

In the Search for Efficiency and Effectiveness: Requirements Management as a Performance Measurement System – Case: Finnish Defence Forces Catering Operations

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Introduction

In this paper, subject of Requirement Management as a Performance Measurement Systems is covered and Public Private Partnership (PPP) in Finnish Defence Forces' (FDF) catering operations is used as a case example. Research question for the research is: "Does FDF utilize performance management system, in a form of requirements management, which supports both efficiency and effectiveness of PPP in its catering operations?" It is argued, that performance centric view drawn from requirements management could diminish difficulties regularly met in PPP Performance Measurement Management (Rantala, 2013; Halls, 2010; Moulton & Wise, 2010; Officer 2004). In this paper, PPP is defined as a contractual agreement between private company and a public agent and a purpose of a PPP being private delivery of activities traditionally performed by a public entity, as stated by Forrer and Kee (2010).

Performance measurement management in services

Catering operations in the Finnish Defence Forces do not follow same business principles as its fully commercial counterparts. Catering operators are the only large scale catering operators in any Finnish military bases, so competition from end-users' perspective is almost absent. FDF is obligated by the law to fulfill nutritional needs of every serviceman during their time of military service (Finlex, 2007) and mealtime is part of mandatory service. Therefore research and development focus cannot be only or even mainly on the customer experience and its management as defined by marketing researchers. Therefore end-users do not define the value of the product they use in commercial terms. (Pine & Gilmore 2011; Grönroos, 2009; Gummesson, 2008; Vargo & Lusch, 2004.) On the other hand, catering operations is a service. This is a fact, which must be taken into consideration in both management and development of a function.

Subject has been under research since 2008. Transformation to PPP in Hamina Garrison started already 2002 (Hakkarainen, 2008). This case study drew a clear picture of the challenges which commercial restaurant operator, city of Hamina and Hamina garrison faced. One of the main findings was:

"...it was not possible to reach significant cost reduction by using the PPP model used in case Hamina" (Hakkarainen, 2008, p.3)

Research showed the possible traps and bottlenecks if similar model would have been followed in other garrisons and catering units. It forced to open the cost structure of the catering operations in a way, which was not done earlier. This research covered all the stages in service's lifecycle and gave reader an excellent overview of PPP in FDF framework. One of the positive features of case Hamina was its flexibility and more

efficient usage of resources (Valtiontalouden tarkastuslaitos, 2011). These findings were in line with previous studies, which have covered PPPs.

In the study catering operations were defined as a supporting function. This notion gave a clear framework to catering services in a military capability development framework, as stated by Anteroinen (2013). Although catering operations function in a peacetime environment, it obviously has a significant role in the FDF during a crises situation. This is a fact, which simply can't be ignored while studying a peacetime PPP between FDF and its partners. Based on this, it can be concluded, that in a military organization there are actually several, different organizational capabilities, within a one individual organization, which need to be developed.

Finnish Defence Forces have peacetime responsibilities and these responsibilities require a totally different set of operational capabilities than a crises organization does. This parallel form creates a situation, in which peace time organization's operations are defined by the requirement set to the crises time organization. These requirements must meet all the military logistic functions: foresight, economy, flexibility, simplicity, and co-operation (Foxton, 1994). Development of these military capabilities takes a relatively long period of time as described by Anteroinen (2013). Alongside of these military capabilities there are organizational capabilities, which are needed to run day-to-day operations. Without these organizational capabilities development of military capability is not possible.

These parallel roles are even more highlighted in a military organization, which is based on a mandatory military service. Members of society are fulfilling their duties and at the same time public entities have legal responsibilities, which differ from a professional military organizations. Therefore the monitoring and controlling function between parties is, and must be, different than between purely commercial counterparts. Due to this parallel role management of a combination of efficiency point-of-view (service provider) and effectiveness point-of view (end-user) is needed.

While fulfilling its statutory mission, Finnish Defence Forces has gone through a massive organization reconstructing process. By the end of the year 2015 2 200 employees will be laid-off, several large military units will be closed, material procurement will be reduced significantly and administrative structure will change. Financial effects of these changes are illustrated in a table 1. Changes will effect catering operations and service capabilities.

Table 2 Chances in FDF, (Puolustusvoimauudistuksen ratkaisumalli, n.d.)

2011	DEFENCE FORCES	2015
ca. €2,450m	<i>Annual appropriations</i>	ca. €2,200m
350,000	<i>Wartime strength</i>	ca. 230,000ca
15,000*	<i>Peacetime personnel</i>	ca. 12,300
27,000/y	<i>Age group to be trained</i>	25,000/y
25,000/y	<i>Trained reservists</i>	18,000/y
4	<i>Number of command levels</i>	3
51, of which	<i>Number of administrative units</i>	ca.26,
of which25	<i>Brigade-level/equiv. units to be trained</i>	16

Research Question

In this paper author tried to find an answer to a single research question:

“Does FDF utilize performance management system, in a form of requirements management, which supports both efficiency and effectiveness of PPP in its catering operations?”

Research question has its roots on research conducted on the area of military logistics and performance based logistics by authors like Ekström (2013), Glas (2011) and Gansler and Lucyshyn (2006). Case study approach (Yin, 2013) was adopted and empirical data used was based on the documents about the research subject.

Findings and conclusions

Based on the research, it can be argued that the purpose of a service system can be described in a form of requirements. Further specifications, which relate to both efficiency and effectiveness, define how those requirements are met. These specifications follow pre-determined life cycle requirements and capability development framework. This structured framework also helps to identify even contradicting needs arising from the changes in stakeholder needs and domain changes.

FDF has already a well-structured project management framework, illustrated by Pasivirta and Kosola (2005) and Kosola (2012), which describes the recognized interrelationships between stakeholders in FDFs' peacetime domain. This helps to:

1. recognize inter-functional and multidiscipline connections in a service system
2. recognize necessary capabilities related to them
3. recognize, which requirement-based resources service systems need.

These resources are managed and developed following the guidelines of a requirements management based performance measurement system. The way to optimize the ability to answer crises readiness needs and simultaneous peace time operational requirements is to utilize a performance measurement system based on well defined requirements.

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