



Civilian or Military?

Assessing the Risk of Using Contractors on the Battlefield

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Civilian contractors have long played an important role on Army battlefields, and they continue to do so today. They can be found everywhere the Army has deployed units, including Afghanistan and Iraq. Whether or not the Army opts to use contractors, it assumes risk. If it chooses to employ contractors in a given contingency, they might not be able to do the job they were hired for, they might cost a great deal more than a comparable military capability, or they might get hurt. If the Army decides against using contractors, it might have to trade one military capability off against another when the theater operates under force limitations, or it might pay a great deal more to obtain a military capability than it would for a civilian one. Either way, Army policymakers are assuming some risk, and it is not always easy to see which option offers the greatest benefit or least risk. RAND Arroyo Center researchers examined this issue in MG-296-A, *How Should the Army Use Contractors on the Battlefield? Assessing Comparative Risk in Sourcing Decisions*, and offered the Army a conceptual framework to help it make such decisions.

Army Risk Management

The Army has extensive experience at managing battlefield risks. The standard Army approach to risk management first identifies the key hazards and the risks associated with them. It then considers two or more alternative ways, or “courses of action,” to manage these risks. Each course of action improves a commander’s situation relative to a set of hazards by avoiding the hazards and mitigating the risks associated with hazards he cannot avoid. Based on his mitigation plans, the commander compares the risks that remain for each course of action—the “residual risks”—and chooses the one that best balances anticipated

Key findings

- Contractors continue to play an important role in military operations
- Any decision about using or not using contractors carries risk
- Decisions about using contractors on the battlefield tend to be complex
- A disciplined approach in applying the Army’s risk management procedures to decisions about contractor use can clarify key considerations and help reduce the complexity of the decision

benefit and residual risk. Every course of action carries risks; any attempt to eliminate all risk can lead to inaction and failure. Arroyo researchers adapt the standard Army operational risk management approach to a variety of decisions, inside and outside the Army, that affect whether the Army will use a contract or military source to provide a specific capability on the battlefield. It does this by identifying the relative residual risks of two courses of action—one contract and one military. Both courses of action carry residual risks for any activity. The researchers seek to clarify which course of action better balances the anticipated benefit and the residual risk.

Assessing the Risk of Using Contractors: A Disciplined Approach

The decision to use a contractor is not a simple one. Many countervailing factors affect the decision, some of which fall outside the Army’s control. It is not easy to sort among these many influences. To assist the decisionmaker, Arroyo researchers

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have developed an intellectually disciplined approach—a sequence of reasoning—that identifies the information necessary to make the decision. This sequence of reasoning, described below, identifies the information an Army decisionmaker needs to apply the standard Army risk assessment framework to a decision about a support source. It involves seven steps.

Do Contractors Offer an Advantage?

If they do not, the issue of using contractors never arises. Contractors can have an inherent advantage (e.g., they can perform a task better than military personnel), or they can relieve the effects of a constraint on the military (e.g., a force cap on the number of soldiers permitted in theater).

What Are the Risks?

“Risks” identify what a decisionmaker cares about. They identify the types of outcomes the Army should focus on when it compares a contract source with a military one for a particular activity. Recent discussions of priorities in the Department of Defense suggest that four specific types of risks deserve attention: failure to accomplish the mission, safety of contractor personnel or equipment, cost, and, more broadly, things beyond the theater commander’s immediate military concerns, such as total force management.

What Are the Hazards?

“Hazards” are the ultimate sources of the risks relevant to choosing between a contract and military source. Hazards can stem, for example, from military action, international agreements on the status of forces, contractor status under international law, or the Army’s ability to control, protect, and support a contractor.

To What Extent Will the Army Take Advantage of Mitigation Strategies?

The Army can mitigate risks associated with cost by requiring a contractor to justify allowed costs with formal cost accounts. It can mitigate risks associated with the safety of contractors by keeping them off the battlefield until conditions have stabilized. A decision on the use of contractors is as likely to depend on what mitigation strategies are anticipated as it is on the severity or likelihood of the hazards.

Does the Residual Risk Outweigh the Benefits?

As discussed above, some risk will remain even after all the mitigation strategies have been applied. Thus, the decisionmaker must weigh the residual risk against the benefits of using a contract source or an in-house one.

How Does the Residual Risk Vary Across Activities and Locations?

The relative residual risks associated with contract and military courses of action vary by type of activity¹, the type of contractor or

specific contractor, the nature of the contingency, the location and phase of the battle, and the quality of the government oversight.

Which Source of Support—Contractor or Military—Best Suits the Circumstances of a Particular Activity?

Given the factors considered above, an analyst or policymaker can systematically weigh the factors to determine whether a contractor or military source best answers the needs of a given mission.

In all likelihood, the analysis of the needs for any given conflict will suggest a mix of contractor and military sources. This occurs because of the inherent advantages contractors offer in some circumstances (e.g., maintenance of equipment in the process of being fielded) and because using a contractor may enable the Army to overcome constraints unrelated to decisions about source of support (e.g., desire for low military profile).

Where Should the Army Assess Risk of Using Contractors?

The logic described here should apply in any situation where policy decisions affect the Army’s choice of using contractors or military personnel. Decisions in five venues appear to be both likely and important.

Outside the Army

The Office of the Secretary of Defense, the Joint Staff, the Executive Branch, and Congress can all affect decisions throughout the Army in various ways, but they dominate decisions about the size of the Army, the level of operating tempo it can sustain, the airlift capacity available, the flexibility of using government civilians, and troop ceilings in specific deployments. These decisions occur in separate venues, but they result in restrictions that affect the Army’s decisions about the source of capabilities.

Army Services Acquisition Venues

Army decisionmakers develop policies on contractor selection, administration, development of habitual relationships, and contract design. Working with operators, they implement these policies in specific contracts and peacetime arrangements to train military and contractor personnel to work together when they deploy. These decisions directly affect the level and types of risks associated with using contractors.

Force Design and Management Venues

Decisions in these venues develop the shape and content of the total operational force. Army force developers determine what portion of total requirements to resource from the active-duty, National Guard, and Reserve military components of the force. The Planning, Programming, Budgeting, and Execution System process and how combatant commanders apply funds for operations and maintenance determine which additional requirements to cover with contractors. These decisions determine which military and contractor organizations are available to support combatant commanders in deployments.

¹ Typically, contractors provide the type of support that the Army labels combat service support, which includes such activities as equipment maintenance, transportation, and food service. The nature of activities within the combat service support category can vary widely.

System Design Venues

Developers of new and modified systems and their support concepts determine the primary supportability characteristics of the systems as well as the skills required to support them on the battlefield. Developers applying spiral development procedures help support and gather detailed operational data on new systems. Developers in both roles affect the skills that the Army needs on the battlefield and hence the need for contractors.

Specific Contingencies

Given past decisions made in the venues above, when a combatant commander and his staff plan the forces and support needed in a new contingency, they make many specific sourcing decisions. In effect, the combatant commander is the final gatekeeper who must assess the relative residual risks of using contractor and military sources in a specific setting and make the decisions that determine where and how the Army actually uses contractors on the battlefield.

Conclusions

A study of the Army's use of contractors on the battlefield suggests that, all other things being equal, the Army would typically prefer to use military personnel. If enough airlift were available, the Army would prefer to use military personnel. If troop ceilings were higher, the Army would prefer to use military personnel. If

the Army had enough active-duty military personnel to handle all of its deployment responsibilities, it would prefer to use military personnel. Yet it continues to use contractors on the battlefield, and such reliance shows no sign of ending anytime soon. Disagreement persists in the Army about specific uses of contractors on the battlefield. This occurs because people in different parts of the Army, with different priorities and different perspectives, lack a common structure and language they can use to present their concerns in comparable terms and resolve their disagreements. Absent a common understanding of what affects the Army's use of contractors on the battlefield, many decisionmakers can continue to choose courses of action that increase the Army's dependence on contractors without even realizing it.

The report offers a single, integrated model of how a large number of decisions affect the Army's use of contractors on the battlefield and the principal factors relevant to these decisions. Arroyo's researchers believe that this conceptual model and these factors can help shape a more constructive, precise, engaged discussion within the Army. As that discussion proceeds, it will become apparent which considerations are most important to differences in points of view. The Army can then focus on collecting better empirical evidence about these considerations and use the evidence to improve its decisions about where, when, and how to use contractors on the battlefield. ■

This research brief describes work done for RAND Arroyo Center documented in *How Should the Army Use Contractors on the Battlefield? Assessing Comparative Risk in Sourcing Decisions*, by Frank A. Camm and Victoria A. Greenfield, MG-296-A, 2005, 245 pp., \$24, ISBN: 0-8330-3736-6. MG-296-A is also available from RAND Distribution Services (phone: 310.451.7007; toll free: 877.584.8642; or email: order@rand.org). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.

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