



The Case for Warrior Business Executives in the Army

Published April 4, 2014

Lieutenant Colonel Jason Roncoroni, U.S. Army

LTC Jason Roncoroni, U.S. Army, is the commander of 2nd Battalion, 3rd Aviation Brigade. He holds a B.S. in Mechanical engineering from West Point, an M.S. in Organizational Psychology from Capella, and is currently an MBA student at the Kenan-Flagler Business School at the University of North Carolina MBA@UNC program. His assignments include tours at Fort Bragg, Fort Drum, Fort Campbell, and the Pentagon, and he has served on three combat deployments to Afghanistan.

Across the Army, resources are shrinking, but strategic responsibilities are not. The last thirteen years of reset, train/ready, and deploy groomed our junior and mid-grade officers to become effective tactical leaders and managers for combat. Unfortunately, many of these learned qualities and behaviors will not help the Army adapt to a cost-centric culture of increased monetary accountability and process efficiency. Given the reality of diminishing resources, this article sets the framework for the strategic challenge our junior leaders face. Furthermore, this discussion illustrates how our current processes for budget management and readiness inhibit our ability to find creative ways to stretch our resources. Future readiness will increasingly rely on process innovations from junior leaders to optimize funding and resources. A smaller, post-war force will require the Army to routinely apply the best practices from business management to control expenditures and

improve process efficiency. By modifying institutional education programs, building partnerships, offering business management internships, or encouraging civilian education opportunities, we can arm our junior leaders with the knowledge and capability to apply best practices in business management. Today's leaders must be as adaptive in business operations as they are lethal in combat operations to maintain readiness in the future.

The Army's Strategic Dilemma

Over the past decade, our military validated our reputation with enemies and allies alike through responsive, adaptive, and superior operational performance. Unlike the conclusion of previous wars, the imminent threat underpinning the current conflict remains pervasive globally, and the geopolitical, strategic environment grows increasingly uncertain. As our nation and our allies seek to curb all aspects of spending, the world grows ever more reliant upon the capabilities of our

armed forces. Our security depends on sustaining proven levels of performance and readiness. Therefore, if the financial resources sustaining those levels of readiness must necessarily contract, then we must become increasingly more efficient to optimize those resources.

At the highest levels within our defense establishment, senior leaders are reshaping the business environment to gain greater efficiency. Secretary of the Army, the Honorable John M. McHugh, stated: "Though our financial resources are declining, we must continue to provide a highly capable force that can preserve the President's strategic options."¹ Dr. Mary Matiella, the Financial Manager and Comptroller for the Army, wants to advance a culture of accountability in business operations by "implementing efficient and adaptive processes . . . [to make] the Army a more agile and cost-effective organization."² Department of the Army leadership recognizes that we need to improve our business operations to

meet our strategic requirements, but at the brigade level and below, what does that mean? We are unmatched in our ability to prepare leaders for tactical decision-making and strategic planning, but we must add business management to our program of leader development if we want to build a cost-efficient culture consistent with the intent of senior leaders.

A Culture of Increased Accountability and Cost Efficiency

Our new culture will require a holistic review of how we manage our business systems - those activities that impact cost, efficiency, and utilization. We must examine how we measure success and provide incentives to motivate behaviors for increased accountability. Unfortunately, our systems and processes currently discourage the frugality the Department of the Army needs. For example, leaders can make daily decisions to reduce costs locally, but on a quarterly basis, the Army

may place pressure on these same units to “spend or lose” funds. Furthermore, on an annual basis, commanders strive to execute their entire budget lest the Army reallocate Operations and Maintenance (O&M) funds from their unit in the current year or program fewer dollars for them in the following year. This bipolar approach to budget management creates inconsistencies in decision-making (save, save, save ... now spend! spend! spend!) and promotes both inefficiencies and higher expenditures when aggregated across all units in the Army.

Because we have operated in an environment of seemingly unconstrained resources, commanders focus on operational readiness rates and less on spending. We have reinforced these behaviors and this mindset over the past thirteen years. Understandably, higher levels of readiness come at a higher cost for parts and support. Typically, units forward deployed include a robust contingent of expensive engineers, contract maintenance support teams, and an extensive inventory of parts on hand to sustain combat readiness. If the experience of our leaders correlates readiness with high cost, how do we expect these officers to adapt and succeed in an environment defined by sequestration and aggressive budget controls? One of our greatest challenges in the coming decade will be how we encourage leaders to find new, innovative ways to sustain readiness at substantially lower costs.

To further illustrate our challenge, consider a common situation of a commander faced with a choice to replace a high value component in about three days versus the option to evacuate that component and repair the part over three weeks. In absolute dollars, replacing the part has a much higher impact to the budget than repairing the part – sometimes on magnitude of 10 to 20 times greater cost, but replacing the component immediately improves status reporting. The incentive of positive reporting suggests leaders will buy the part. In fact, he or she may even explore options to buy spares to cut down on the time lost for order processing and delivery! Arguably, some situations require the equipment immediately, and the cost might be unavoidable. However, if the three weeks doesn’t substantially increase risk to mission accomplishment, can we change our mindset and repair the part while exploring opportunities to improve our process efficiency? This could help motivate leaders to look at new ways of improving maintenance responsiveness through better business management - capacity utilization, improved supply chain management, or creative preventative maintenance procedures.

Better business management practices could help align decision-making behavior with the overall objectives of better fiscal responsibility and accountability across Army. Unfortunately, our small-unit leaders typically lack the knowledge to build and apply those efficiencies sought

by our senior leadership. Furthermore, the organizational climate groomed them to operate with little or no constraints. Therefore, we need education and training to build the knowledge necessary to infuse a bottom-up culture of accountability and cost-efficiency. To capitalize on proven efficiencies of decentralized budget management and improve fiscal accountability at the brigade level and below, the Army needs a program to educate leaders on best practices in business management. The challenges of the future fiscal environment require combat warriors to become the most agile, lethal business leaders in the world.

Building Lethal Business Leaders

The Army program for professional military education for officers focuses on topics such as tactical decision-making, leadership, military strategy, and joint operations. Given the primacy of cost reduction and improved efficiency, military education should expand to include business management. Several approaches for business education might include:

1. Institutional Program: Include business management as part of the program of field grade officer instruction at the Command and General Staff College during Intermediate Level Education (ILE). Many reputable, nationally ranked universities offer exportable training packages for graduate and executive training that could be tailored into the curriculum of ILE. This option educates organizational

leaders at the mid-point in their careers with knowledge necessary to make more efficient business decisions at the brigade level and below.

2. Partnership Program: Increase partnership relationships with business in a shared business-consulting role. Through these partnerships, the military can provide some valuable leadership coaching and development, and businesses can reciprocate with mentorship in business process innovation and cost center management. This mentorship allows units to leverage proven lessons in business management in their organizations and solve practical problems.

3. Internship Program: Create internship opportunities similar to political and strategy planning congressional and Joint Chiefs of Staff (JCS) internships that partner post company-command leaders with corporations after attaining a Masters in Business Administration. After a yearlong internship, these leaders return to the active force equipped with both knowledge and experience to transform and improve business systems at the tactical levels in our organization.

4. Self-Learning Program: Encourage leaders to attend MBA programs at civilian institutions while serving in tactical units. Top business programs currently offer challenging distance and online programs for working students. These new and emerging opportunities reduce on-campus requirements without compromising the quality of the education.

One example, the Kenan-Flagler Business School at the University of North Carolina offers a top-20 MBA through their online, distance program known as MBA@UNC.³ The combination of a world-class education with the professional interaction between students provides an invaluable learning experience for our Army.

To determine the value of any of these options, consider first the opportunity costs in creating a culture of accountability and cost efficiency in small-unit organizations that is consistent with the objectives of senior Army officials at the strategic level. In other words, what is the next best alternative to our strategic posture and readiness given the current model of budget control, shrinking resources, and less than optimal processes for efficiency? If we require the Army to evolve

with the changing dynamics of cost efficiency and budget control, we need to better prepare our junior and mid-grade officers to lead in this environment.

The Need for Warrior Business Executives in our Army

By nature, bureaucracies lack the flexibility to evolve at the pace of their environment. Unfortunately, the uncertainty of our strategic environment coupled with the pervasive threat of another terrorist attack requires innovative solutions to sustain the proven capabilities upon which our nation relies. There is no second place, no other alternative for our military but to succeed and win across any environment – regardless of our resource constraints financial or otherwise. We must stretch every training dollar,

encourage cost-efficient decisions, and celebrate creative solutions that optimize our operational and readiness budgets at the tactical level. A combination of institutional development, partnership programs, internships, and/or self-learning will improve business processes and operations at brigade levels and below to build the culture of cost efficiency.

Considering the primacy of mission command and leader development, we need junior and mid-grade leaders with MBA level knowledge to transform our Army into an organization more resilient to resource constraints. As these leaders mature, we inundate the Army with organizational leaders who are capable of implementing best business practices to stretch our operational dollars across the breadth of the Army – not just at the most

senior levels. In conclusion, our future force requires leaders as tenacious in business operations as they are lethal in military operations if we are to achieve a culture of fiscal accountability and improved efficiency. To accomplish this, we need to better align our education programs and leader development to build warrior business executives in the Army.**MR**

NOTES

1. Department of the Army, *Building a Foundation on Strength: Fiscal Year 2012 United States Army Annual Financial Report* (Washington D.C.: Department of the Army, 2012) iii.

2. *Ibid.*, v.

3. Multiple business publications including *U.S. News and World Reports*, *Forbes Magazine*, and *Bloomberg Business Week* each rank the MBA program at Kenan-Flagler as among the top 20 in the nation. The University of North Carolina lists these national rankings on the following website: <http://www.kenan-flagler.unc.edu/programs/mba/rankings>. For the purpose of this article, the website was accessed on 13 January, 2014.