

By 'fence crosser'

The defence budget is dauntingly over-extended, and on the acquisition side the Customer has developed a reputation - despite vigorous attempts to find more sticking-plaster - for being anything other than Smart, by commercial standards. The system is broke, and Lord Drayson at least was setting out to fix it. The Defence Industrial Strategy (DIS) in 2005 was pitched largely at Prime Contractors: formulating some groundrules for a new level of longer-term relationships, setting out MOD principles, and offering important pointers that could shape forward planning by industry.

The DIS did not reach down to the level of the Small and Medium Enterprises - this was to be covered in the (still awaited) sequel, DIS 2... In the meantime, yes, there continues to be an active vocabulary of encouragement. Whether as direct contractors to MOD or as subs to the Primes, SMEs are recognised as having plenty to offer in terms of important niche expertise, innovation, nimbleness and leaner cultures. Some of it represents best practice developed in other sectors that is potentially transferable to the military environment. Value-for-Money, here we come!

However, the real life experience can be more bruising for the SME. Living with smaller pockets and less ability to spread the overhead, there is less ability to absorb recurring pain. Recent examples from the blunt end could include struggling with an acquisition process and culture that still appear to be configured more for hardware than capabilities or services; and a bidding process that is exceedingly complicated and protracted, especially in PFI, and prone to arbitrary slippage (and hence added costs for bidders). Furthermore, the very 'partnering' that lies at the heart of the DIS carries the real risk of creating closed relationships with the OEM, which in turn restrict opportunities for companies further down the food-chain.

While in the waiting-room looking out for glimpses of DIS 2, therefore, what does the SME cling to? Well, if you do get through, the Government does certainly retain its reputation as a customer that pays its bills - quite important as an incentive to persevere! There continues, too, to be evidence of good intent. MOD's Supply Network policy certainly aims to promote a fair and healthy supply network, instanced by the signing of SC21 at Farnborough. The establishment of the pilot Centre for Defence Enterprise is meant to act as an incentive for companies - including SMEs - to engage with MOD, and aims to introduce a new business model which is faster and more responsive. It could also be said that the evolution of Through-Life Capability Management for future systems, looking beyond the initial procurement of equipment, represents another step towards a change of culture. Potentially, too, the increased transparency that partnering brings should lead to increased visibility of Value for Money and efficiency issues.

But nothing changes the reality that MOD is one very big supertanker, with a turning circle to match. Niche, innovation, nimbleness and lean: still left bobbing in the wake?