

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

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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?”
- Question has its roots on research conducted on the area of military logistics and performance based logistics

Why?

- It is argued, that performance centric view drawn from requirements management could diminish difficulties regularly met in Public Private Partnership
- Research and development focus cannot be only or even mainly on the customer **experience** and its management
 - FDF is obligated by the law to fulfill nutritional needs
 - competition from end-users' perspective is almost absent

What is PPP

- In the Public Private Partnership (PPP) a public entity shares possible business risks and benefits together with a private entity, as in FDF catering operations
- Large number of stakeholders
- A complex *system*
- Demands an approach or mechanism, which covers as many aspects as possible crucial to successful PPP

How to measure PPP?

- At the core of successful PPP is a phenomenon called Performance Based Contracting PBC, or in the military context Performance Based Logistics (PBL)
- PBC (PBL) is concerned about the outcome, not the output of the provision purchased by the user of service/product or service system
 - A definition of a requirement: “...a condition or capability to which the system [being built] must conform”

PBL vs. traditional system

- Basically responsibility of the product / service system management is on a **supplier** of the system, unlike in the traditional end-user – supplier relationship
- At the same time financial benefits are greater than in the traditional supplier end-user relationship

PBL and services

- In the PBL a customer buys predetermined outcomes as in the services
- Due to an inter-functional nature of services **AND** PBL these set of individual outcomes create a product/service system

PBL is the a combination of several (12) logistics function outcomes

- maintenance planning;
- supply support;
- support equipment;
- manpower and personnel;
- training;
- technical data;
- IT support;
- facilities;
- packaging,
- handling,
- storage, and transportation;
- and design interface

- Each one of these functions and a whole system requires a measurable outcome, which are described in the form of requirements
- Efficiency of these roles should be measured according the following principles:

- In producing the services . . . do the private sector's production
 - Processes and input costs allow it to generate output at a lower total cost than could the public sector?
 - Are the administrative costs incurred by government to mobilize and control the private sector less than the cost savings from more efficient production?

- Is the supply side of the market sufficiently responsive that private firms enter markets rapidly and smoothly?
- Are purchasers sufficiently rational and careful, and the quality of the service sufficiently definable and measurable, that effective, informed consumer sovereignty can be exercised

Value of the service

“Value is always uniquely and phenomenologically determined by the beneficiary”

Conclusions

- 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

Conslusions

- Unfortunately, based on the literay review RM is not utilized fully to answer:
 - Customer requirements
 - Process requirements from customer side
 - Financial requirements
 - Non-functional requirements
 - Waste management

Conslusions

- Based on the research, it can be argued that the purpose of a service system can be described in a form of requirements.
- The way to optimize the ability to answer crises readiness needs and simultaneous peace time operational requirements is to utilize a holistic performance measurement system based on well defined requirements on all the PBL areas

Conclusions

Co-created services need to be treated in a way that detailed and most of all common outcome or common goal focused requirements are measured instead of the methods used to meet these goals.

- Structure dimension
- Process dimension
- Outcome dimension

And last...

Surprising facts about your favorite fast food chains

Waffle House

Because Waffle Houses stay open 24 hours, 365 days a year, they've become one of the key ways the U.S. Federal Emergency Management Agency gauges the severity of natural disasters. So, these days, instead of poring over aerial photos or sending out inspectors, administrators can simply check the "Waffle House index" to determine how badly an area has been affected by a storm.

The index is green when the local Waffle House is open and serving its full menu; yellow when it's open, but serving a limited menu; and red when it's closed. Those levels then indicate the extent to which a community has power and water.