

Managing Security Assistance

Corporate Strategy

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When executives create strategy, they project themselves and their organizations into the future, creating a path from where they are now

to where they want to be some years down the road. The Office of the Secretary of the Air Force, Deputy Under Secretary for International Affairs (SAF/IA) conducts Security Assistance business assigned to the U.S. Air Force (USAF) by the Office of the Secretary of Defense. SAF/IA is the organization of primary responsibility for central management, direction, guidance, and supervision of the Air Force portion of Security Assistance programs for foreign nations and international activities. A relatively flat geographically and functionally departmentalized organization, SAF/IA has a wide span of control.

This article focuses on the central management of Security Assistance in an era of willingness to abandon traditional processes in order to manage more efficiently, which is the essence of the Revolution in Business Affairs (RBA).

Currently, SAF/IA is in a dynamic state of change and uncertainty. As SAF/IA transitions out of the Foreign Military Sales (FMS) case management business

A member of the 31st Security Forces Squadron radios information to a patrolling unit as a heightened alert is maintained at an entry control point located by F-15s from the 494th Fighter Squadron, Royal Air Force Lakenheath, United Kingdom. The extra security measures ensure force protection for aircrews participating in the NATO-directed air strikes of Operation Allied Force, March 1999.



A U-2 Dragon Lady on the ground at Aviano Air Base, Italy.

at the headquarters level; as Direct Commercial Sales (DCS) become more prominent; and as SAF/IA struggles with quantifying its efforts in political-mili-

tary affairs, the organization must continue to execute its mission: enabling U.S. National Security objectives through Security Assistance.

From Reactive to Productive

Primarily, SAF/IA executes its mission using Security Assistance Managers throughout USAF. Typically, Security Assistance Managers comprise Country Directors at the Air Staff level; Command Country Managers at the Air Force Materiel Command (AFMC) level; and Se-

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An electronic countermeasures technician from the 81st Fighter Squadron, Spangdahlem Air Base, Germany, marshals an A-10 Thunderbolt into radar warning traps before a training flight. The sergeant is deployed to Aviano Air Base, Italy, supporting Kosovo-related operations.



A view of a Royal Netherlands Air Force F-16A Falcon as it takes on a fuel from a 100th Air Expeditionary Wing KC-135R Stratotanker. While patrolling the skies over Kosovo during NATO's Operation Allied Force, the F-16A is armed with AIM-19 missiles for self-protection and cluster bombs on the inboard stations to attack troop concentrations and nonhardened targets.



A B-52H, assigned to Barksdale Air Force Base, La., taxis for takeoff from Royal Air Force Fairford, United Kingdom. Elements of the 2nd Bomb Wing deployed to United Kingdom in support of 2nd Air Expeditionary Group in place at RAF Fairford to support NATO operations in the former Yugoslavia.

curity Assistance Program Managers (SAPM), Case Managers, and Line Managers in the field. Each foreign country or international program is assigned an SAF/IA Country Director to oversee that customer's overall Security Assistance program. Each case or action, including all FMS, is assigned a Case Manager and one or more Line Managers. Cases that are weapon system-specific or require integration and coordination efforts of multiple commands or product centers are assigned an SAPM.

Air Force Security Assistance Command is AFMC's organization that ensures effective and efficient support

of all Security Assistance and international activities assigned to AFMC. Air Force Security Assistance Training Squadron is Air Education and Training Command's organization that manages all USAF Security Assistance training for international customers. AFM 16-101¹ defines a Country Director as "the U.S. Air Force focal point for all issues involving his or her assigned country...." On a day-to-day basis, this can be an extremely "reactive" function by the very nature of the environment in which a Country Director works.

To further OSD's vision of a true RBA, this article advocates implementing a management philosophy (already in place throughout industry and other parts of the Air Force), to move the Country Director out of a reactive operation mode and transition that person into a more proactive mode by doing work on the environment in which a Country Director thrives.

The Business Revolution

RBA was embodied in Defense Secretary William S. Cohen's 1997 order launching the Defense Reform Initiative. RBA philosophy is to "improve the DoD's efficiency now and fundamentally re-engineer for the long-term." For executives

to create an environment enabling RBA, they must first foster effective strategy and organizational efficiency. Asking three simple questions can do this:

- Where are we going?
- What is the environment?
- How do we get there?

Where Are We going?

Let's visit the needs and goals of the United States and International Defense community at large in the context of Security Assistance for SAF/IA. What does *Joint Vision 2010* say?² The document *Joint Vision 2010* describes the future direction of our joint warfighting forces based on the emerging operational concepts of dominant maneuver, precision engagement, focused logistics, and full-dimensional protection. Execution of these concepts depends on our ability to achieve and maintain viable relationships with our allies around the world, especially coalition warfighting partners.³

“Multinational Operations: It is not enough just to be joint, when conducting future operations. We must find the most effective methods for integrating and improving interoperability with allied and coalition partners. Although our Armed Forces will maintain decisive unilateral strength, we expect to work in concert with allied and coalition forces in nearly all of our future operations, and increasingly, our procedures, programs, and planning must recognize this reality.”

The key, however, is for management to be able to maintain traceability to and from the Joint Vision 2010 concepts; to support the DoD strategic plan and strategic goals; to implement objectives; and finally, to implement capability packages. The challenge lies in defining investment objectives that are measurable and preferably quantifiable.

LESSONS LEARNED

Lessons learned from Kosovo operations suggest a demonstrated and diverging combat capabilities gap between the United States and its NATO coalition warfighting partners. While U.S. war-

fighters were flying one Air Order performing precision strikes day and night in all weather, NATO coalition warfighters were struggling to keep up flying another Air Order. Some countries like The Netherlands, for example, had already made investments to achieve the goal of precision strike. They were fortunate and were able to acquire capability in an accelerated fashion. Other nations found themselves in a less-than-enviable position.

Joint Vision 2010 makes it clear where SAF/IA should be going. The next task is to determine how to implement the concepts set out by the vision in an environment of uncertainty.

What Is the Environment?

Before determining strategies and employing management philosophies to achieve particular goals, it is necessary to analyze the internal and external environment within which SAF/IA operates. Introspection is important to this process. As mentioned at the beginning of this article, internally SAF/IA is transitioning out of the FMS case management business, recognizing its need for insight into DCS matters, and struggling with quantifying political-military efforts. Externally, SAF/IA must continue to understand changing social, economic, political, and technological developments in the world. Such external environmental considerations take the form of international competition, acquisition reform, and competition in both U.S. and foreign Defense Departments. These internal and external environmental developments not only affect SAF/IA as an organization, but the countries with which SAF/IA must maintain relationships now and into the future.

How Do We Get There?

In a *National Defense* article,⁴ analysts contend that strategy must be plotted portfolio-style. The article suggests that just as companies manage their financial portfolios to achieve specific objectives, so should they also adopt a portfolio approach to managing other investments as well. In an *Acquisition Review Quarterly* article,⁵ Margaret Myers suggests an investment-based approach

for managing software-intensive systems. While the focus of her article is on managing software-intensive systems, the article also does an excellent job of recasting historical recommendations, in light of recent management reform legislation, by describing an investment-based approach that is applicable to all areas of the DoD. The proposed management approach recommendations are based on an analysis of various acquisition and development models, legislation, policy guidance, and best practices. The model suggests adopting an investment focus, defining investment objectives, and building an investment framework.

FOCUS

First, is the theme of adopting an investment focused? The theme is already well suited for and established in SAF/IA as it builds and maintains its international relationships around the world. Policy guidance demands that we, the DoD and especially USAF, employ the Total Package Approach (TPA). TPA is a means to ensure that an FMS customer is aware of all Total Ownership Cost considerations for a given weapon system. The key here is to develop a long-term investment focus in support of goals that span the life of the relationship, and not to deliver a “one time” product or weapon system and walk away. It appears to be a capital asset perspective that should strengthen our relationship with a country while at the same time extend U.S. National Security objectives.

DEFINE INVESTMENT OBJECTIVES

Next, we must define investment objectives. A fundamental SAF/IA responsibility lies in assisting a foreign country to develop their Air Force with communication and political-military efforts at their greatest level of intensity. For DoD systems, the value of a capital asset should be measured in terms of its contribution to one or more goals of Joint Vision 2010 or the DoD Strategic Plan. The goal is to unilaterally develop requirements that subsequently translate objectives into capability packages that, when deployed, demonstrate measurable progress toward meeting both the countries' and DoD strategic goals.

INVESTMENT FRAMEWORK

Finally, we must build an investment framework. The decision to invest in a capital asset, both domestically and abroad, should initiate planning for an investment framework (business model) to manage that asset through its life cycle. This framework should include not only the operational and technical considerations that will define how the capital asset will be used and built, but also repeatable processes for updating the investment objectives, negotiating the scope of each capability increment, managing the risks, and measuring the outcomes. To this point, SAF/IA basically follows this approach model with varying degrees of success. The business model or management philosophy that is suggested here is that of portfolio management. This is a fundamental departure from how SAF/IA conducts central management for Security Assistance.

Portfolio Analysis

Portfolio Theory provides for a process to intelligently select capital assets under conditions of risk. Capital assets that have return and risk characteristics of their own, in combination, make up a portfolio. Portfolios may or may not take on the aggregate characteristics of their individual parts. Portfolio Analysis thus takes the ingredients of risk and returns for individual capital assets and considers the blending or interactive effects of combining assets. Portfolio Management is the dynamic function of evaluating and revising the portfolio in terms of stated investor objectives.

Every international relationship in which SAF/IA engages has to do with foreign states or international organizations investing in U.S. capital assets and resources. Unilateral relationships can be reflected in individual portfolios developed to meet investor objectives. As a number of portfolios are developed within a region, a regional division chief can create synergy within a region, or diversification, based on U.S. National Security objectives within that region.

The best example of this may be seen in the European Region. Each Country Director within the European Division

works unilaterally to continually evolve their individual portfolios with their respective country. Meanwhile, the Division Chief may work to influence countries in a multilateral relationship to create synergy within a group of portfolios such as the countries and portfolios that make up NATO. All of this is done with a keen eye toward advancing U.S. National Security objectives.

Annual Reports

Just as with any investor investing in a corporation, the health of that investment is communicated to the investor through the vehicle of the annual report. A corporation's annual report is standardized with a format consisting of a statement from the CEO, information about the company's product line or business, financial statements, and an independent audit assessment regarding the financial statements. As an investor, this is a most efficient means of evaluation.

An annual report can be developed for countries investing in Security Assistance with the United States through the annual Security Assistance Management Reviews (SAMR) chaired by SAF/IA. SAF/IA chairs an SAMR annually (AFM 16-101, 1.6.1.5).⁶ As we prepare and develop information for a country's SAMR, the Deputy Under Secretary for International Affairs, in a sense the CEO for USAF Security Assistance, can sign a general statement concerning the state and direction of a country's investment. This would provide leadership an annual "snap shot" of a country's portfolio (FMS and DCS inclusive) and allow them to suggest or develop investor requirements in a direction that is mutually desirable for both parties based on affordability and security objectives.

Next, the body of the SAMR report would provide detailed information on cases developed from the field with a financial status of how the USAF is executing case management. Finally, an audit report would be provided, at the conclusion of the SAMR report, to give both management and investor confidence that the information contained therein is correct and substantiated. This

notion of an annual report is an area where we can make great strides in improving the efficiency of how we communicate with countries investing in Security Assistance.

Final Thoughts

In conclusion, a more effective way exists for the DoD and USAF to conduct business and be more proactive in managing Security Assistance. The RBA is using Portfolio Theory to manage the process and an annual report that communicates to its shareholders the state and direction of capital asset investing conducted by a country in a relationship with U.S. warfighters. It is substantiated by policy and adopts a management practice/philosophy already in use. Greater efficiency may be gained as the DoD and USAF continue to establish both unilateral and multilateral relationships throughout the world.

Editor's Note: The author welcomes questions or comments on this article. Contact him at **Charles.Sherwin@Maxwell.af.mil**

ENDNOTES

1. AFM 16-101, International Affairs and Security Assistance Management, September 1995.
2. *Joint Vision 2010*, Chairman Joint Chiefs of Staff, June 1996.
3. Ibid.
4. Johnston, R.P. and R. W. Stahlschmidt, "Corporate Strategy Must Be Plotted Portfolio-Style," *National Defense*, February 1995, p. 36.
5. Myers, M. E., "An Investment-Based Approach for Managing Software-Intensive Systems" *Acquisition Review Quarterly*, Vol. 6, No.1, pp. 61-78.
6. AFM 16-101, International Affairs and Security Assistance Management, September 1995.

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