, is planning joint Baltic specialization areas in: diving capabilities, military medicine, and EOD. Estonia and Latvia have both developed explosive ordinance disposal expertise and deployed those forces (ibid).

For peacekeeping contributions, the Swiss model provides a useful example. Switzerland, while maintaining an untried, but full spectrum force for national defence, has based its contributions to UN and Organization for Security and Cooperation in Europe (OSCE) peacekeeping missions on functions where it has a "competitive advantage" to other nations. Given it world class reservoir of doctors and excellent medical infrastructure, Switzerland provided the contingent medical units for its first two forays in UN peacekeeping -- the United Nations Transition Assistance Group (UNTAG) in Namibia and the United Nations Mission for the Referendum in Western Sahara (MINURSO).

For the orderly administration and implementation of the election process in Namibia, the UNTAG had been established by the Security Council to assist the Special Representative of the Secretary General to ensure the early independence of Namibia through free and fair elections under the control of the UN (UN Security Council, 1987). At

maximum deployment strength of approximately 8,000 personnel, consisting of 4,500 military personnel, 1,500 police, and 2,000 civilians, UNTAG was to help the Special Representative ensure that:

- All hostile acts were ended.
- Troops were confined to base, and in the case of the South Africans, ultimately withdrawn.
- All discriminatory laws were repealed.
- Political prisoners were released.
- Namibian refugees were permitted to return.
- Law and order were impartially maintained.

The military component of UNTAG consisted of three infantry battalions (Finland, Kenya, Malaysia), an engineer battalion (Australia/New Zealand), two logistics units (Canada, Poland), an administrative company (Denmark), a helicopter detachment (Italy), a flight detachment (Spain), a communications unit (Great Britain), and a medical unit (Switzerland) (UN, 2001).

On September 7, 1988, a half a year after the Swiss Federal Council decided to enlarge its engagement in peacekeeping actions, the Swiss Federal Military Department and Foreign Department received the order to produce a proposal for providing medical support to the UNTAG organization. In October of 1988, a Swiss military team reconnoitred the situation in Namibia.

The planning for the Swiss Medical Unit (SMU) engagement began in earnest in December 1988 (Wirz, 1991, p. 137). By the end of February 1989, the Federal Council approved the recruitment of volunteers for the SMU for the support of UNTAG. Within a week after this decision, the first volunteers were recruited for the mission from a hospital in Bern. Until the end of the UNTAG mandate in March 1990, Switzerland had an average of 150 personnel deployed within the SMU. The tasks of the SMU were defined as follows:

- Provide medical care for the approximately 8,000 personnel of UNTAG, both civilian and military component, which together had no assigned or integral medical services of their own.

- Operate four medical clinics at defined sites in Windhoek, Grootfontein, Oshakati, and Rundu. In particular, the clinics were to be in a position to provide a full range of surgical, tropical medicine, dental, and psychiatric care.
- Furnish free medical capacity to local hospitals if required, support the UN observers deployed in Southern Angola, and perform medical and hygienic controls for the ongoing refugee repatriations.
- Ensure a steady supply of medicines and medical material for all UN contingents.(Hiltbrunner, 1991, p. 131)

As this was the first Swiss unit contingent deployed under the UN peacekeeping aegis, the SMU had its share of growing pains in terms of material procurement, transport in the operational area, and logistical support. As the UN reconnaissance period given to the unit was limited, the logistics staff did not know what supplies were locally procurable. Also, the large purchases of UNTAG in a small country of only 1.2 million inhabitants drove prices to astronomical heights. Thus, all critical equipment was brought from Switzerland (Scherz, 1991, p. 132). Many "lessons learned" were incorporated in the follow-on deployment of a Swiss medical unit with the UN under the MINURSO mandate.

For the Western Sahara operation, the UN requests for national contingents came very late for the MINURSO mandate, and only under tremendous time pressure did the preparations for the Swiss contribution occur. On May 21, 1991, the so-called leadership committee composed of Swiss Federal Foreign Ministry and Military Department officials met to work out the directive for the Federal Council for the creation and deployment of a second SMU to support the MINURSO mission. The official order followed at the end of May 1991. Concurrently, the Section for Peace-Keeping Actions on the Swiss General Staff took responsibility for the project leadership and commenced planning in large scale in May 1991. The Swiss Federal Council approved the mission on June 26, 1991. The training course for unit staff began in mid-July and the entire contingent was ready to depart on August 12, 1991 (Schneider, 1992, p. 497). For a variety of political reasons, it was not possible for the responsible planners to reconnoiter the operational area prior to the unit's departure, therefore the decision on how to best realize the UN requirements had to be taken in a partial vacuum. The tasks of the second SMU were similar to those of its predecessor and defined as follows:

- ensure the medical care of the military and civilian component of MINURSO (3000 personnel).
- operate three medical clinics at defined locations (Laayoune, Smara, and Dakhla) and provide overall UN force dental and pharmacy services.
- provide transport capabilities for patients requiring level 3[1] medical services either to the Canary Islands or for repatriation.
- be ready to provide free medical capacity for the benefit of the civilian population if required.
- in emergency, supply services to the members of the two conflicting armies.

Although smaller in size than the SMU-Namibia, this SMU was in operation over a much longer period (33 months instead of 12 months) and in a much more difficult environment from a climate and infrastructure perspective. It also holds the distinction of being the only Swiss force-level peacekeeping operation with casualties to date. Two members of the unit were killed in transportation accidents. Since the military logistic support unit for MINURSO was never deployed (Krattli, 1992, p. 227), in the course of its stay, the Swiss took on additional non-medical logistical tasks as a matter of practicality for the entire mission. In particular, the SMU became the *de facto* food and supply unit for the MINURSO organization (Haudenschild, 2001, p. 29). This last almost imperceptible and unforeseen shift signified a slight extension and expansion of the military tasks assigned to the Swiss unit which displaced the unit's *raison d'etre* from a narrow medical service focus to one with a broader logistical support focus for the MINURSO organization. These additional logistical tasks, including foodstuff and material resupply for the benefit of the overall MINURSO organization, naturally increased the complexity of the mission for the SMU (Haudenschild, 2001, p. 29). This expansion of the task spectrum was an indicator to the future and heralded the more multifunctional units that would follow in the footsteps of the two medical pioneers, and signify a wider role for Swiss military peacekeeping detachments. Clearly for both UNTAG and MINURSO, a focus on Swiss core competencies drove their contribution to both missions. Stated another way, a sub-Saharan African or small Pacific island nation would not be in a position to contribute a highly

qualified medical unit to a UN mandate given a lack of core competencies in this function.

A more advanced proposal for the Swiss that shows a focus on core competencies is proffered by Louis Geiger, consultant to the International Red Cross for the Relationship to the Military. He noted that given the Swiss military aptitude and personnel reservoir for logistics and staff tasks, the Swiss Army should develop a headquarters battalion for international peace operations. Such a unit would consist of a staff, signals company, a transport company, a protection company, logistics company, and an information centre (Geiger, July – August 2000, p. 6). This proposal would be a logical outgrowth of the Swiss provisioning of core competency contributions in medicine to UN operations in Namibia and Western Sahara, and logistical functions for the OSCE operation in Bosnia-Herzegovina.

In business as in the military, though, overspecialization on a valuable and specific competency can be adverse. As the Undersecretary for Defence Policy and International Relations at the Ministry of National Defence of Lithuania noted: *"Then there is the issue of role specialization, or so-called niche capabilities. As an Ally, we are looking into some areas where a small contribution could bring about significant effects. However, we should avoid the trap of what could be called overspecialization. Politically, it is not palatable for the small guys to "serve water and do laundry" while the big guys will do the fighting. For example, Lithuania could develop a Water Purification Brigade to fill in this niche in the Alliance and scrap all its combat units. Although such a move would seem economically sensible, it would be a political suicide for any defence minister of any country. Small states need to share the same risks and challenges with the big countries in order to demonstrate their equal stature within the Alliance and acquire necessary combat expertise. Multinational projects are a better way to fill various gaps, instead of relegating small nations to the militarily secondary role of service support"* (Norkus, 2006, volume 8, p. 167-171).

Clearly, a careful focus on organizational core competencies, particularly for smaller nations in relation to their contributions to alliances or peacekeeping missions can be worthwhile. While certain dangers must be avoided, the application of this business concept can bring both efficiencies and effectiveness to a military institution.

3. Outsourcing

The classical definition of outsourcing is the act of transferring to another company an activity that was formerly conducted in-house, and, by extension, the resulting state of not conducting that activity in-house anymore (Dragonetti, Dalsace and Kool, 2003). It can also imply purchasing a function that does not exist in-house and will not be developed due to cost or lack of internal expertise. Outsourcing, properly utilized, can bring enormous benefits to any commercial firm or institution by creating new capabilities, reducing costs, and enhancing effectiveness. The same principles hold true for the military sector. Typically, outsourcing firms are broken down into three types -- service providers, consultative firms, and non-core service companies. These categories mirror the services offered by equivalent military units and correspond to how the privatized military industry is organized.

P.W. Singer in his groundbreaking book on the subject, *Corporate Warriors*, develops the framework linking privatized military firms to their service provision for the defence sector. His book provides a superb definition of the three generic types of military service providers. According to Singer, this industry is organized into three broad sectors -- military provider firms, military consultant firms, and military support firms (Singer, 2003, p. 7). A short overview of each will highlight the services they provide and the subsequent value they can bring to any defence establishment or government.

Military provider firms are defined by their focus on the tactical environment. In a military sense, such firms provide services at the forefront of the battlespace, by engaging in actual fighting, either as line units or as specialists, such as combat pilots (Ibid, p 92). Examples of this type of outsourcing are found in countries that lack certain capabilities and buy them from private service providers. Examples include Sierra Leone buying both combat units and air assets from South African firms for defeating insurgents and Ethiopia outsourcing air combat capabilities to Ukrainian and Russian companies.

Military consulting firms comprise the second sector within the military services industry. They provide advisory and training services integral to the operation and restructuring of a client's armed forces. They offer

strategic, operational, and / or organizational analysis. They may influence the battlefield, but they do not operate on the battlefield like military provider firms. This is a critical distinction (Ibid, p. 95). In illustration, a consultant company like MPRI provides the instructors for the U.S Army Reserve Officers Training Corps programme at American universities and faculty for the U.S. Army Command and General Staff College. Ironically, future American junior and senior officers are being trained under an outsourcing contract run by consultants.

Firms that provide supplementary military services characterize the third sector of the industry. These privatized functions cover non-lethal aid and assistance, including logistics, intelligence, technical support, supply, and transportation. As with what is occurring with supply-chain management in general industry, the benefit of this type of military outsourcing is that these firms specialize in secondary tasks not part of the overall core mission of the client (Ibid, p. 97). Here, the concepts of outsourcing and focusing on core competences are interrelated. Capabilities that are non-core can logically be considered for outsourcing since they are not essential to the survival or central function of the institution. Outsourcing in the military and defence sector in this sense can mean giving existing functions like logistics or administration to suppliers that are able to provide an equal or higher quality service at a lower cost over specified periods of time. Most of the logistics for recent operations in Afghanistan, Iraq, Bosnia, and Kosovo and other crisis locations has been handled by military support firms that provided everything from mess hall administration to postal facilities.

From a benefits perspective, outsourcing can be very compelling for a defence department or government. The U.S. military's first experiment in formalized reliance on private firms for its logistics support was considered a success, even though the company Kellogg Brown and Root garnered criticism for its apparent failure to control costs in the Balkans. Even despite the possible over billing outlined in a Government Accountability Office (GAO) assessment of the Balkans operations, a 1997 Logistics Management Institute study determined that Kellogg Brown and Root had done with $462 million and 6,766 civilian employees what would have otherwise required $638 million and 8,918 troops (Pelton, 2006 p. 101 – 102). In a similar vein, Erik Prince, owner of Blackwater USA, one of the largest providers of privatized security, is

an apostle of how outsourcing brings such efficiencies to the battlefield. He stated, "We replaced 183 men with twenty in one of the CIA installations [in Afghanistan]. The army needs that many support troops and men to provide the same effective force that we did with twenty" (Ibid p. 296).

The Sierra Leone example is also instructive. There, the South African company Executive Outcomes in 1995, for a modest $35 million, cleared out the rebels that were terrorizing the countryside, returned control of the diamond mines to the legitimate government, and saved thousands of lives all within 21 months. This contrasted greatly with the ineffective United Nations Mission in Sierra Leone (UNAMSIL) beginning in 2000 that was costing $1.5 million a day and ended with total expenditures of $2.8 billion by 2005 (Venter, 2006, p. 143 and 150).

But outsourcing has its problems. One is poor cost control. Military and defence sector organizations do not seem to possess the same vendor management skills found in private companies using outsourcing. The GAO reported that U.S. Department of Defence outsourcing results were overstated by at least 75 percent because of both poor accounting and contract cost growth (General Accounting Office, 1997, NSIAD-98-48). This pattern recurs because although the military has set a policy of becoming more businesslike, it does not control rigorously whether it saves money or improves operations by using metrics and standard vendor management controls (Murphy, 2000).

Compounding this difficulty is the propensity of governments to use outsourcing as a cost-cutting measure without always considering the impact of the outsourced service on the overall process flow. Outsourcing the work of hospital staff or transportation and logistics in a supply chain may reduce the fixed and variable costs of that particular activity. Yet these moves may drive up total costs and reduce the quality of service (Bhatia, Drew, 2006). Even worse, with ill conceived implementation, such a step could also affect capabilities within a military force by complicating organizational interfaces between combat units and contractors on an increasingly non-linear battlefield.

Finally, outsourcing can also be fraught with risks in terms of control and governance. For example, outsourcing occurs in the deployment of

Civilian Police (CIVPOL) formations for international stability and civilian police operations to places like Haiti, Bosnia, Eastern Slavonia, Kosovo, and East Timor. Under U.S. Presidential Decision Directive 71, the Clinton Administration assigned responsibility for fielding U.S. contingents for international police missions to the Department of State. In turn, the State Department has outsourced responsibility for the recruiting, training, and logistical support of U.S. CIVPOL contingents to a commercial contractor. One reason for this outsourcing is that the U.S. Department of State has a core competence concentrating on diplomacy, foreign policy issues, and consular affairs. In terms of its skills, knowledge, and processes it is not a law enforcement agency, and these capabilities are marginal at best. Hence, outsourcing a non-core competency makes classical sense.

Yet the U.S. government's governance oversight in this case is limited. Police officers participating in U.S. CIVPOL contingents are independent contractors of a commercial firm. The United States is the only country to use contractors of a commercial firm as police officers for its CIVPOL contingents. These contractors wear U.S. uniforms, carry weapons provided by the U.S. government, and have authority to use deadly force -- but work for a commercial contractor (Field, Perito, 2002-2003 p. 77 – 87). Given this governance set-up, wrongful use of force by contractors has unclear liability implications for the contracting government.

Nevertheless, outsourcing provides some unexplored terrain for the future, particularly in terms of international peace operations. The owners of HART and Blackwater USA, two of the largest private military companies, expressed frustration at the complete lack of interest by governments and aid organizations in utilizing the experience of a private army to solve major security and stability problems in Africa. As George Simm of HART asserts, "The Congo contains all that is evil about social disintegration -- AIDS, child soldiers, disease, warfare, crime, the list goes on. Everything in every segment of scientific and human studies is abused in this massive region. Yet a small [private] peacekeeping force could fully protect the tiny population per mile with little trouble" (Pelton, 2006, p. 298). The future could very well include governments and the United Nations renting armies to perform operations that do not mobilize the military will of the international community.

Conclusion

As illustrated in this article, the private sector offers three concepts -- benchmarking, focusing on core competencies, and outsourcing -- that when properly applied, can help defence establishments in their organizational and functional transformation for the realities of 21st century conflict. Benchmarking allows institutions to look beyond their paradigm and find functional examples from "best of breed" organizations existing elsewhere in the world (Stringer, 2006). Their relevant capabilities or structures can then be adopted or adapted for use. A focus on core competencies, combined with the interrelated concept of outsourcing non-core functions, allows defence organizations to concentrate on areas where they bring value, particularly for alliance and stability operation contributions, while allocating peripheral functions to firms that can bring a better performance at a lower cost. Carried further, outsourcing can enable the purchase of new or non-existing capabilities and bring efficiencies to the deployment of resources within a defence establishment.

Nonetheless, all three concepts have to be applied with care as commercial models that work well in the private sector may lead to unwanted or unforeseen outcomes in the defence sector. In the end, though, military and defence policymakers bear accountability for their decisions and non-decisions, and an evaluation of the private sector concepts mentioned here could lead to greater organizational efficiency and effectiveness for the future.

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[1] Level 3 medical care is a UN definition. The lowest level is 1. Level 2 is an extended medical clinic, and level 3 means possessing transport capability into a hospital, which for this SMU was Clinica Roca on the Canary Islands