

BizEd

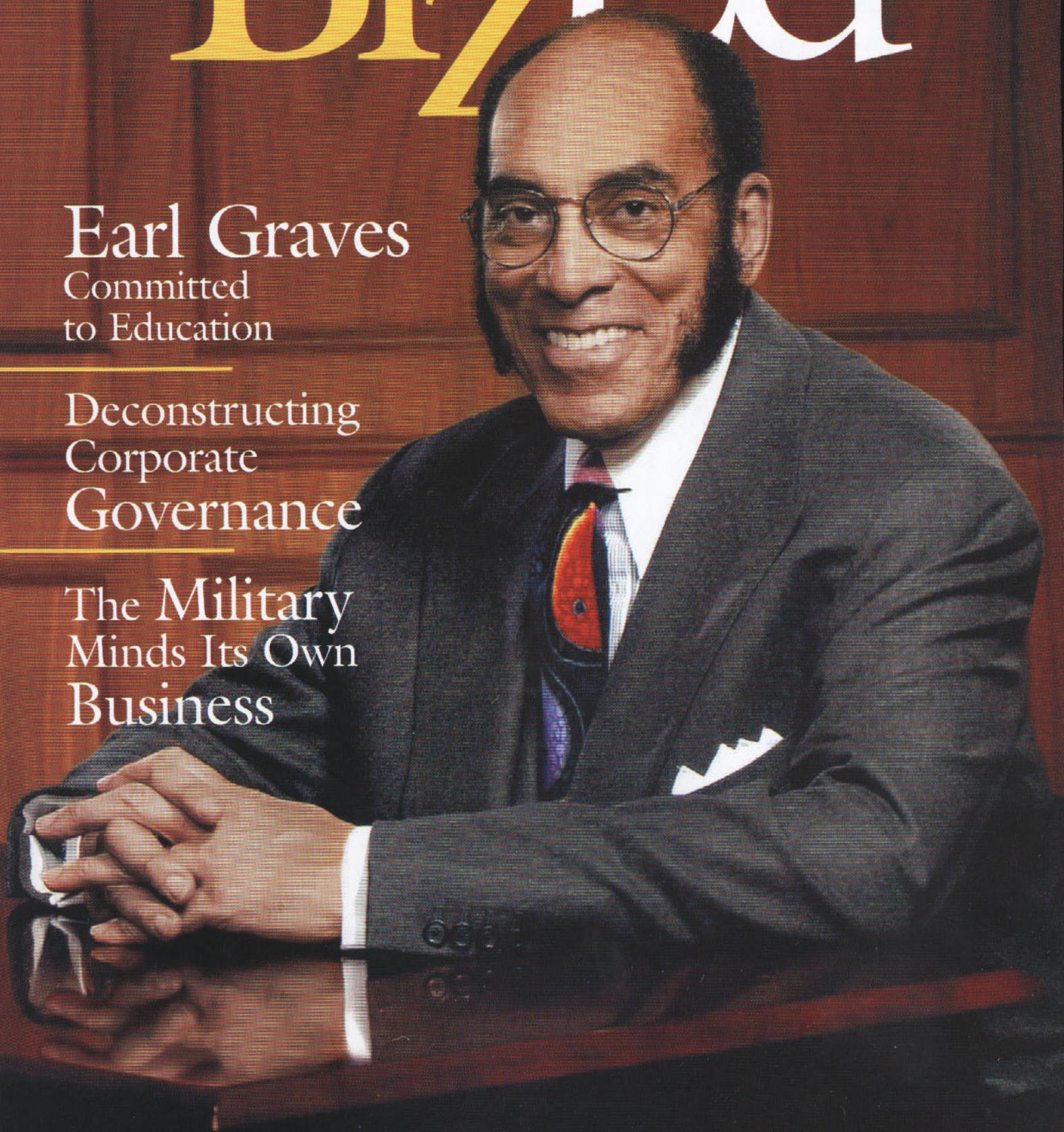
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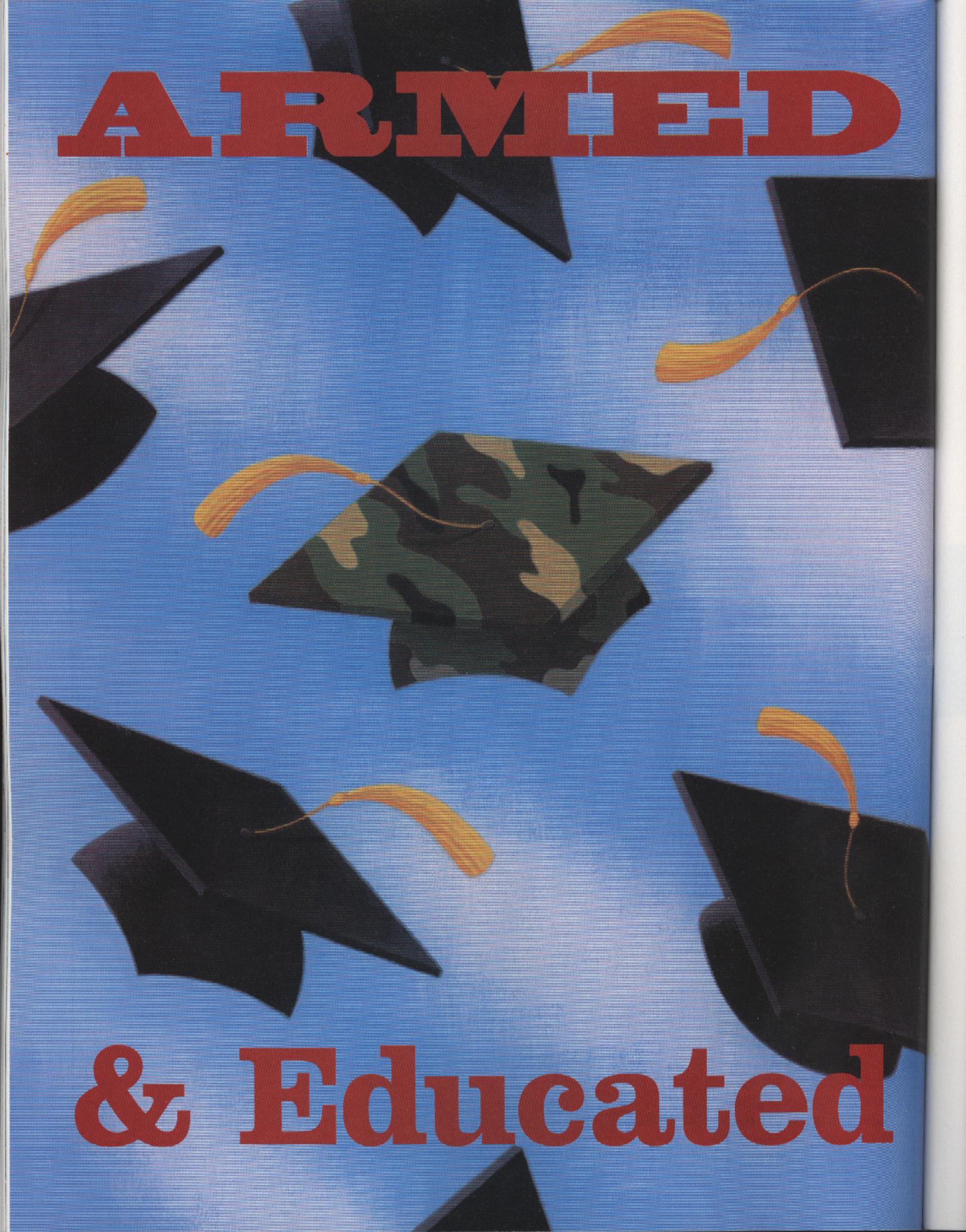
Earl Graves

Committed
to Education

Deconstructing
Corporate
Governance

The Military
Minds Its Own
Business





ARMED

& Educated

The current world climate requires military organizations with as much prowess in the boardroom as on the battlefield. To help form leaner, meaner militaries, education principles are coming front and center.

Before he became dean of the Robert H. Smith School of Business at the University of Maryland in College Park, Howard Frank served as the director of the Information Technology Office with the Defense Advanced Research Project Agency (DARPA) of the U.S. Department of Defense. From 1993 to 1997, Frank learned that the best way to get something done in the DoD was to go not through it, but around it.

"The fact that the DoD had such modern weapons was almost an illusion. They were modern only in comparison to everyone else's weapons," Frank says. "The truth was that there was a ten-, 12-, even 15-year acquisition process for new technology, so that by the time you actually acquired a new weapons system, it was long ago obsolete."

However, during this same period, the word "transformation" began to enter the U.S. military nomenclature. Military organizations were coming to the realization that their management techniques needed to be upgraded to emulate those that private industry had been developing for years. DARPA, for example, started to create its own, more effective procurement systems to get new technologies in the field as quickly as possible.

"The goal was to transform the military not just from a technological perspective, but also from a procurement management perspective. So, DARPA began to pioneer a number of methods to get around obsolete procurement regulations," explains Frank. "We invented phrases like 'advanced technology demonstration,' which meant we would get products out to the field ostensibly as experimental projects. However, the technology wasn't just demonstrated; it was left in the field permanently."

In that way, DARPA was able to turn a ten-year acquisitions process into a six- to eight-month turnaround time. For instance, DARPA had an entire communications system up and running during the Bosnian War in the early 1990s using "advanced technology demonstration." Had it relied on the military's old procurement methods, however, it's more than likely that the system would still be on the drawing board, rather than in the hands of military personnel.

That's more than innovation. That's innovative *management*, a business skill that military organizations worldwide are adapting to streamline and improve their day-to-day operations.

Adapting Best Practices

In an April 2002 statement to the U.S. Senate Armed Services Committee Hearing on Military Transformation, Secretary of Defense Paul Wolfowitz emphasized that the private sector might have the methods that the military needs in its transformative process: "We want to inculcate in [our military leaders] an entrepreneurial spirit and an understanding of how militaries have been transformed historically, as well as an awareness of how private companies have transformed themselves in the face of discontinuous change," Wolfowitz said.

In his speech, Wolfowitz emphasized that the U.S. military is entering a new phase that requires a different, more businesslike approach to its operations. It is shifting its attention to areas that any large organization depends on for success and survival: integrating advanced technology, streamlining communications, improving supply chain management, and responding to changing competition.

As a result, the enrollment of military personnel in management courses seems to be on the rise. For example, eArmyU, the U.S. Army's online educational provider, was established in 2001 as one of a number of initiatives to "transform the Army," according to eArmyU literature. Enlisted soldiers can enroll in business courses from a variety of higher education institutions to receive associate's, bachelor's, or master's degrees in business. The number of students enrolling in MBA programs alone has steadily increased to more than 360 in September 2003 from just 20 at eArmyU's inception.

Military organizations the world over have realized that they "need to operate more like business," explains Col. David Berg, director of Army programs at Syracuse University's Whitman School of Management in New York. "Syracuse and the U.S. Army have been partnering in our MBA program for 51 years, but the most radical changes have occurred over the last two years," says Berg. For instance, in the past, students in the Army Comptrollership Program received only an MBA. Now, they receive both an MBA and a master's in public administration from the Maxwell School of Public Administration at Syracuse. "It's become apparent that the public policy side is as important as the business side, so we merged the two," Berg explains.

Berg adds that the military's interest in business management practices has also surged over the last decade. "The cur-

by Tricia Bisoux

illustration by Scott Roberts



Above left: Only a part of U.S. Air Force Academy cadets' training occurs in the classroom. Cadets spend 24 hours a day together, running maneuvers and leading squadrons, in what management department head Col. Kevin Davis calls a "living leadership laboratory." Above: U.S. Air Force Academy cadets stand in formation before a campus monument that reads, "Man's flight through life is sustained by the power of his knowledge." Left: Cadets at the U.S. Air Force Academy return from their classes.

tary personnel and civilian defense workers. While the military and higher education have partnered for years, administrators at both schools believe the NPS/Smith defense MBA may be the first joint degree program between a military training institution and a civilian university.

"NPS used to offer a master's degree in science and management," says Douglas Brook, dean of the Graduate School of Management and Public Policy with NPS. "The changeover to the MBA was to provide a broader graduate education in business subjects as they apply to defense. We wanted to recognize the business management aspects of working in the Navy and with the DoD."

The first cohort in the NPS/Smith joint degree program will include 12 to 14 students. The first year of the program will consist of core business courses, which the Smith School faculty provide. The second year, NPS faculty will expand on these core topics and place them in a military context. Finance evolves into the DoD reallocation process; economics moves into budgeting for defense managers; information technology shifts into

information warfare. And because naval officers have such a short window of time during their tours of duty to pursue education, officers who might not be able to make it to California to study at NPS have another chance to study in Maryland.

The Smith School's location in Maryland and near Washington, D.C.—the most concentrated sector of defense-oriented operation in the U.S.—made the prospect of a partnership with NPS "an instant love affair," says Frank. "We negotiated this partnership very quickly. We decided that neither of us could do this on our own, and we had comple-



rent administration wants the Department of Defense to become more businesslike, not necessarily in the way it fights, but in its internal operations. In essence, the DoD is a massive business. We procure billions of dollars' worth of product, we hire thousands of civilians, and we outsource at a tremendously high rate," he says. "What we must do now is look at how private industry accomplishes these activities so we can adapt its best practices to military operations."

In response to this surge of interest in management practices among military personnel, the Naval Postgraduate School in Monterey, California, and the Smith School of Business at the University of Maryland recently launched a joint venture, a defense-oriented MBA degree for both select mili-

mentary skills. We knew our schools could create a better program together than apart.”

The two schools have had to synchronize more than their curricula. Their admissions requirements also have had to be reconciled. The Smith School, for instance, requires the GMAT and work experience; NPS, on the other hand, uses a coding system based on undergraduate performance, among other factors.

“Since it’s a joint program, students must meet both schools’ admissions requirements,” says Brook. “NPS has always had an advantage because we don’t have to market our program to students in the same way a civilian program must. On the other hand, we think we have an excellent program. Our partnership with the Smith School allows us to expand our reputation into the civilian market.”

Springs, Colorado. Most military officers will be handling millions, if not billions of dollars in budgetary resources from the moment they step off campus and into their military careers. So, they must be able to hit the ground running, both figuratively and literally.

“Our graduates will go out the day after graduation and lead a squadron, whereas graduates from most civilian universities will enter jobs in which they will move up to a role of leadership over time,” says Heppard. “The difference between military training institutions and civilian universities is that we have to have our folks ready to lead as soon as they cross the stage at graduation.”

Management educators may have a part to play in the military’s transformation to a faster, better, and cheaper military. Even as military organizations become more globally

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—Col. Daniel Berg, Syracuse University

A New World Order

Since the end of the Cold War, the fall of the Berlin Wall, and, most recently, the terrorist attacks of September 11, 2001, the place of military organizations in the world order has changed dramatically. Nowhere is that more true than in the U.S., where military operations have been redefined in almost every way.

For example, the U.S. military used to be based on the “two-war scenario,” meaning that it had to be ready at any given moment to fight and win two wars at once. Today, many countries aren’t as worried about larger conflicts as they are about smaller conflicts with less identifiable foes.

“In these times, the military has to be able to move faster than its enemy,” says Frank. “There’s a recently coined expression, ‘getting inside the enemy’s decision loop.’ You have to move faster than your enemy can make decisions, so its information is always out of date.”

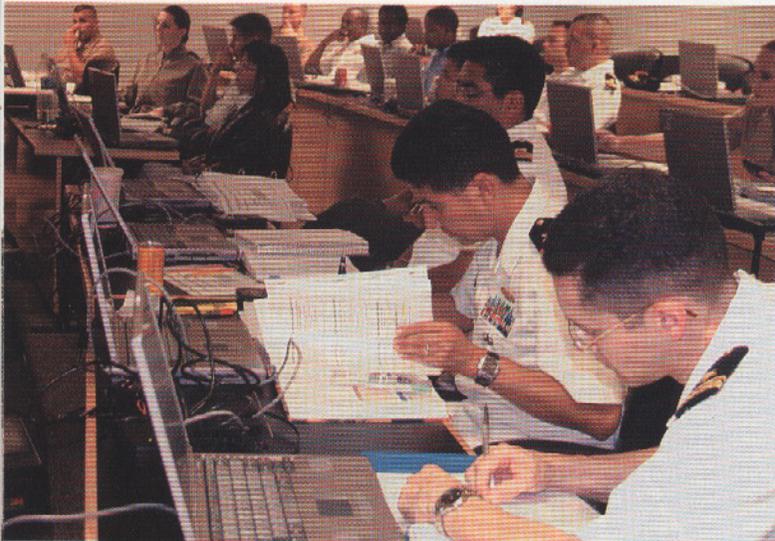
In fact, the military often moves so fast, military officers often have no time of transition between graduation and their first leadership roles, maintains Col. Kurt Heppard, associate professor of strategic management and organizational theory at the U.S. Air Force Academy in Colorado

distributed, many expect that national defense budgets will shrink as governments divert more funds into social reform and technology.

“A growing dollar crunch is coming in the U.S. because of Social Security and Medicare, where costs are going to skyrocket in the next 20 years,” Berg submits. “There is only a finite amount of tax money to support federal programs, so there is going to be a continual squeeze on the defense budget. For the Department of Defense to do what it needs to do to defend the nation, it will need to do more with fewer resources in a more efficient manner.”

That budget crisis mirrors what happens in business on a regular basis. Unlike business, however, the military has no ability to sacrifice effectiveness for cost efficiency, emphasizes Heppard. “Business often focuses on a bottom line that’s strictly financial, but we have to focus on our organizational goals and leadership abilities,” he says. “We must focus on the people who are going to make the strategy, execute the plans, and fight the wars.”

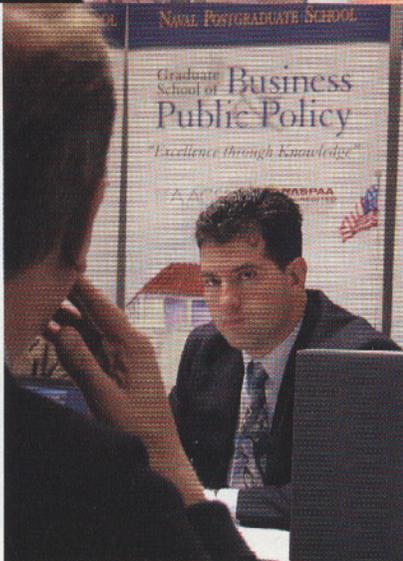
Col. Thomas Kolditz, a professor and head of the department of behavioral sciences and leadership at the United States Military Academy in West Point, New York, also notes



sense of all the conduits of information and bring these departments together.

"Until we get our systems to talk to each other, we're not going to get anywhere. In business, for example, the Chief Financial Officer's Act requires that companies submit auditable financial statements. But the DoD wouldn't be able to put together such a report because its systems are so ineffective. I think in the broadest sense the government is trying to become more accountable and more like a business," says Berg.

In exchange for their business expertise, business schools that work closely with military organizations are receiving a good deal in return. Specifically, they can take advantage of the military's long history of effective leadership. Leadership is one of the military's strongest skills. Students in military educational institutions are often together 24 hours a day, eating their meals together and living in the same halls together. They work as teams on classroom projects and in their training maneuvers. That atmosphere creates a living "leadership laboratory," says Col. Kevin Davis, head of the department of management at the U.S. Air Force Academy.



Above: Most students at the Naval Postgraduate Academy are Navy lieutenants who have completed five or six years of service and have just finished tours of duty at sea. This is a crucial window of time when officers can pursue their educations before returning to duty. This year, NPS' Graduate School of Business and Public Policy accommodates approximately 200 majors. Each year's cohort is slightly larger than the last, putting the program near its maximum enrollment capacity, says its dean Douglas Brooks. **Left:** A representative of the NPS' Graduate School of Business and Public Policy discusses its management and public policy program with a potential major.

In modern warfare, it's important not only to be able to outfight the enemy, but also to outthink the enemy. We need intellectual warriors.

—Dean Douglas Brooks, Naval Postgraduate School

that the military has to take a much different perspective when it comes to how it allocates its resources. "Many businesses might choose efficiency at the expense of effectiveness, but effectiveness is the military's bottom line," says Kolditz. "The U.S. military can't ever fail. We must be effective first and efficient second. However, once we determine what we must do to be effective, we can increase our efficiency through offering formal business training and using business principles."

An Even Trade

Integration is one area where the military has much to learn from business. Departments and offices within national and local governments simply don't talk to each other. It often takes someone with a management perspective to make

"Leadership is at the forefront of our studies more than ever before," says Davis. "We have added a class on leadership, but in essence, the entire institution is centered on the idea of leadership. Every day, the cadets are leading themselves and their own squadrons. They always have duties that involve operating and running themselves as units. So all day they focus on leadership and integrity."

Military strategic planning, too, has much to offer business, adds Berg of Syracuse. "Long-term strategy has become very important. Business can look at Desert Storm or the current operation in Iraq, for example, for lessons in personnel management and training, how to motivate people and keep them informed," he says. "We're seeing an increase of focus on strategy. One of the problems business has always had is

that it looks only to the next quarterly report or the next bottom line. I think many businesses are becoming aware that they need to have a longer term strategy to succeed.”

Intellectual Warriors

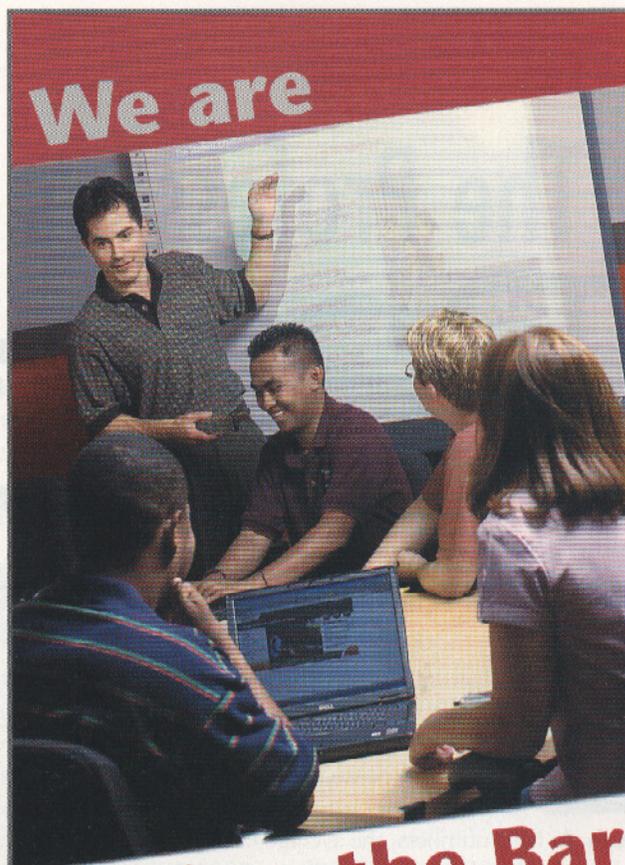
The military has long placed an emphasis on management training, say these educators. Only recently, however, has it begun to view itself as a *business*. As a result, military-oriented business degrees may become more prevalent. And the U.S. is not the only country where the military is placing greater emphasis on cultivating business-based management skills among its personnel. Singapore, for example, also is seeing its military call upon management education institutions for a greater proportion of its management training, says Hum Sin Hoon, an associate professor with the National University of Singapore Business School's department of decision sciences.

The department has conducted a series of logistics and supply chain management courses for Singapore's Ministry of Defense (MINDEF) for the past eight years. “We explicitly train military officers on business logistics, as opposed to military logistics, so that they gain an exposure to what is happening in the commercial arena,” says Hum. Other departments within the school also provide courses to MINDEF.

MINDEF's emphasis on management training has always been there, adds Hum. “But in our experience, the military has now approached business schools for the training. Why? With Singapore's small population base, we are optimizing its human resources,” he says. “We have to build a thinking army that also includes effective managers.”

Indeed, the stakes in educating military personnel have risen in recent years. Brooks notes that military officers are spreading this message through the ranks. For instance, the keynote speaker at NPS' March graduation ceremony, Lt. Gen. Edward Hanlon, commanding general of the Marine Corps Combat Development Command, spoke to the cadets about their role in a much different world order. “He told the students that, in modern warfare, it's important not only to be able to outfight the enemy, but also to outthink the enemy,” says Brooks. “He said, ‘We need intellectual warriors.’”

As it would within any large governmental body, such transformation within the military most likely will happen very slowly. As military units turn more to the commercial sector for technology, personnel, and operational support, the link between the military and private sector management will become more crucial. Management educators can expect to play an important role in bringing that new type of business-minded intellectual warrior onto the worldwide stage. **Z**



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