

Ministry of Defence  
Through-Life Management



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
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# executive summary

## In this section

Through-Life Management as a change	2
Key enablers of Through-Life Management	3
Recommendations for driving through the change to Through-Life Management	6

*"Historically, the functions of requirement definition, procurement management and through-life support have been organisationally separated.....which makes it difficult to get the right balance between risk, cost, performance and through-life support."*

*The Ministry of Defence's Strategic Defence Review 1998*

- 1 The Strategic Defence Review launched what have become known as the Smart Acquisition reforms, aimed at faster, cheaper and better acquisition and support of equipment. At the heart of Smart Acquisition is a change to integrated management of the delivery of all aspects of capability, from identification of the need for the capability to its disposal. This approach is known as Through-Life Management.
- 2 Through-Life Management of the delivery of military capability is complex. It involves a major change in culture for the Ministry of Defence (the Department) and those doing business with it, encompassing changes in processes, systems and relationships. New tools and information sources, new mechanisms for engaging and changing the behaviour of the defence acquisition community and new ways to measure progress and demonstrate achievements are all essential to successful Through-Life Management.



- 3 This report examines whether Through-Life Management is leading to effective delivery of UK military capability. Our methodology is detailed in Appendix 1. We have found that Through-Life Management has yet to become fully embedded in the Department and to yield widespread benefits in terms of demonstrable improvements in military capability.
- 4 Through-Life Management is a key element of Smart Acquisition but not all aspects of the change it entails have been fully developed and managed coherently (Part 1). There has been continuing support for Through-Life Management from senior management, but this has not always been consolidated into a clearly visible strategy across the Department and the definition and benefits of the change are not yet clear to some members of the acquisition community. A plan is now in place for executing the change to Through-Life Management and has the potential to provide a coherent framework for managing the change effort.

- 5 The enablers of Through-Life Management are not yet fully in place (Part 2). Progress in setting in place tools and information sources to support Through-Life Management has not always been as quick as the Department would have liked and more remains to be done. Some mechanisms for engaging the defence acquisition community and promoting Through-Life Management behaviour are not yet fully effective, and measurement of progress and success has been patchy and is still developing.
- 6 We have recommended actions the Department can take to help drive through the change to Through-Life Management (Part 3).

## Through-Life Management as a change

- 7 The change to Through-Life Management has proved to be a greater challenge than originally anticipated and the Department is taking steps to improve its approach to implementing the change. Through-Life Management has been progressed alongside other major and resource intensive changes being introduced across the Department and hinges on the Department's success in developing other related areas of its business, such as how it manages requirements, technology, suppliers and risks. The Department has given priority to other changes, for example rapidly and successfully introducing Integrated Project Teams. In mid-2002, Through-Life Management was identified as a corporate change programme in its own right. Pending consideration of its linkages with other corporate change programmes, the Department's Change Delivery Group, responsible for overseeing corporate change programmes, has yet to fully examine and prioritise the Through-Life Management initiative. Some aspects of the Department's management of the change could be improved in line with good practice.

### Some members of the defence acquisition community are not yet clear about the definition and benefits of Through-Life Management

- 8 The Department has stated the importance of Through-Life Management in its plans and guidance, through presentations by management and in the media. This has developed understanding across parts of the defence acquisition community. However, our fieldwork showed that some members of the defence acquisition community were still unclear about both the definition of Through-Life Management and the benefits it aims to achieve.

### There has been continuing support for Through-Life Management from senior management

- 9 A senior management group provides high-level direction for the implementation of Smart Acquisition, including Through-Life Management. This group has championed specific actions but how these have linked together to form a consolidated strategy for taking forward Through-Life Management has not always been clear. Also, the group does not include representatives from all parts of the acquisition community, notably the Second Customer<sup>1</sup>, because the Department considers that the numbers involved would make the group unwieldy and reduce its effectiveness.

<sup>1</sup> The military end-user of the equipment responsible for in-service aspects of the programme.



A plan is in place for executing the change to Through-Life Management and has the potential to provide a coherent framework for managing the change effort

- 10 Initially, the Department sought to introduce Through-Life Management as a series of individual initiatives. In March 2001, it recognised that the change effort was not progressing as quickly as required. The Procurement Development Group developed a plan for managing the change and has been using it to take action to engage with stakeholders to execute and embed Through-Life Management.
- 11 With some further development, the Procurement Development Group plan could fully reflect good practice and form a coherent framework for managing all aspects of the change effort. It gives a summary of the resources devoted to the change effort but this is not comprehensive and the resources identified are not managed separately. The plan summarises the Through-Life Management objectives and targets set for individual initiatives but these do not cover all parts of the acquisition community. Senior leadership can thus only monitor progress on individual initiatives and in individual parts of the acquisition community. The plan recognises the challenges these issues pose.
- 12 Given the Department's organisational structure, the Procurement Development Group, which maintains the plan, does not have the authority to implement it across all parts of the defence acquisition community. Implementation of the change effort is overseen by a Stakeholder Group, which operates through consensus.

## Key enablers of Through-Life Management

There has been progress in introducing management tools and information sources to support Through-Life Management but this has not always been as quick as the Department would have liked and more remains to be done

- 13 Through-Life Management Plans<sup>2</sup> are produced by Integrated Project Teams<sup>3</sup> drawing on information from other relevant members of the defence acquisition community. They form the main mechanism for facilitating Through-Life decision-making and planning. These plans offer longer term programme benefits in terms of better outcomes, which may accrue after the tenure of teams currently managing programmes, and also more immediate and direct benefits for current teams in terms of facilitating easier management of programmes.
- 14 Initially, Through-Life Management Plans focused on equipment issues but, in December 2002, the focus moved to encompass all aspects of military capability. At present, there is no comprehensive picture of the extent to which Through-Life Management Plans cover projects across the Department. From the data that is currently available, it is apparent that some projects do not yet have Through-Life Management Plans and the majority of Integrated Project Team Leaders surveyed did not believe their plans were effective at facilitating Through-Life decisions on their project or programme. We also found that not all relevant parts of the defence acquisition community contribute to Through-Life Management Plans or have ready access to them.

<sup>2</sup> Defined by the Department as a plan which "takes a project through its life, across the acquisition cycle, meeting customer needs and providing visibility to all stakeholders of the Through-Life planning process".

<sup>3</sup> The Integrated Project Team is the body responsible for managing a project from concept to disposal. The Smart Acquisition Integrated Project Team is characterised by its "cradle to grave" responsibility, the inclusion of all the skills necessary to manage a project, and its effective and empowered leader.

- 15 Making effective Through-Life decisions is crucially dependent on the availability of robust Whole-Life Cost data. Establishing robust data is a complex task and initially progress was slow, reflecting the strain that the introduction of Resource Accounting and Budgeting placed on the Department's finance staff. In April 2001, the Department established a Whole-Life Costing Project Team, which has accelerated progress. As robust Whole-Life Cost data becomes more widely available the proportion of Through-Life Management Plans which include some cost information is increasing.
- 16 The Department's organisational structure means that Integrated Project Team Leaders are accountable for the performance of their projects, and in many cases also for spending, to both the Chief of Defence Procurement and the Chief of Defence Logistics. As projects mature towards the support phase, the organisation hosting the Integrated Project Team may change from the Defence Procurement Agency to the Defence Logistics Organisation and this can result in physical re-location of the existing Integrated Project Team or transfer of management of the project to another Integrated Project Team. There are risks to continuity and effective and timely decision-making. The challenge posed by this transfer has been made more complex by the lack of corporate management information to help plan Team or project transfers and by the variability of forward transition planning by individual projects. The Department is currently examining ways to alleviate these problems.
- 17 The Department has recognised that successful Through-Life Management requires the Defence Procurement Agency and the Defence Logistics Organisation to operate together seamlessly. In May 2001, it launched an initiative to improve how the two organisations operate together. While much effort has been expended and some improvements have been made, the underlying problems with the interface between the two organisations are complex and remain to be fully resolved. Notably, seamless operation is still hampered by incompatibilities between the information technology and financial reporting systems used by the two. The Department is addressing these issues through the work of the joint Defence Procurement Agency - Defence Logistics Organisation Financial Management Development Programme in the case of financial reporting, and the Defence Communications Services Agency with regard to information technology systems.

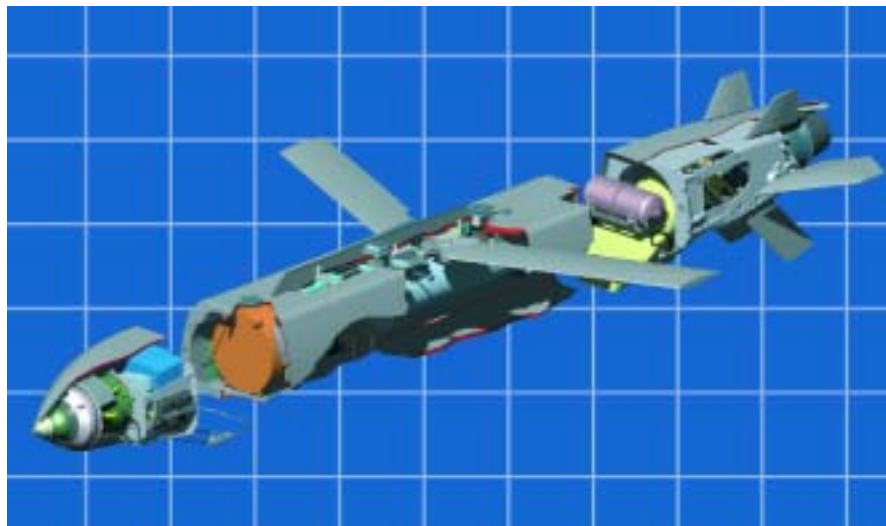


## Some mechanisms for engaging the defence acquisition community and promoting Through-Life Management behaviour are not yet fully effective

- 18** Capability Working Groups bring together members of the defence acquisition community and are a key forum for discussing Through-Life issues. The scope for Capability Working Group activity is very wide and practices vary. Our fieldwork showed that these Groups are effective in drawing together expertise within the Department but that issues such as protection of intellectual property rights mean that using them to engage with industry has been less successful. The Department is reviewing the effectiveness of Capability Working Groups, including ways to overcome commercial confidentiality issues.
- 19** Customer Supplier Agreements set out working relationships between Integrated Project Teams and their customers. They focus primarily on in-year activities and outputs rather than Through-Life issues and were perceived by the majority of Integrated Project Team Leaders we surveyed as only marginally effective in facilitating Through-Life Management. The Department is working to make in-service Customer Supplier Agreements more effective as accountability documents.

## The measurement of progress and success has been patchy and is still developing

- 20** The Department measures progress primarily by assessing how well developed the Through-Life Management planning process is in individual projects or Integrated Project Teams against a maturity model<sup>4</sup>. The maturity model defines the practices and behaviours that characterise different levels of Through-Life Management development. Assessments against the maturity model are carried out primarily by the teams themselves, with the risk that they are neither fully objective nor consistent. The Equipment Capability Customer, Defence Procurement Agency and Defence Logistics Organisation all have different maturity targets reflecting their business needs, which are measured against the maturity model. No targets have been set by the Second Customer for assessing progress in embedding Through-Life Management within their organisations. Assessments against the maturity model are subjective and designed to be undertaken routinely by the teams themselves, subsequently endorsed during reviews with senior management as part of the regular Quarterly Project Progress Review process. Variation in approach and interpretation carry the risk of inconsistency of assessment. The Department is developing a common approach to these Quarterly Reviews.



<sup>4</sup> The Model is defined as a tool to aid continuous improvement of Through-Life Management processes and Plans. It enables self-assessment at individual project level or on a whole Integrated Project Team level against a set of criteria, which describe whether a project/Team is "Beginning" (level 1), "Developing" (level 2), "Performing" (level 3), "High performing" (level 4) or "Excelling" (level 5) in Through-Life Management practice.

- 21 The criteria used by the Department to scrutinise projects at the two key funding decision points in the acquisition cycle include whether there is a realistic plan for delivering and sustaining the requirement Through-Life and, overall, whether the investment represents value for money Through-Life. Our review of 19 recent large project investment decisions showed that these Through-Life Management issues were beginning to feature more prominently in the scrutiny of approvals, but scrutiny responsibilities and practice have not been established with sufficient clarity.
- 22 We consulted widely to identify where Through-Life Management could be shown to have delivered capability faster, cheaper or better. While some examples of good practice were identified, it proved difficult to clearly link successes to the application of Through-Life Management principles. The absence of clear data on examples does not necessarily mean that benefits are not being realised in practice, but it does mean that any benefits being achieved are not being recognised which, in turn, makes it more difficult to drive the culture change and spread good practice.

## Recommendations for driving through the change to Through-Life Management

- 23 In Part 3 of our report we explore what more the Department can do to drive through the change to Through-Life Management and demonstrate its success in bringing about widespread improvements in the delivery of military capability. Our recommendations focus on two main areas: How the Department could develop its approach to managing Through-Life Management as a change programme; and How the Department could manage the enablers of Through-Life Management more proactively.

