

The following presentation was given at:

Joint Workshop - SCAF and OR Society Workshop

Theme: “Value for Money and Complex
Decisions”

Tuesday 19th November 2019

The BAWA Centre, Filton, Bristol, BS34 7RG

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Society for Cost Analysis and Forecasting

OR
THE OR SOCIETY

*Society for Cost Analysis and
Forecasting*

*Is it possible to achieve
Value for Money in Defence?*

THE RESULTS

George Lyon

19th November 2019



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/ *The Objective*

- Value for Money is always a challenging issue within Defence
- Two key contributing factors are Cost and Operational Effectiveness
- These factors are (typically) assessed by communities of experts

Key Questions

- Do these communities share the same views on VfM?
- Do they think that VfM is appropriately assessed?
- Do they believe that VfM can be achieved in Defence?

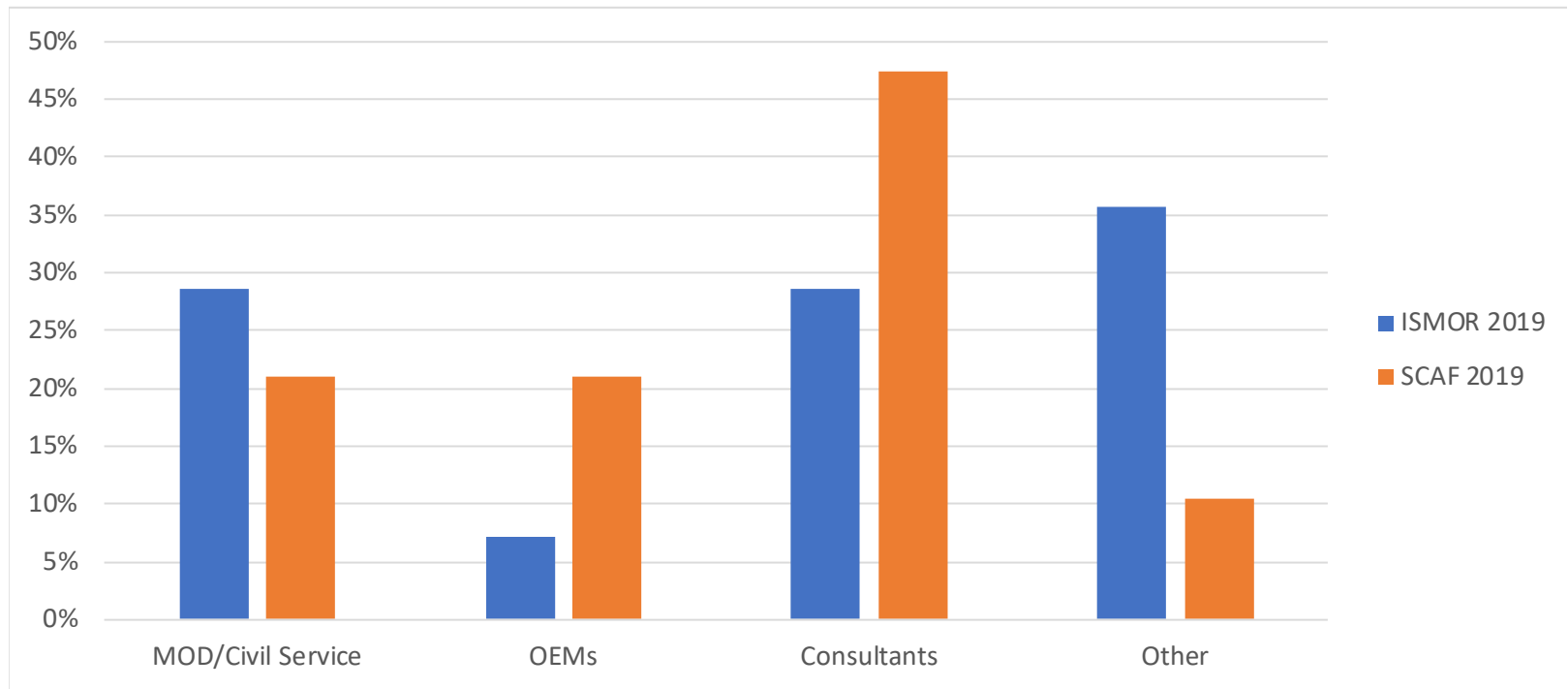
Thus, we surveyed the respective communities to find out...



/ Who did we survey?

Question 1:

"Who is here?"

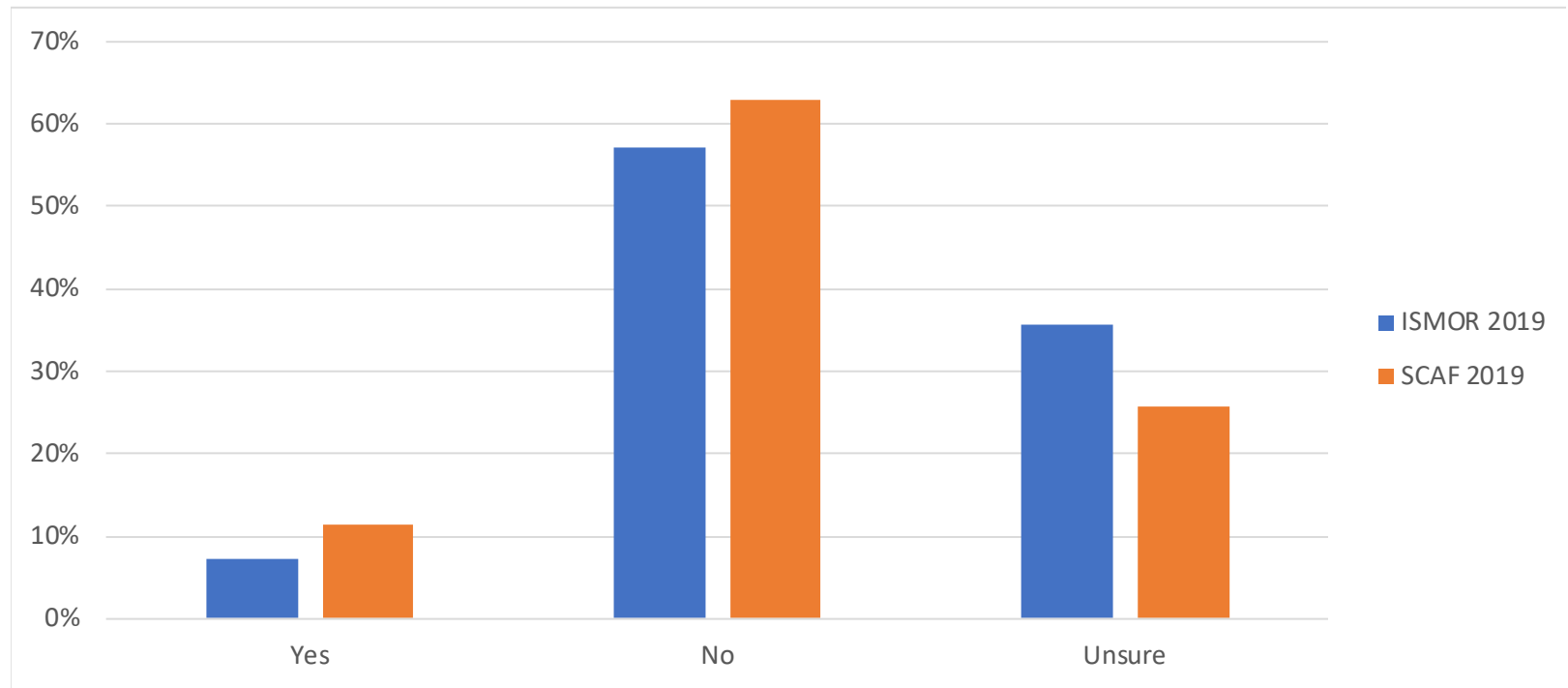




/ Initial Views?

Question 2:

"Does UK Defence consistently achieve VfM?"

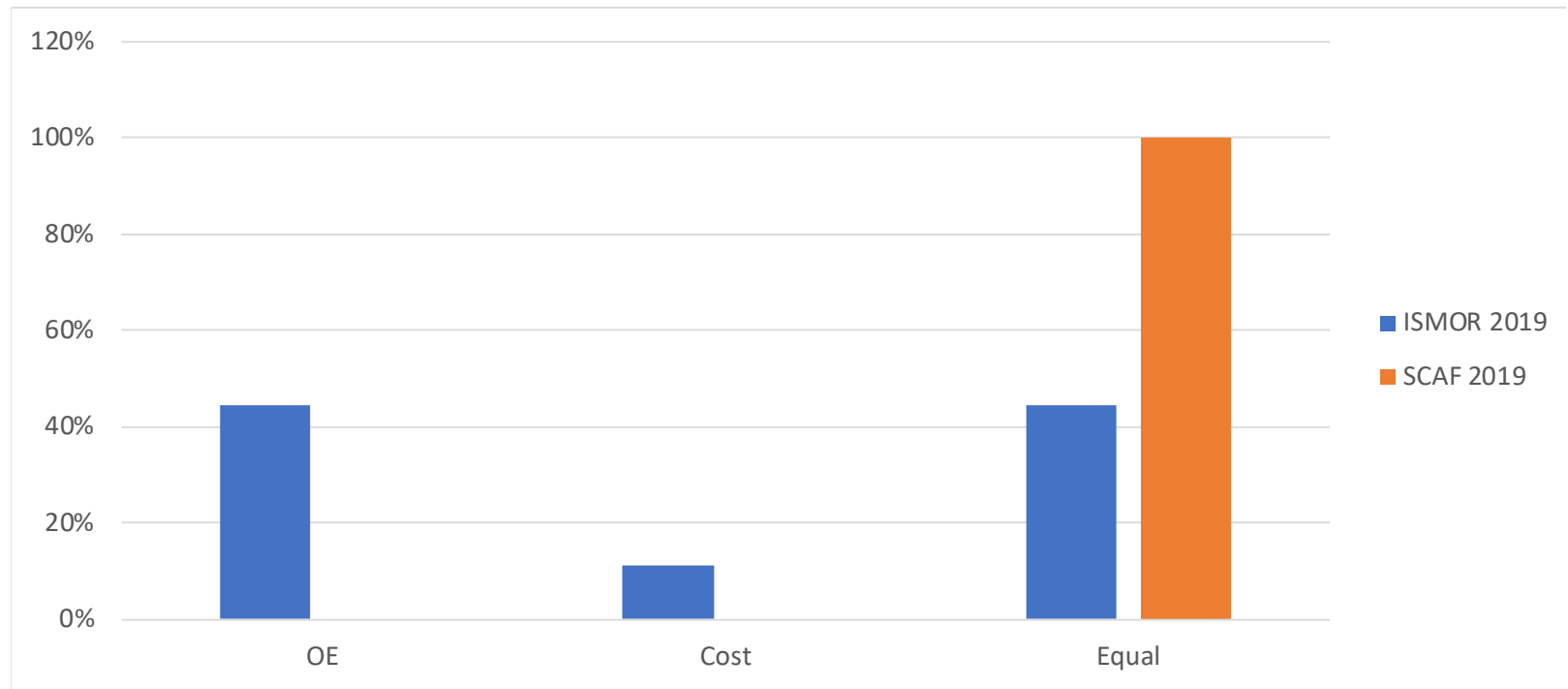




/ How to manage subjectivity?

Question 3:

"What is more important - OE or Cost?"

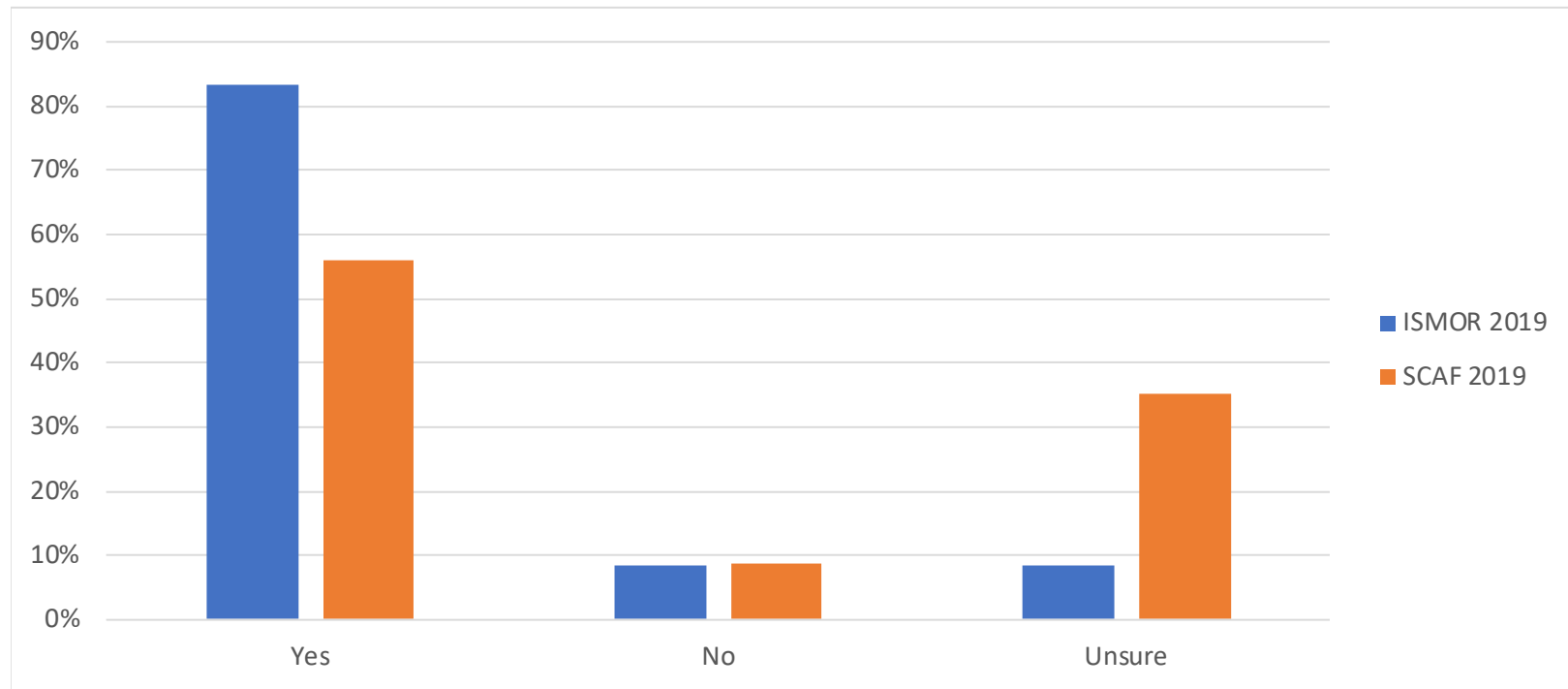




/ Are assessment tools appropriate?

Question 4:

"Is COEIA fit for purpose?"

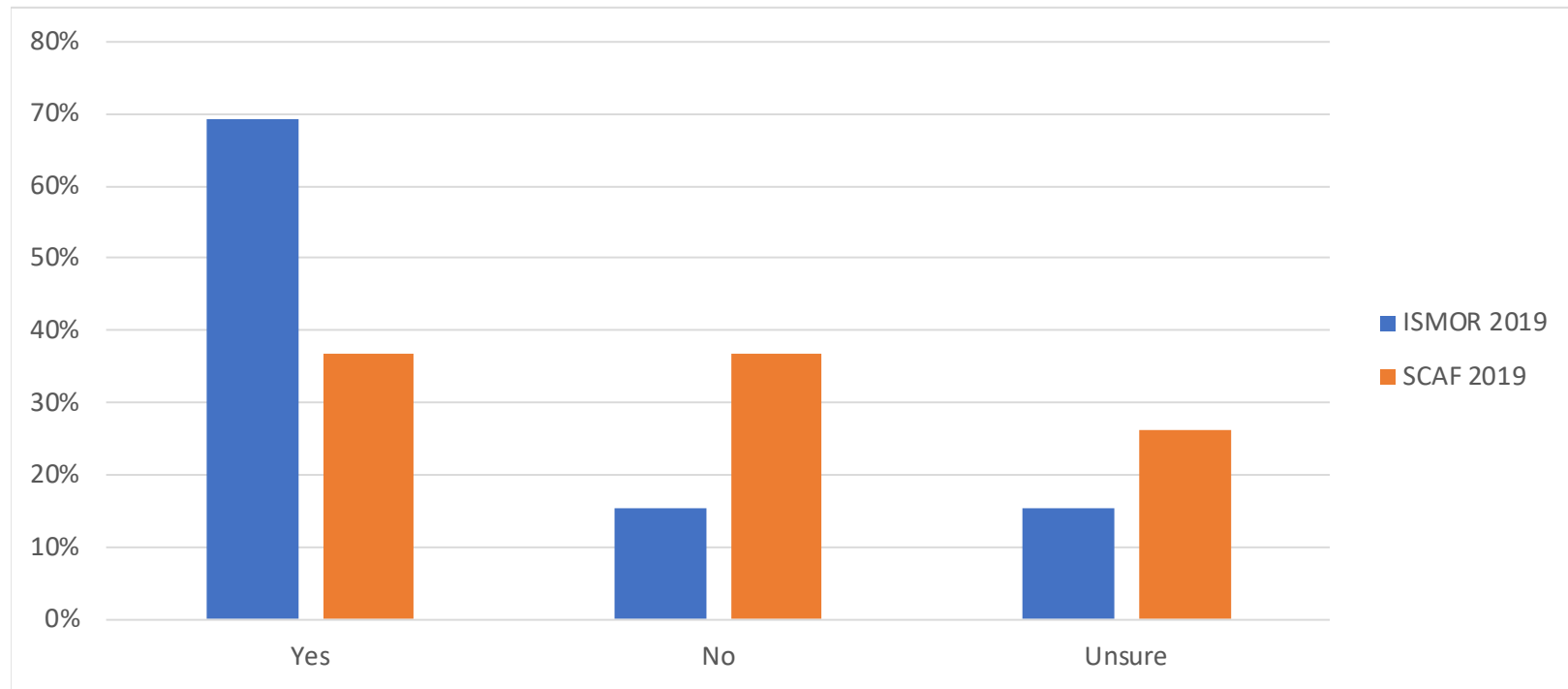




/ Are there competing ideologies?

Question 5:

"Does competition deliver VfM?"

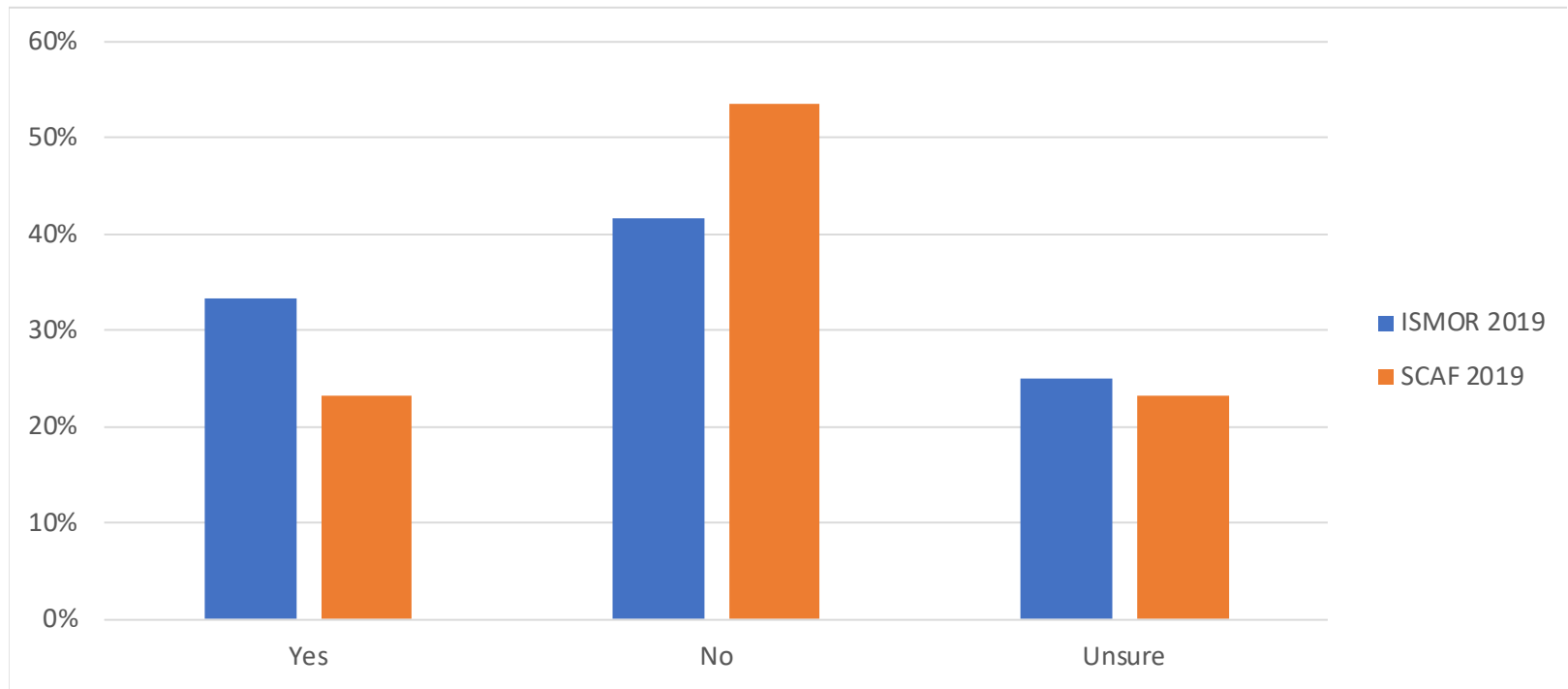




/ Can we assess VfM in Single Source Procurements?

Question 6:

"Can VfM be assessed absolutely?"

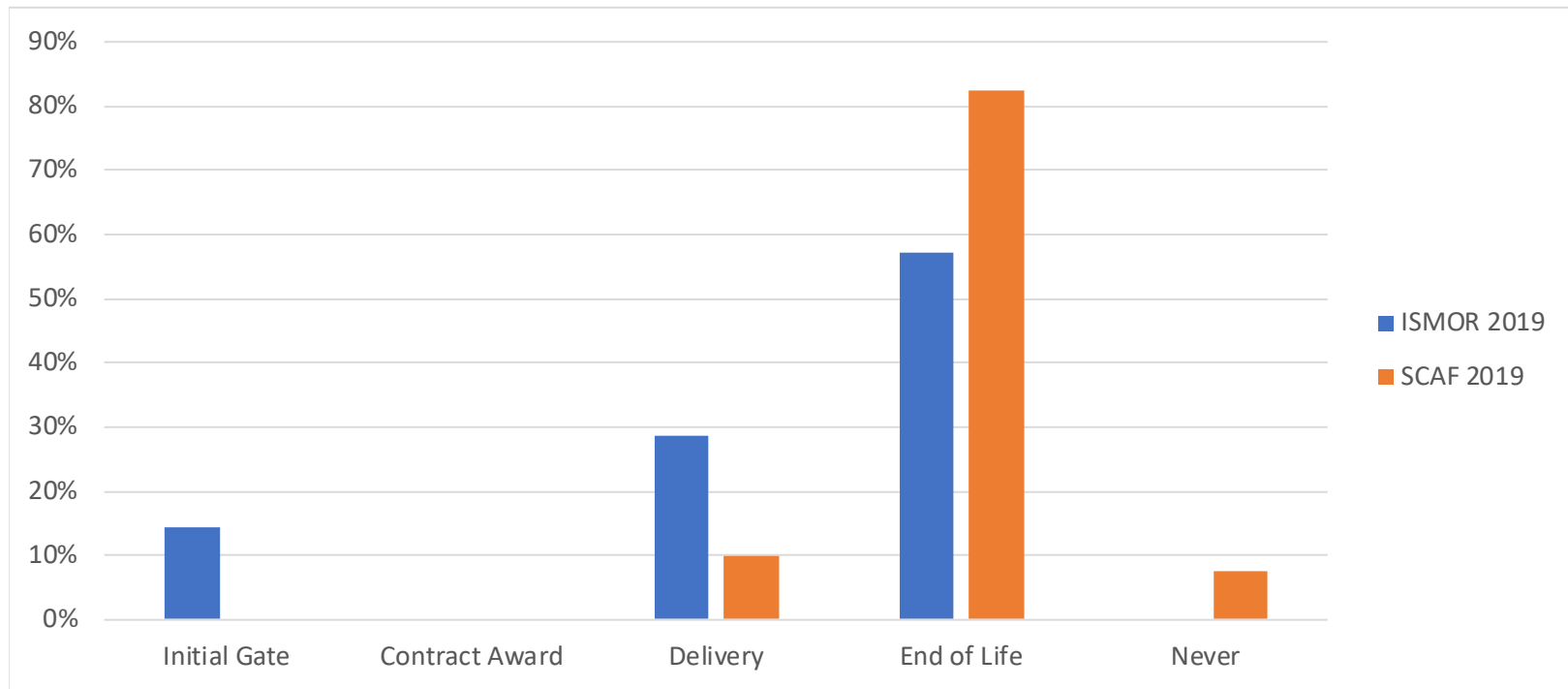




/ Is timing important?

Question 7:

"When can we conclude on VfM?"

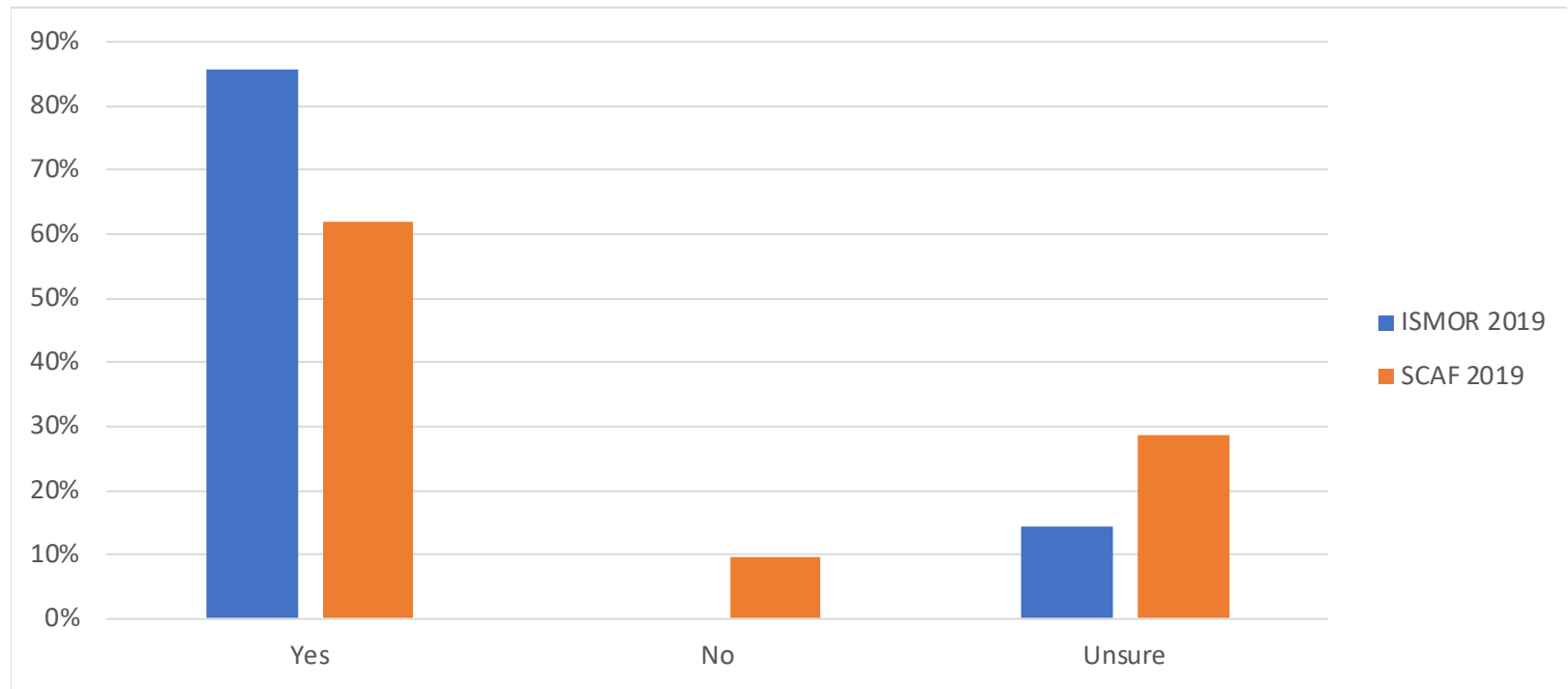




/ *The million dollar question...*

Question 8:

"Is it possible to achieve VfM in Defence?"





/ **Conclusions**

The Contradiction:

Largely agree that Defence consistently fails to achieve VfM

- *But believe it is possible to do so*
- *And believe the tools and techniques are fit for purpose*

So what is going wrong?

Key areas of divergence:

- VfM in competitive and single sourced procurements

How can we as two communities better align?

/ Exercise 1

Why do we fail to achieve VfM?



/ Examples of why Defence is different



Definitions and assessment methods of VfM are not fit for purpose

Defence equipment involves complex technologies and long service lives

Small number of potential suppliers and significant barriers to entry

Working towards achieving Operational Advantage

Defence exists within wider strategic considerations

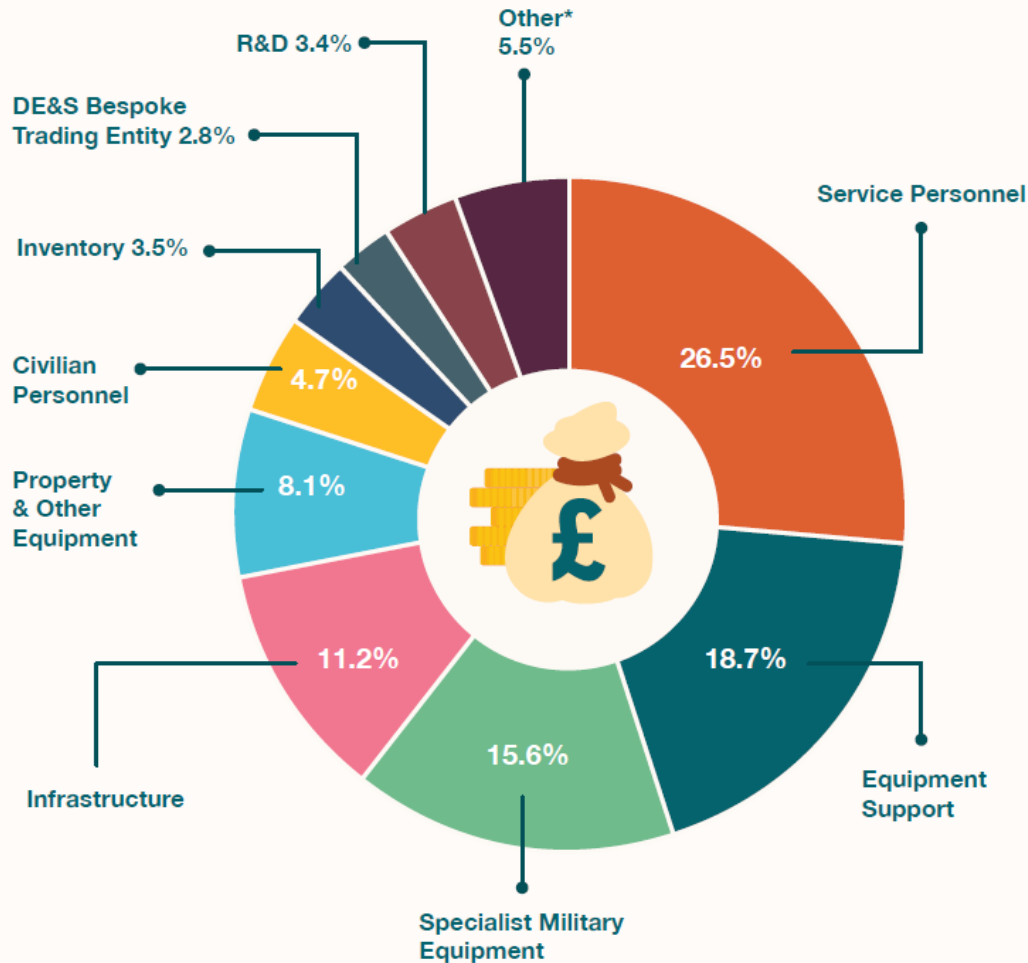
/ Exercise 2

What can we do differently?



/ A shift in focus?

The breakdown of Defence Expenditure in 2017/18 was:





Any Questions?



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