

**Special
Feature**

Business acumen involves the ability for logisticians to understand how strategies, decisions, and actions interact to impact the overall organization. Business acumen allows one to think about these interactions using the principles and tools developed for use in modern corporate practices.

logistics

Support Analysis

Business Acumen: What It Means to Logisticians **Sea Basing: Logistical Implications for the US Army**

This edition of the Journal presents two featured articles: “Business Acumen: What It Means to Logisticians” and “Sea Basing: Logistical Implications for the US Army.”

In “Business Acumen: What It Means to Logisticians,” the authors present the case that gaining business acumen is a skill all logisticians will require if they are to be effective in future assignments. However, in spite of the recognition of the need for greater business acumen skills among Service logisticians, only minimal opportunities for this kind of education exist. The article concludes with a series of recommendations to address this shortcoming.

The second featured article examines sea basing from an Army perspective. Sea basing is the rapid deployment, assembly, command, projection, reconstitution, and reemployment of

Joint combat power from the sea, while providing continuous support, sustainment, and force protection to select expeditionary Joint forces without reliance on land bases within the Joint operations area. The author contends that the Army should be an active participant in the research and development of the Joint sea basing concept and its enabling systems. However, using Title 10 Service responsibilities as a guide, capitalizing on the core missions of both the Army and the Marine Corps, and understanding that there are fiscal constraints with future concepts, it is the author’s belief the Army must take a pragmatic approach to sea basing. The Army priority for sea basing should be on enabling systems and capabilities to support limited deployment of Army forces, primarily Army special forces and Air Assault, and on Joint sustainment.

Introduction

Faced with ever-changing missions, priorities, and resources, logisticians operating in today's complex environment must deliver sustained logistics readiness to the combatant commander (CCDR) through the coordinated use of Department of Defense (DoD), interagency, and commercial resources and capabilities. Logisticians, responsible for providing this support, need to understand how to coordinate efforts to efficiently and effectively support

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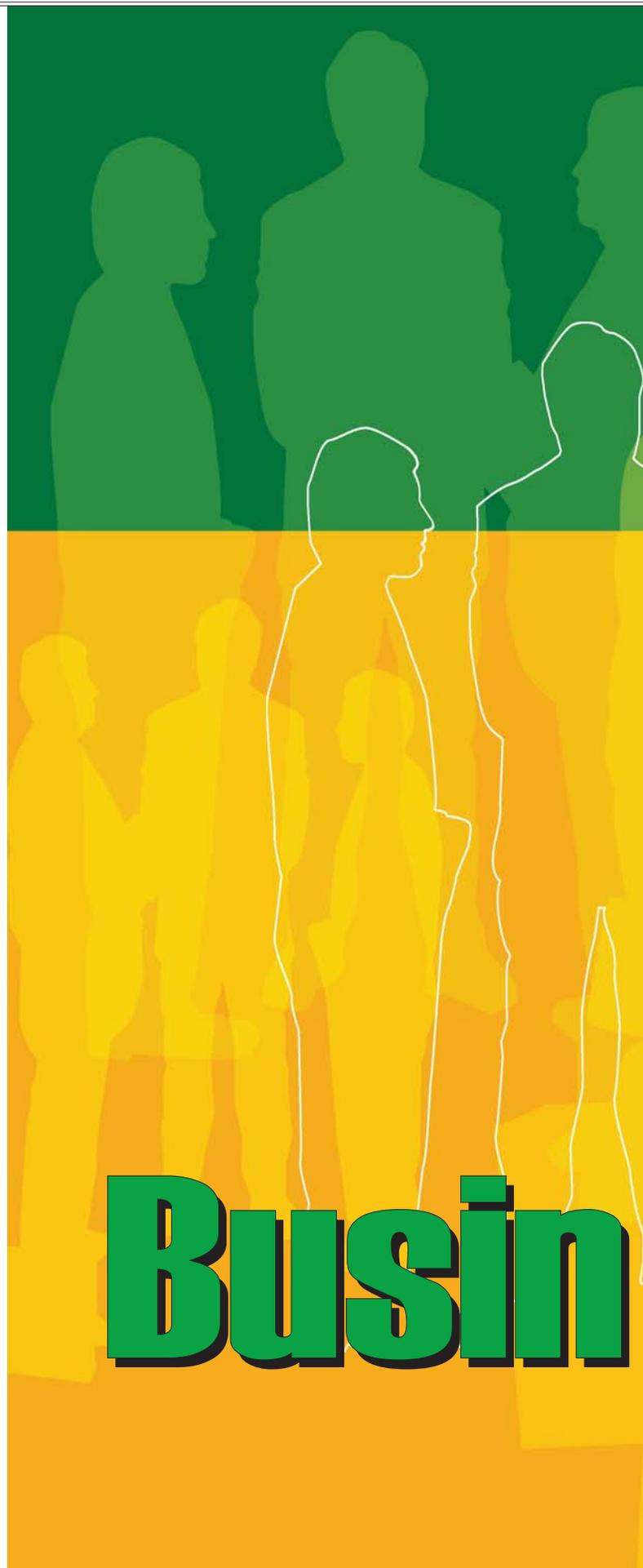
the commander. Joint Publication 4-0, *Joint Logistics* (JP 4-0), outlines the eight key attributes any logistician should possess which include the ability to integrate and exploit commercial sector logistic practices. JP 4-0 also highlights the importance of logisticians developing a mature global perspective that will allow the prioritization of effort and enable them to make decisions in an uncertain environment.¹ These skills will become even more important in the future, as logisticians must have the ability to operate in an environment described in the Joint Forces Command's *Joint Operating Environment* as uncertain, complex, volatile, and prone to conflict.²

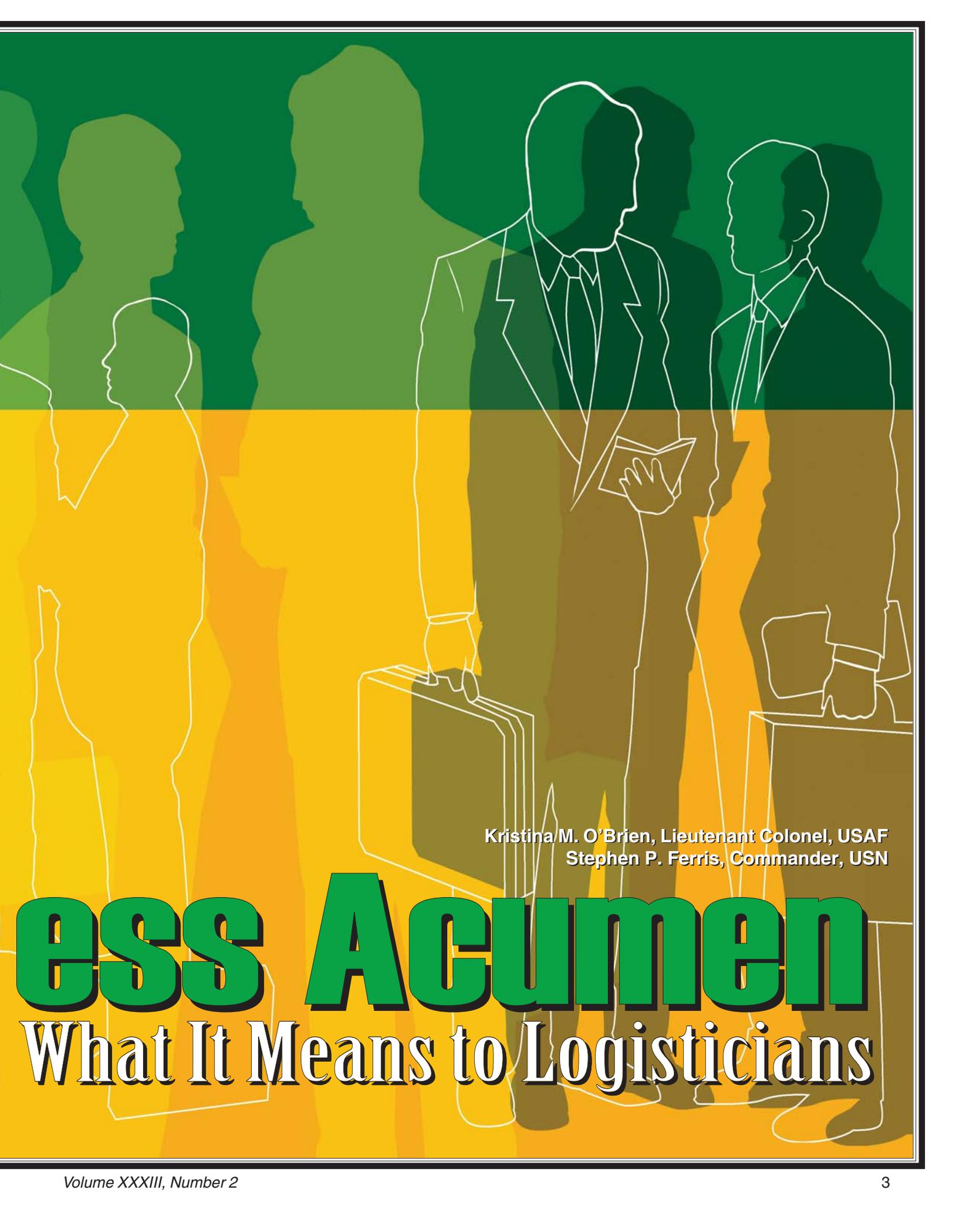
The Joint Staff Director for Logistics, Lieutenant General Kathleen Gainey, hosted a Defense Education Executive Workshop in the fall of 2008, which was attended by over 20 senior leaders from DoD, academia, and industry. One of the workshop's objectives was to identify senior logistics leader competencies, with a focus on leaders in the grade of O-5 and O-6 and civilian equivalents. Although the group initially outlined nearly 30 potential competencies, the discussion highlighted the need for these senior logisticians to have the ability to think *financially*.³ Thinking financially is not just the ability to balance or understand a budget, or to grasp the budgeting process. The concept of logisticians thinking financially goes beyond budgeting, and is better described as *business acumen*. Business acumen involves the ability for logisticians to understand how strategies, decisions, and actions interact to impact the overall organization. Business acumen allows one to think about these interactions using the principles and tools developed for use in modern corporate practices. Gaining business acumen is a skill all logisticians will require if they are to be effective in their future assignments.

What is Business Acumen?

A variety of government and DoD organizations have attempted to define business acumen by describing a set of competencies that senior leaders should possess. These competencies invariably include a set of business-related skills. From these various efforts at identifying the minimal required business expertise, we propose a definition of business acumen that will be useful to defense logisticians.

The United States Office of Personnel Management (OPM) establishes criteria for selection into the senior executive service (SES). Based on extensive research of both public and private





Kristina M. O'Brien, Lieutenant Colonel, USAF
Stephen P. Ferris, Commander, USN

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What It Means to Logisticians

Article Highlights

Whether leading logistic efforts on the front lines or from the industrial base, logisticians with business acumen will have the aptitude to consider top line and enterprise perspectives and to incorporate various business principles such as the time value of money, opportunity cost, marginality, risk and return, substitution, and fixed and variable costs within their decisionmaking process

The Department of Defense (DoD) Logistics Human Capital Strategy, the Joint Deployment and Distribution Enterprise Competency model, and experienced DoD and Joint logistic leaders have highlighted business acumen as an important leadership competency for senior logisticians. However, in spite of the recognition of the need for greater business acumen skills among Service logisticians, only minimal opportunities for this kind of education exist. To address this shortcoming and to better prepare future logisticians to operate in the complex Joint environment, the authors suggest the following.

- The Naval Supply Systems Command invests in an executive education program to further develop their supply corps officers when they reach captain. The other Service and defense agencies should implement similar education programs. While this program requires a committed investment of time and money, the payoff is the development of senior logisticians better prepared to think, operate, and make decisions at the strategic level.
- The Joint Staff J4 is currently working with the Army Logistics Management College and the National Defense University's Center for Joint and Strategic Logistics Excellence to develop a graduate level core logistics curriculum. This curriculum will be used as a baseline for civilian universities who partner with this program. It should include coursework in finance, business strategy, and strategic thinking, in addition to the core logistic courses.
- The Services must look beyond current manpower requirements and provide increased opportunities for logisticians to attend graduate programs in logistics management. Further, MBA programs should be

sector executives, OPM identified five interdependent executive core qualifications (ECQ) and 22 associated competencies that describe the leadership skills required to be successful in the SES. The five ECQs are leading change, leading people, results driven, business acumen, and building coalitions. The business acumen ECQ, which is summarized as "having the ability to acquire and administer human, financial, and information resources to accomplish the organization's strategic mission," includes three competencies—financial management, human capital management (HCM), and technology management.⁴ Thus, the successful SES must think beyond finances and consider the broader business principles of human capital management and technology management.

The DoD Logistics *Human Capital Strategy* (HCS) provides a vision to establish a foundation for the future logistics workforce. The HCS outlines three types of competencies, to include 15 workforce technical competencies, such as forecasting and demand planning, and deployment planning; six fundamental competencies, which include skills fundamental to all logistics personnel regardless of technical expertise; and six overarching leadership and management competencies required by logistic leaders and managers.⁵ The OPM's five ECQs, which includes business acumen, serve as the base for the HCS's leadership and management competencies. The HCS uses these executive qualifications as fundamental leadership competencies for all logistic leaders and managers in both the civilian and military workforce.

In 2006, the United States Transportation Command (USTRANSCOM) developed a Joint Deployment and Distribution Enterprise (JDDE) Competency Model to define the knowledge and skills needed by Joint logisticians to operate within the deployment and distribution disciplines. The model includes 39 competencies. Although many of the competencies in the model are technical, three provide a broader perspective and fall within the context of business acumen—risk management, budget administration and financial relationship management.⁶ The budget administration and financial relationship management competencies highlight the importance of budgets and resource constraints on logistical practices and operational capabilities, and they represent an explicit acknowledgment of the need for financial literacy by logisticians. Risk management is an increasingly important tool in corporate America and reflects the need to balance mission need against hazards.⁷ Risk management involves an analytical and often probabilistic assessment of the potential gain associated with a specific decision in relation to the level of risk chosen.

If business acumen identifies the set of business skills and perspectives that a logistician requires to be successful, then clearly it must include financial literacy. It must also include an understanding of how a business makes a profit. This focus on the bottom line is appropriate for businesses and other organizations since it is the ultimate measure of performance and captures the effect of all operational efficiencies.

But business acumen is a broader construct than simple financial literacy. Indeed, this is explicit in OPM's inclusion of two nonfinance competencies in its specification of business acumen. Business acumen requires an understanding of how corporate strategies, decisions, and actions, as well as other internal and external forces interact to determine organization performance. Consequently, we define business acumen as the

set of business and financial literacies that enables a logistic leader to understand and manage the various strategies, decisions, and actions that impact the organization's mission.

Using Business Acumen for Better Logistics—Several Basic Principles

A number of principles that can be drawn from economics, management, finance, and the other disciplines of modern business study are available to improve the effectiveness and efficiency of logistics decisionmaking. In this section, we will review some of the most fundamental principles of business acumen to illustrate how it can be applied to real-life decisionmaking. When properly applied, these principles can enhance logistical readiness while improving the efficiency with which DoD uses its assets. Table 1 provides a quick summary of these principles.

The idea of *opportunity cost* illustrates that there are trade-offs in any decision and that choices must be made. Because resources are always limited, decisionmakers must often choose between mutually exclusive opportunities, and they will choose what is most valuable or important to them. Consider as an example that the DoD must choose between funding a new aircraft carrier and developing a new fighter aircraft. If the aircraft is selected, the opportunity cost of the decision is the carrier. In most simple terms, opportunity cost represents the value of the choice or option not selected.

Consider another example from history. Brauer and Van Tuijl in their study of military history and economics comment on the fact that medieval kings spent significant percentages of their incomes on building and staffing castles—a tremendous capital investment at the time.⁸ The opportunity cost of castle building was a reduced ability to recruit and pay for a large standing army. The static defense of a castle was chosen over the offensive mobility of a field army.

The concept of opportunity cost is an important way of framing a problem, as it forces us to ask whether the project or contract selected is the best way to spend money. For example, if I am given an unbudgeted \$1M and elect to spend it on modernizing enlisted housing, then it is not available to meet other needs, such as purchasing communication equipment, upgrading the fitness center, or sending personnel to schools or conferences. The opportunity cost associated with all decisions is that money spent in one area is no longer available to be spent elsewhere.

Principle	What It Really Means
Opportunity Cost	If I do this, I can't do that
Time value of money	A dollar today is worth more than a dollar tomorrow
Risk and return	No guts, no glory! If I want a higher return, then I better be prepared to take more risk
Marginal benefit and cost	Think at the margin; the first sip of beer always tastes better than the second or third
Fixed versus variable cost	Variable costs increase with the level of activity; fixed costs don't. Fixed costs are constant.
Substitution	Find a way to substitute the cheaper for the more costly

Table 1. Basic Principles to Build Business Acumen

Article Highlights

considered as alternative graduate programs for preparing the next generation of logisticians. In this same context, graduate-level cooperative programs that provide a combination of classroom and online learning provide an excellent alternative to full-time programs.

- Although online learning does not provide the same level of education as that obtained in the classroom, online coursework can provide a solid baseline for understanding the basics of business acumen and their application within the logistics environment. A course focused on applying the basic principles of business acumen to logistics should be developed and provided through the Joint Knowledge Online or another suitable learning portal. Scenario and case analysis could serve as a significant component of the course, emphasizing the application of these principles across a number of different threat and resource environments.
- Business acumen education and development should also be expanded beyond the logistics community and be included in the operational environment. An introduction or a survey of basic business acumen principles should be included in the curriculum of the intermediate and senior Service schools. Business acumen principles are not only relevant to the logistician but to the operational commander who must ration a limited number of planes, tanks, ships, and personnel across a theater that is expansive in scope and possessed of multiple threats.

Article Acronyms

- CCDR – Combatant Commander
- DAU – Defense Acquisition University
- DoD – Department of Defense
- ECQ – Executive Core Qualifications
- HCM – Human Capital Management
- HCS – Human Capital Strategy
- JDDE – Joint Deployment and Distribution Enterprise
- JP – Joint Publication
- MBA – Master of Business Administration
- NAVSUP – Naval Supply Systems Command
- OPM – Office of Personnel Management
- SDDC – Surface Deployment and Distribution Command
- SES – Senior Executive Service
- USTRANSCOM – United States Transportation Command

A related concept to opportunity cost is the time value of money. The time value of money simply states that dollars received in different years must be adjusted for the interest that can be earned before they can be compared. Thus a project cost that will be incurred next year cannot be directly compared to savings that will be realized 3 years from now. For example, assume you have the choice of receiving \$1.00 today or \$1.03 next year. If we compared the values of the payout and were not impatient, we would choose \$1.03. But money has an opportunity cost. We can invest our dollars in bank savings accounts or money market accounts and earn interest. If interest rates are 5 percent, the dollar today could be invested at 5 percent, and a year from now, be worth \$1.05—more than if we took the nominally higher payout of \$1.03 being offered next year. As a result of the interest rate (the opportunity cost of funds) money has a different value depending on the year it is paid out or received—this is the essence of the time value of money.

Consider another case where you are offered \$1.00 a year from now or \$0.95 today and interest rates are 5 percent. If you take the \$1.00 a year from now, you will have \$1.00. If you take \$0.95 today and invest it at 5 percent, you will have the approximately same amount—\$1.00 (rounded up). Hence, we say the present value of a dollar 1 year from now at 5 percent interest is \$0.95.

The DoD can be viewed as a monopolistic producer of units of national security. That is, the DoD is the sole organization responsible for providing national defense. Thus, the principle of substitution becomes highly relevant for DoD decisionmakers. Specifically, they must decide what is the least expensive way of producing a unit of national security.

We are indifferent between the two amounts although in nominal terms \$1.00 is greater than \$0.95.

The importance of time value in logistics is that project managers should accelerate the receipt of money into their project and when the contract permits, defer payments or outflows. Pushing payments into the future reduces their present value while receiving payments earlier increases their present value. Time value of money considerations are the essence of make or buy, lease versus purchase, long term versus short term contracts, and every capital investment decision made in corporate America.

To illustrate the time value of money, consider a case of barracks modernization that will result in substantial energy savings. To generate the largest savings, the project manager should accomplish the energy-saving changes first. This has the effect of *receiving* the saving earlier, leading to a higher present value. When possible, the manager should seek to defer cash flows from the project since pushing them into the future reduces their present value cost.

Another key business principle is risk and return. The concept derives from basic finance theory and contends that as risk increases, expected return from the venture should increase as well. From a decisionmaker's perspective, the issue focuses on

identifying what extra return or benefit can be expected for accepting additional risk. If compensation appears minimal, additional risk should be avoided.

This relationship has various implications for logistics, but contract negotiations serve as a good example. If a service is expected to be a greater risk due to cost overruns or delays in delivery, then additional compensation, perhaps in the form of product quality improvements, price discounts, or extended post purchase warranties or service agreements, is required. The appropriate risk-return trade-off will need to be determined, and is often based on historical practices, current trade-offs observed with other vendors or agencies, the risk tolerance of the organization (which is critical), and the ability of the organization to diversify its risks across suppliers and contractors.

A related but different business principle is that of marginal benefit and cost. This principle forces the decisionmaker to think incrementally and ask, "What benefits do I get for the last dollar that I spend?" The idea of marginal cost and benefit can be illustrated with a simple example. Assume you have been hiking through the desert for several hours and have exhausted your water supply. You come upon a small shop selling bottled water for \$5.00 per pint bottle. In spite of the cost, you will most likely

pay the \$5.00 and buy a bottle. The marginal benefit to you of that first bottle is very high—you will pay the outrageous price and you might even buy a second or third bottle. But at some point, your thirst slackens and the marginal value of the next bottle of water declines. Although you may pay \$4.00 or less for a bottle, it is no longer worth \$5.00 to you. Indeed, this phenomenon is referred to as diminishing marginal returns, which is that increased consumption of a good ultimately results in decreased pleasure resulting from that good. In our water example, the shop keeper will either negotiate a lower price per bottle of water to sell additional bottles to you, or wait for the next thirsty traveler who will pay the \$5.00.

The essence of thinking marginally is to focus on the benefits and costs of the next purchase, investment, or activity, not the totality of what has preceded to that point. Consider again the case of castles and military fortifications. A marginal cost associated with a castle is its garrisoning. A relatively small force can garrison a castle, thus providing a highly defensible position that can generate an abundance of military benefits. Although the construction of a castle was extremely expensive, its requirement of a relatively small garrison resulted in a very high marginal benefit to cost ratio. A similar type of marginal analysis can be performed regarding the updating of weapon systems,

renovation of buildings, and the staffing of various commands and organizations.

Fixed versus variable costs is another way the defense logistician can think about costs. Fixed costs do not vary with the level of output or activity, but are incurred nevertheless. Consider the case of a base dining facility. Even if no personnel are served, one will still need to heat the building to keep the pipes from freezing in the winter. Regardless of whether one or a thousand people are fed, the facility manager will incur maintenance costs to keep the roof from leaking or contract fees to a vector control (pest) service. In other circumstances where civilian buildings are used, lease and insurance payments might represent other fixed costs.

Whether the facility operates at 100 percent of capacity or 10 percent, no savings can be generated from fixed costs since they are incurred automatically. Although there is a natural tendency to consider fixed costs in current decisionmaking, they should be ignored. As long as the dining facility must remain open, the decisionmaker's attention should be directed towards managing the variable costs associated with operating the facility. That is, in the short-run, logisticians should focus only on the variable costs since the fixed costs can not be influenced by their immediate decisionmaking. Included in these variable costs of operating a dining facility are those for electric and other utilities since the hours of operation can be controlled. Labor and food costs also represent variable costs since staffing levels and the menu can both be adjusted.

These fixed costs become relevant to the logistician when alternatives to the current dining facility are being evaluated or there are budget cuts. When such an analysis is required, then the total cost of operating the current dining facility is required and this value must be compared against that of the alternatives under consideration. This total cost is simply the sum of the fixed and variable costs.

The principle of substitution contends that when two goods yield comparable benefits, users will increasingly use the less expensive good. In other words, the cheaper good substitutes for the more expensive good. The principle of substitution applies in both production and consumption decisions, and the DoD makes both kinds of choices. Let us first consider consumption substitution. Logisticians have numerous substitution decisions to make. Can cheaper off-the-shelf technology substitute for more expensive custom designed goods? Are there meaningful performance differences between the two sets of goods or are they essentially identical? To the extent these goods are similar, the greater the case for substitution.

In terms of production, the DoD can be viewed as a monopolistic producer of units of national security. That is, the DoD is the sole organization responsible for providing national defense. Thus, the principle of substitution becomes highly relevant for DoD decisionmakers. Specifically, they must decide what is the least expensive way of producing a unit of national security. Can aircraft carriers substitute for aircraft squadrons or divisions of soldiers? How can an armed Service produce a trained soldier, sailor, or airman? For instance, can electronic training substitute for the more costly live-range time in the production of qualified riflemen? As for education, is technical training for certain specialties across the Services, such as vehicle operations, similar enough to enable the development of a Joint technical training class, rather than separate technical courses for each

Service? In other words, a single Joint course may prove a feasible substitute for three or four separate Service courses currently being taught.

Business Acumen in the Department of Defense

Now that we have introduced and developed the idea of business acumen, let us discuss how it can be used in logistics decisionmaking. The *Chairman Joint Chief of Staff Guidance for 2008-2009* provides direction to the Joint Staff and the Service Chiefs for the accomplishment of strategic objectives, including priorities for resetting, reconstituting, and revitalizing the armed forces. More specifically, the guidance describes the need to conduct further cost analysis to assess the following options regarding future DoD budgets: top line increase, no change, or decrease.⁹ We select this example of Joint logistics decisionmaking for its emphasis on top line. On a financial statement, top line refers to the organization's total revenue. In this context, it refers to the overall DoD budget. Thus, logisticians should borrow this perspective and also think in terms of the top line, which can span multiple organizations to support a mission. Thinking about top line budget allocations necessarily involves considerations of opportunity costs as well as marginal benefits and costs.

Mr Alan Estevez, Principal Assistant Deputy Under Secretary of Defense (Logistics and Materiel Readiness), notes how "even if we try to operate Jointly, we don't play financially Joint ... each Service operates within its own lane."¹⁰ Thinking about budgets from a DoD top line perspective improves the efficiency of allocation and ultimately is likely to enhance overall force effectiveness.

In a deployed environment, logisticians tend to focus on effectiveness rather than efficiency, with courses of action being based on operational needs, not funding. Lieutenant General Kathleen Gainey, Joint Staff, Director for Logistics, describes the difference between these two approaches based on her assignment as the chief of the Joint operations division at USTRANSCOM and her role as Commanding General, Surface Deployment and Distribution Command (SDDC). "At TRANSCOM, I was very operationally focused. In contrast, while at SDDC, I was very financially focused—my customer base demanded it, and I had to provide courses of action based on funding, rather than operations ... a shift in thinking."¹¹ Lieutenant General Gainey's experience illustrates the range of tools and skills that defense logisticians will require as they operate across a variety of environments. Consequently, a well-developed business acumen will enable logisticians to more effectively satisfy mission requirements while efficiently coordinating and sharing available resources and capabilities.

Business Acumen Education

Although business acumen has been identified as a core competency for logistic leaders, education and development opportunities available to logisticians in this area and at this level of development are limited. Nevertheless, there are educational opportunities available to logisticians to hone their business acumen skills.

The Naval Supply Systems Command (NAVSUP) sponsors a senior executive training program to develop more capable Navy

business leaders who can leverage their executive education to improve Navy, Joint, and DoD logistics. NAVSUP has partnered with 12 universities including such prominent programs as Northwestern University's Kellogg Advanced Executive Program, Columbia University's Senior Executive Program, and Stanford University's Executive Program in Strategy and Organizations. These 12 civilian academic programs vary from 2 to 4 weeks in length and emphasize strategic thinking and decisionmaking, including sessions on financial analysis, strategic financial management, and business strategy. Approximately 30 Navy Supply Corps officers attend annually, and NAVSUP's goal is to send officers as early as possible once selected for captain.

The JDDE Distribution Academy provides USTRANSCOM orientation and an introduction to supply chain management course, as well as specific courses mapped to the competencies within the JDDE Competency Model, leveraged from multiple sources. Although courses in budget administration and financial relationship management are identified and available, the courses focus primarily on introducing the general business concepts.

The Defense Acquisition University (DAU) provides training to enable the acquisition community to better support the Joint warfighter. DAU provides both classroom and online instruction, with coursework emphasizing the education of the acquisition and contracting communities. Within their curriculum, several basic courses in business financial management and cost and risk analysis are available. In addition, DAU offers Harvard Business School learning modules as part of their continuous learning curriculum (although an excellent resource, they are familiarization and basic courses.)¹²

The Services also provide opportunities for advanced degrees, sometimes on a full time basis. The Air Force currently has 28 logisticians enrolled full time at the Air Force Institute of Technology to obtain advanced logistics management degrees, and five Army officers are currently working on logistics management degrees at North Dakota State. The Navy and Marine Corps offer opportunities for their logisticians to receive advanced degrees as well. Although these and other programs offer outstanding opportunities for logisticians to advance their logistic and analytical skills, such as supply chain and transportation management, logistic information systems, and statistics, the programs are generally management oriented and provide little, if any, business acumen focus within the curriculum. In contrast, logisticians who obtain a master of business administration (MBA) degree, rather than a master of logistics management degree, do acquire significant business acumen skills since the MBA curriculum includes coursework in economics, accounting and finance, as well as management, strategy, and marketing.

The Way Ahead

The DoD Logistics Human Capital Strategy, the JDDE Competency Model, and experienced DoD and Joint logistic leaders have highlighted business acumen as an important leadership competency for senior logisticians, and we have illustrated how these principles can improve the logistician's ability to make decisions. In spite of the recognition of the need for greater business acumen skills among Service logisticians, only minimal opportunities for this kind of education exist. To

address this shortcoming and to better prepare future logisticians to operate in the complex Joint environment, we provide the following set of recommendations.

The Naval Supply Systems Command invests in an executive education program to further develop their supply corps officers when they reach captain. We recommend the other Service and defense agencies implement similar education programs. Although adopting this program requires a committed investment of time and money, the payoff is the development of senior logisticians better prepared to think, operate, and make decisions at the strategic level. Indeed, the cost savings from superior decisionmaking by these individuals is likely to pay back the cost of their training many times over.

The Joint Staff J4 is currently working with the Army Logistics Management College and the National Defense University's Center for Joint and Strategic Logistics Excellence to develop a graduate level core logistics curriculum. This curriculum will be used as a baseline for civilian universities who partner with this program. We recommend that this curriculum include coursework in finance, business strategy, and strategic thinking, in addition to the core logistic courses.

The current operational tempo has limited some full-time graduate level academic opportunities for logisticians, yet the company and field grade officers currently supporting operations represent our future logistic leaders. As such, we recommend looking beyond the current manpower requirement and providing increased opportunities for logisticians to attend graduate programs in logistics management. This will be an investment that will allow us to grow our future leaders. Further, MBA programs should be considered as alternative graduate programs for preparing our next generation of logisticians. In this same context, graduate-level cooperative programs that include a combination of classroom and online learning provide an excellent alternative to full-time programs.

Although online learning does not provide the same level of education as that obtained in the classroom, online coursework can provide a solid baseline for understanding the basics of business acumen and their application within the logistics environment. We recommend a course focused on applying the basic principles of business acumen to logistics be developed and provided through the Joint Knowledge Online or another suitable learning portal. Scenario and case analysis could serve as a significant component of the course, emphasizing the application of these principles across a number of different threat and resource environments.

Business acumen education and development should also be expanded beyond the logistics community and be included in the operational environment. We recommend that an introduction or a survey of basic business acumen principles be included in the curriculum of the intermediate and senior Service schools. The principles of business acumen are not only relevant to the logistician but also to the operational commander who must ration a limited number of planes, tanks, ships, and personnel across a theater that is expansive in scope and often challenged by multiple threats.

The future operating environment will be characterized by uncertainty, complexity, and rapid change. Logisticians must possess skills that enable them to support the commander despite these challenges. Whether leading logistic efforts on the front lines or from the industrial base, logisticians with business acumen will have the aptitude to consider top line and enterprise

perspectives and to incorporate various business principles such as the time value of money, opportunity cost, marginality, risk and return, substitution, and fixed and variable costs within their decisionmaking process. Logisticians possessing business acumen will also be better prepared to consider logistics on a global scale and to support operations through the more efficient and effective sharing of finite resources and capabilities. The time for a fuller infusion of business acumen principles throughout the defense logistics community has arrived!

Notes

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10. Author's interview with Alan Estevez, Assistant Deputy Under Secretary of Defense (Supply Chain Integration), 22 December 2008.
11. Author's interview with Kathleen Gainey, 7 January 2009.
12. Defense Acquisition University course information is available at <http://catalog.dau.mil/>.

Lieutenant Colonel Kristina M. O'Brien is currently attending Air War College, Air University, Maxwell Air Force Base, Alabama. At the time of the writing of this paper she was the Strategy Branch Chief within the Knowledge Based Logistics Division, Logistics Directorate, J4, The Joint Staff, Washington, DC.

Commander Stephen P. Ferris is a Navy Reserve officer and currently serves as the Executive Officer for the Midwest unit of the Center for Personal and Professional Development. In civilian life, Commander Ferris is the J. H. Rogers Chair of Money, Credit and Banking at the Trulaske College of Business, University of Missouri, Columbia, Missouri.



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