



Innovation Begins with Experience

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Contractors on the Battlefield



- Terms of Reference
- Contractors in U.S. History
- Why contractors? – LOGCAP
- Contractor Services
- Accountability
- The Future...

Terms of Reference



- **Contractor vs. Mercenary**
 - Contractor: a person who contracts to furnish supplies or perform work at a certain price or rate.
 - Mercenary: hired to serve in a foreign army, guerrilla organization merely for money or other reward.
- **Private Security Company vs. Private Military Company**
 - PSC: defensive in nature
 - PMC: offensive in nature
 - GSC: Global Security Company
- **War profiteering:** to profit from warfare or by selling weapons and other goods to parties at war.
- **Corporate Social Responsibility (CSR):** Concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment.
- **Not Just for Profit Company:** Builds on CSR; companies not only generate Profit but also by their determination and success create a benefit for People and the Planet.
Five factors:
 - Profit making or self-sustainability
 - Community
 - Ethics
 - Individuals
 - Environment

Early Settlers were Private Contractors



Top: Seal of Massachusetts Bay Company.
Bottom: Seal of the Virginia Company of London.



- **Private contractors**

- Citizens under contract
- Established most of the 13 American colonies in the 1600s.
- Plymouth Company,
- Massachusetts Bay Company,
- Virginia Company, etc.



- **Captain John Smith**
 - Employer: Virginia Company
 - Explorer and cartographer
 - Led 1606 expedition to Virginia
 - Elected head of Jamestown colony
 - ‘Admiral of New England’



- **Captain Myles Standish**
 - Employer: Plymouth Company
 - English soldier
 - Hired by Merchant Adventurers to accompany the Pilgrims on the *Mayflower* and lead military defense of Plymouth Colony, 1620

Privateers Built U.S. Navy



John Paul Jones

- **American Revolution:** earliest U.S. warships were privateers.
- **John Paul Jones:** founder of the U.S. Navy.
- **Total ships:**
 - Continental Navy: 64.
 - Privateers: 1,697
- **Total guns on ships:**
 - Continental Navy: 1,246
 - Privateers: 14,872
- **Enemy ships captured:**
 - Continental Navy: 196
 - Privateers: 2,283

PMCs Created Core of U.S. Army



Massachusetts Bay Company militia, 1636

- Private militia of Massachusetts Bay Co. (1636)
- Becomes militia of Massachusetts Colony (1691)
- Massachusetts colonial militias become Minutemen
 - First units of the U.S. Army (1775)
 - 181st and 182nd Infantry, Massachusetts National Guard;
 - 101st Field Artillery, Massachusetts National Guard;
 - 101st Engineer Battalion, Massachusetts National Guard (Note Standish's arm & sword on crest)



Contractors in American History

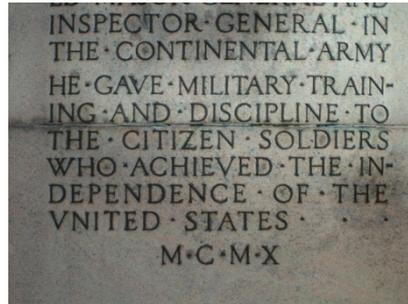


The Revolutionary War

Private citizens - Contractors were integral in America's founding



Von Steuben



Kosciusko

War of 1812

- Privateers
- (517 ships to the USN's 23)

All major weapon systems built by contractors

Civil War

- Pinkerton's - North's Intel arm
- Camp Sutlers

Modern Military

Major logistics functions executed by contractors

World War II

- Flying Tigers in China
- US Merchant Marine

Increasing specialization

Private Sector - Creating Efficiencies



- Long tradition of free market players delivering supply side innovations that highlight the inefficiencies of incumbent monopolies
 - Spaceship One put man in space in consecutive weeks with reusable craft for <\$20M (NASA \$20 billion?)
 - FedEx evolved due to lack of capabilities/responsiveness of USPS
 - How many REITs want to put HUD in the portfolio?
 - Do you want Toll Brothers or the Army Corp of Engineers to build your house?

Same society, culture and language produced radically different results:

Socialist/Communist,
monopoly, central planning



4 cylinder, 40HP,
2 stroke engine

Free Market Competition



8 cylinder, 300HP,
Auto Trans,
Airbags, Cruise,
AC, etc...

Why Contractors on the Battlefield?

Logistics Civilian Augmentation Program (LOGCAP)



“The Army has used contractors to provide supplies and services during both peacetime and contingencies dating back to the Revolutionary War.

Publication of AR 700-137 established LOGCAP on December 6, 1985.”

LOGCAP is a Department of the Army Program which includes all pre-planned logistics and engineering/construction oriented contingency contracts actually awarded and peacetime contracts which include contingency clauses that has 3 parts:

1. **Civilian Resources:** Leverage civilian corporate resources as logistics services support and engineering/construction support multipliers
2. **Rapid and Responsive Contract Capability:** Provide a rapid and responsive contract capability which augments US Forces capability by meeting logistics and engineering / construction requirements.
3. **Prioritized Peacetime Contingency Planning:** Focus on prioritized peacetime contingency planning for augmentation logistics and engineering / construction services as determined by the customer.

LOGCAP – cont'd



- LOGCAP *is* a U.S. Army initiative for peacetime planning for the use of civilian contractors in wartime and other contingencies.
 - These contractors will perform selected services to support U.S. forces in support of Department of Defense (DoD) missions.
 - Use of contractors in a theater of operations allows the release of military units for other missions or to fill support shortfalls.
 - provides the Army with additional means to adequately support the current and programmed forces ”
- LOGCAP *is* primarily designed for use in areas where no bilateral or multilateral agreements exist. LOGCAP may provide additional support in:
 - Areas with formal Host Nation Support (HNS) agreements
 - Where other contractors are involved
 - Where peacetime support contracts exist.
- LOGCAP *is* also available during Continental United States (CONUS) mobilizations to assist the CONUS support base & help units get ready for war.

LOGCAP History



First used in 1988 when Third United States Army requested the U.S. Army Corps of Engineers contract out a management plan to construct and maintain two petroleum pipeline systems in Southwest Asia in support of contingency operations.

The first comprehensive multifunctional LOGCAP Umbrella Support contact was awarded by the USACE in August 1992 and was used in December 1992 to support all U.S. Services and United Nations forces in Somalia.

Areas where LOGCAP has been implemented include:

- Rwanda
- Haiti
- Saudi Arabia
- Kosovo
- Ecuador
- Qatar
- Italy
- Southeastern Europe
- Bosnia
- Panama
- Korea
- Kuwait

In a Bind? – Available Contractor Services



- Logistics
- Heavy Air Lift
- Tactical Transportation
- Water Purification
- Construction
- Personnel Security
- Facility Security
- Demining
- Supply
- Medical Services
- Intel Services/Support
- Airfield Operations
- Maintenance
- Communications
- IT Support
- Aerial Surveillance
- Training & Education
- Evacuation

Peace and Stability Industry



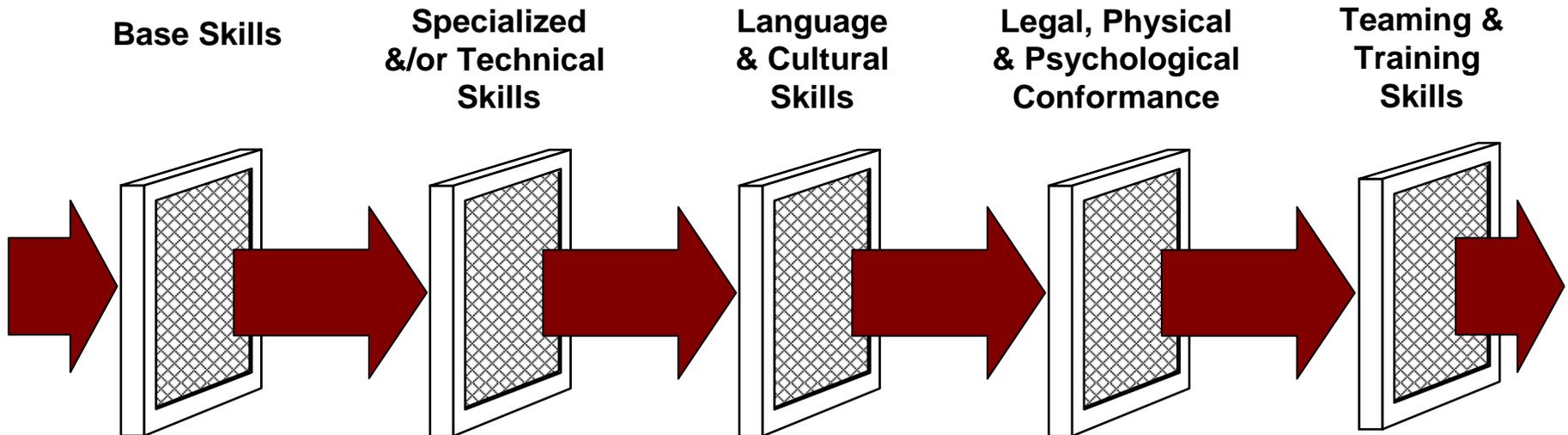
Company Type:	LSCs: Logistics & Support Companies	PSCs: Private Security Companies	SSR&Ds: Security Sector Reform & Development Companies
Sample Service:	Logistics & Supply Risk Consulting Medical Services Construction Maintenance Engineering Waste Management Strategic Transport	Site Protection Travel & Transit Protection Private Security Details Threat Assessment Intelligence	Security Sector Reform Economic Development Crisis Mitigation & Recovery

Challeng to Providing Human & Material Resources



- Recruit Highly Skilled Personnel
- Evaluate & Screen Support Personnel
- Program Management
- Material/Supply Management
- Procure Material Resources
- Lease Resources
- Corporate New Product Sales
- Special Purpose Services

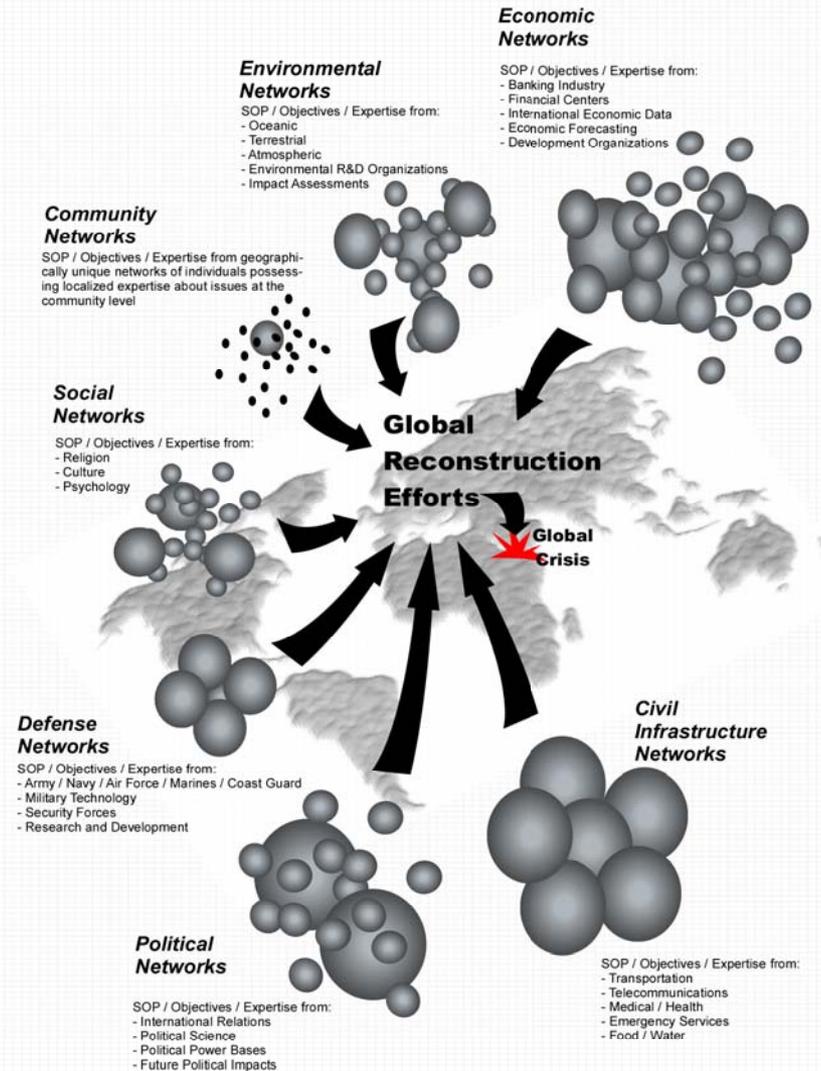
Contractor Selection Process



Network of Providers for Sustainable Solutions



- “...promote the security of the United States through improved coordination, planning, and implementation for reconstruction and stabilization assistance for foreign states and regions at risk of, in, or in transition from conflict or civil strife.”
– *NSPD-44*
- “Integrated civilian and military efforts are the key to successful stability.”
– *DODD 3000.5*
- The concept of a privatized, commercially directed effort to rebuild failing nation states aligns with the emerging nature of today’s geopolitical and economic environment.



Relief and Humanitarian Intervention Support



- Existing UN peacekeeping is generally ineffective; used to fund undisciplined, poorly trained and ill equipped 3rd world armies
- UN Peacekeeping has stood by during Bosnia, Sierra Leone, Rwanda, DRC, Liberia, Ivory Coast and Darfur
 - Srebrenica Massacre July 1995 – 9,000 killed while Dutch UN troops watched
 - Rwandan genocide in 1994 – 1,000,000 Tutsis slaughtered during a four-month period
- Private Security Companies are a proven solution
 - Executive Outcomes 200 men & 3 helos stabilized Sierra Leone in 3 months
- Why not allow PSC's to train the AU troops in Darfur? UNAMID?
- Why not hire a GSC to perform coordinated PKO w/UN or AFRICOM oversight?

"...what exactly is America doing to stop the killing besides preaching? If we don't have the troops, why not pay Blackwater to mount a Janjaweed-be-gone intervention?"

~Thomas P.M. Barnett



Contractor Accountability



U.S. Constitution

U.S. Statutes

- Uniform Code of Military Justice
“Art. 2. Persons subject to this chapter
(a)(10) In time of declared war or a contingency operation, persons serving with or accompanying an armed force in the field.”
- Military Extraterritorial Jurisdiction Act (MEJA)
- USA Patriot Act
- Foreign Corrupt Practices Act
- Anti-Torture Statute
- War Crimes Act
- Victims of Trafficking & Violence Protection Act
- Defense Trade Controls Act
- Defense Base Act
- Arms Export Control Act
- National Firearms Act
- Gun Control Act
- Inspector General Act

International Treaties

- Geneva Conventions
- Hague Convention IV

U.S. Regulations

- International Traffic in Arms & Export Administration Regulations (ITAR)
- DFARS § 252.225-7040 “Contractors Supporting a Force Deployed for Contingency, Humanitarian, Peacekeeping or Combat Operations” (June 2005)
- DOD Instruction 3020.41 “Contractor Personnel Authorized to Accompany the U.S. Armed Forces” (October 2005)
- General Order No. 1A – United States Central Command, (amended Aug 03)
- General Order No. 1 - Multi-National Corps – Iraq, 12 February 2005
- General Order No. 1 - Combined/Joint Task Force (CJTF) 76 [Afghanistan], 15 May 2004

**Technical Assistance Agreements
(regulate defense services to foreign entities)**

Ways to Improve Contractor Performance



- **Firm Fixed Price contracts**
 - Push the risk to the vendor
- **Improve number, quality and motivation of Contract Officers**
- **Conduct true activity based costing analysis of basic DoD Functions:**
 - What does airlift cost?
 - What does a Brigade deployment cost?
 - What does security cost?
- **Mandate higher performance standards for vendors**
- **Simplify process to fire bad vendors, and make it a lasting penalty**

The Future?



- Contractors are here to stay
- Integral part of the battlefield
- Provide necessary services – often cheaper
- Keeps military personnel costs down
- Relieve military personnel for military functions

Challenge:

Use Contractors effectively and efficiently and hold accountable for performance and actions.



Questions ?/Comments