

## **The role of knowledge in developing a capability led acquisition process**

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### **Abstract**

‘Capability’ and ‘knowledge’ are terms that have made significant inroads into the lexicon of management terminology but in many organisations seem to have struggled to become more than just useful descriptors. This paper outlines an investigation of a major public sector procurement and systems development organisation that has attempted to reconfigure itself to encompass the principles and requirements of capability management and (to a less overt but possibly more significant extent) knowledge management. The organisation involved is the UK’s Ministry of Defence (MoD) which has spent the last 4 years attempting to reinvent its acquisition function as a set of interdependent organisations that develop and utilise knowledge effectively within a capability based approach to planning and strategic analysis. This change process has involved constructing a new acquisition process and new organisations to support it. Underpinning this new system has been a fundamental change in resource allocation and systems development – the change from a replacement led acquisition strategy to a capability led acquisition strategy. Traditionally defence systems were specified, designed, procured and supported to replace obsolescent equipment – that obsolescence being defined by technological advances or by comparison with competitor’s systems. This equipment centric process led in many cases to equipment that did not meet the requirements of the users, of the strategic planners, or of those involved in resource allocation decisions. Four years on from the governmental Strategic Defence Review that triggered the change process the procurement system is only now beginning to stabilise sufficiently to allow

the evaluation the impact of the changes and to discover the lessons for the wider managerial community.

The restructuring of an organisation directly responsible for an annual spend in excess of 9 billion pounds on new, technologically advanced systems (equipment that in service will cost 22 billion pounds annually to support and operate) has proven to be a difficult and ongoing task. The research process upon which this paper is based was part of a wider study on the restructuring of the MOD's acquisition process from an innovation and supply chain management perspective. During this analysis it became apparent that the new role of the Equipment Capability Customer (ECC) as the designated internal customer and resource planner within the acquisition process was key to understanding the impact of the change process. This proved to be a unique opportunity to investigate a major organisation as it redefined itself, one that was only possible because of the close ties between the researcher's academic institution and the MoD.

A preliminary analysis of the case research already completed suggests that the study can contribute to the field from both practitioner and academic perspectives. As alluded to above, the overt management of knowledge within the new capability led procurement system was not initially planned but the emergent requirements of both the equipment systems and the project development processes have brought knowledge to the forefront of the analysis. The research seems particularly useful in that it combines public sector capability issues (with a less overt emphasis on competition but knowledge intensive operations) and the defence sector's unique extra dimension of public-private sector collaboration in technologically complex equipment development and acquisition.