Affordability Tradeoffs in the Defense Industry

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EXECUTIVE SUMMARY

While affordability is becoming increasingly important to maintain a competitive advantage given current economic conditions, there is little consensus on both how to define the concept and how to realize it. This article examines affordability in the context of the defense industry, and four major types of affordability initiatives—selection strategies, innovation strategies, structural alternatives and efficiency processes. Ironically, while all of these initiatives are individually effective, in tandem they often compete with one another, making affordability a balancing act. Implications for affordability tradeoffs will be discussed.

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