

THE DEFENSE-READY SERIES · PART 2 OF 4

Why the Readiness Gap Exists

A look at the structural reasons strong commercial suppliers stall at the defense doorstep.

By Jerold Hawkins · 8 min read

In Part 1, I told you about a Michigan shop owner who was certain defense would be easy. Thirty years supplying the Big Three, parts that pass every inspection, a workforce that can hold a tolerance most shops can't. Six months into chasing his first defense program, he was stuck on page two of a prime's supplier questionnaire — and the readiness snapshot he ran came back low in domains he'd never once worried about in his commercial life.

His first reaction was the one almost everyone has: something must be wrong with us. It's the wrong conclusion, and it's the reason most suppliers either give up too early or pour money into the wrong fixes. The gap he ran into wasn't a flaw in his shop. It was structural. The business systems a defense prime is grading simply never had to exist in the world he came from — so of course they scored low. You can't be marked down for a muscle nobody ever asked you to build.

Understanding why the gap exists is the difference between treating it as a verdict on your company and treating it as a punch list. Treat it as a verdict and you either retreat or overspend trying to fix the wrong thing. Treat it as a punch list and it becomes a sequence of decisions you can actually make. So let's take it apart.

Automotive and Defense Are Different Muscles

Decades in automotive don't just teach you to make parts. They wire in a set of reflexes — instincts about how you win work, how you manage a customer, how you run your supply base, how cash moves through the year. Those reflexes are excellent. They are exactly what a high-volume, cost-driven, just-in-time industry rewards, and they're the reason your shop has survived launches, recalls, and three decades of price pressure that put a lot of your competitors out of business.

The trouble is that almost every one of those hard-won reflexes quietly works against you in defense, where the rules of the game are inverted. A prime contractor evaluating you is not asking whether you can make the part. They assume you can — that's the price of admission, not the differentiator. What they're evaluating is whether your business can survive a defense program: the cost accounting, the cybersecurity, the traceability, the working capital to carry a long-cycle contract. The score you got back wasn't measuring your craft. It was measuring a layer of business systems your craft never required. Five automotive instincts, in particular, are the ones I watch trip up strong suppliers.

Five Instincts That Work Against You

One — the price-down reflex. In automotive, you win on price and you survive on annual cost-downs. Your whole commercial muscle is built around shaving cost out of a known part, year over year, until there's nothing left to give. I've watched shops apply that exact instinct to a defense RFQ — sharpen the pencil, bid the lowest credible number, and wait for the award that never comes. Defense doesn't work that way. The proposal is the product. Primes and the government want cost realism, a defensible basis of estimate, and — as you grow — cost accounting that can stand up to audit. A supplier who bids the lowest number with no traceable rationale behind it doesn't look competitive. They look like a company that doesn't understand the rules, which reads as risk.

Two — the launch-and-run reflex. Automotive trains you to fight through a brutal launch — PPAP, run-at-rate, a few intense months — and then settle into steady, high-volume production where the part barely changes for years. Your systems are tuned to get to rate and stay there. Defense is the opposite shape: low volume, high mix, frequent engineering changes, and configuration control that has to track every revision against a specific contract and serial number. I've seen a shop quote a defense job as if it were a production part and discover that the real work was the paper — first-article inspection, certs of conformance, material traceability back to the mill heat, revision control that proves the part you shipped matches the exact drawing the contract called for. The discipline isn't getting to rate. It's proving, on paper, that what you delivered is exactly what was specified — every time, traceable all the way back to raw material.

Three — the “they audit us when there's a problem” reflex. In commercial work, oversight tends to be reactive. You earn trust by performing, and the customer shows up when something breaks. Defense flips that into a continuous, documented, largely self-attested posture. You're expected to assess your own cybersecurity against a federal standard, score it honestly, post that score where the government can see it, and stand behind it before anyone ever shows up at your door. For a shop used to fixing problems as they arise, this feels backward — you're being asked to maintain evidence of compliance for an inspection that may be months or years away, or may never come at all. The muscle isn't reacting well to an audit. It's building and keeping a continuous body of evidence on the standing assumption that someone will eventually check.

Four — the relationship-driven supply base reflex. Most commercial shops manage their own suppliers on relationships and history. You know your vendors; you've worked with them for years; you call when there's an issue and it gets handled. It works, and it works well. Defense pushes accountability downward through what's called flowdown. You don't just answer for your own performance — you answer for the risk sitting beneath you, in your Tier 2, 3, and 4 suppliers. That single small vendor you've sole-sourced for fifteen years because they're reliable and cheap? In a defense program, their fragility becomes your fragility, and the prime expects you to have already thought about it. Sole-source exposure you've lived with comfortably for years becomes a question you're suddenly expected to have a documented answer for.

Five — the cash-flow rhythm reflex. Automotive runs on a predictable heartbeat: releases, shipments, and payment terms you can practically set a watch by. You've built your working capital, your line of credit, and your whole financial planning around that rhythm. Defense contracts run on a different clock — long cycles, milestone-based payments, and a pace that can

leave you funding material, labor, and work in process far longer than you're used to before a dollar comes back. A shop that's perfectly healthy on automotive terms can find itself cash-starved on a defense program it technically won, simply because the money arrives on a schedule its balance sheet was never built to absorb.

How the Gap Shows Up in the Room

Here's what makes the readiness gap so disorienting: none of it shows up where you're looking. You walk into the relationship confident about the things you've spent thirty years mastering — the machining, the quality, the on-time delivery — and the conversation never goes there. Instead it goes to a questionnaire that asks whether you have a documented system security plan, how you handle controlled unclassified information, whether your cost accounting can segregate direct and indirect costs, what your flowdown process looks like. You came ready to talk about parts. They came ready to talk about your business as a system. That mismatch is the gap, felt in real time, and it's why so many strong suppliers walk out of that first meeting convinced they failed when what actually happened is they were graded on a test nobody told them was being given.

Why “Structural” Is Good News

Notice what none of those five instincts are. None of them is a knock on your machining, your people, or your quality. They're all business-systems gaps — the predictable result of having spent your career in an industry that never required these particular muscles. That's precisely why I call the gap structural rather than personal. It's not a referendum on whether you're a good manufacturer. It's a map of which systems you haven't yet had a reason to build.

And that reframing changes everything about what you do next. A flaw is something you hide or defend. A structural gap is something you close, in a sequence, on a timeline. You don't have to become a different company, and you certainly don't have to apologize for how you've run the one you have. You have to add a layer your company never needed — and you can do it deliberately, in priority order, instead of discovering each missing piece the hard way, one rejected questionnaire at a time.

That's the whole purpose of measuring readiness honestly before you're standing in front of a prime. The eight domains in the DXP™ framework aren't a test you pass or fail — they're the eight muscles defense work demands, scored so you can see which ones are already strong and which ones need building. The shop owner from Part 1 didn't have a capability problem. He had a visibility problem: nobody had ever shown him the muscles he'd never been asked to develop. Once he could see them laid out — which ones were already in good shape, which ones needed work, and in what order — the path stopped feeling like a verdict and started feeling like a plan.

In Part 3, I'll take on the fear that stops most suppliers before they even start — the rumor that getting defense-ready means writing a six-figure check — and show you what the real numbers look like, where the money actually needs to go, and why your existing discipline is worth more than you think.

Take the complimentary DXP™ readiness screener and get an instant eight-domain snapshot at summitlinefederal.com.

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This is Part 2 of a four-part series, The Defense-Ready Series, for Michigan manufacturers weighing a move into defense and aerospace. Read the full series at summitlinefederal.com.