

THE DEFENCE LAYER MISSING FROM INDUSTRIAL POLICY

A STAR-INSIGHT™ PUBLIC INTEREST BRIEFING - 005

Why Industrial Capability May Be Britain's First Line of Defence



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Star-Insight™

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Executive Summary

Much of the national conversation around defence focuses on military spending, equipment procurement and troop numbers.

Yet perhaps the more important question is:

What makes defence capability possible in the first place?

Modern armed forces depend upon a far wider ecosystem than tanks, ships and aircraft.

They depend upon:

- energy,
- steel,
- specialist manufacturing,
- logistics,
- engineering,
- software,
- transport,
- skilled people,
- thousands of specialist SMEs.

These systems take decades to build but can weaken surprisingly quickly if demand becomes uncertain or investment is delayed.

National security may therefore begin long before a uniform is ever put on.

It may begin with the resilience of the industrial systems that make defence possible.

Modern economies have largely been optimised for efficiency, globalisation and lean supply chains. National resilience often requires something different: reserve capacity, industrial endurance, energy resilience and sovereign capability.

As geopolitical uncertainty increases, these two operating models may increasingly come into conflict.

The Warning Signals

Recent months have seen increasingly direct warnings from senior defence leaders.

The Chief of the Defence Staff has described the current period as one of the most dangerous strategic environments in recent history.

Former NATO leaders and senior military figures have publicly questioned whether Western nations have allowed critical industrial capabilities to weaken over time. At the same time:

- global shipping routes face disruption,
- cyber-attacks continue to increase,
- supply chains remain fragile,
- geopolitical competition is intensifying,
- defence spending across Europe is rising.

Perhaps the challenge is not simply whether Britain spends more.

Perhaps it is whether Britain can still produce, maintain and sustain what modern defence requires.

The Great Convergence

For many years, governments have tended to discuss separately:

- economic policy,
- industrial policy,
- energy policy,
- defence,
- infrastructure,
- logistics,
- supply chains.

Periods of prolonged strategic stress can cause these subjects to converge rapidly.

Perhaps they are no longer separate conversations at all.

Perhaps they are different parts of the same national operating system.

This publication explores that possibility.

A decision made in one area may now create second-order consequences across many others.

Energy influences manufacturing.

Manufacturing influences defence.

Defence influences economic confidence.

Economic confidence shapes investment.

Investment shapes employment, skills and industrial capability.

Perhaps the system can no longer be fully understood by looking at its individual parts in isolation.

THE GREAT CONVERGENCE™

No system operates in isolation.



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Defence Is An Ecosystem

Military capability does not exist in isolation.

It is supported by a complex network of interconnected systems.

Energy

↓

Raw Materials

↓

Steel

↓

Manufacturing

↓

SMEs

↓

Logistics

↓

Maintenance

↓

Operational Capability

A weakness anywhere within the chain can affect everything that follows.

The modern battlefield may ultimately depend upon systems that rarely appear in defence headlines.

DEFENCE IS AN ECOSYSTEM

Interconnected. Interdependent. Indispensable.

1. ENERGY

Powering industry, infrastructure and operations.



2. RAW MATERIALS

Sourcing the essential materials we rely on.



3. STEEL

The backbone of modern capability and resilience.



4. MANUFACTURING

Transforming materials into critical components and systems.



5. SMEs

Specialist expertise and niche capability throughout the network.



6. LOGISTICS

Moving, storing and delivering what is needed, when it is needed.



7. MAINTENANCE

Keeping capability operational and extending service life.



8. OPERATIONAL CAPABILITY

Delivering effective military power when it matters most.



A weakness **anywhere** in the chain can affect **everything** that follows.

The strength of the **whole** determines the strength of **every** part.

The Hidden Industrial Dependency

Most people naturally associate defence with military equipment.

Yet behind every major platform sits a vast industrial network.

Steel processors.

Machine shops.

Electronics specialists.

Software developers.

Component manufacturers.

Transport operators.

Warehouse facilities.

Maintenance engineers.

Many of these organisations never appear in defence headlines.

Yet without them, capability gradually weakens.

Industrial capacity, engineering skills, specialist SMEs and trusted supply chains take years - sometimes decades - to build, but can be lost surprisingly quickly if demand becomes uncertain.

Once those capabilities disappear, recreating them under the pressure of a national emergency becomes far more difficult and expensive.

THE INDUSTRIAL OPERATING SYSTEM™

The unseen system that powers defence capability

EVERY LAYER MATTERS



Interconnected
by design



Dependent
end to end



A weakness in
one affects all



Takes decades
to build



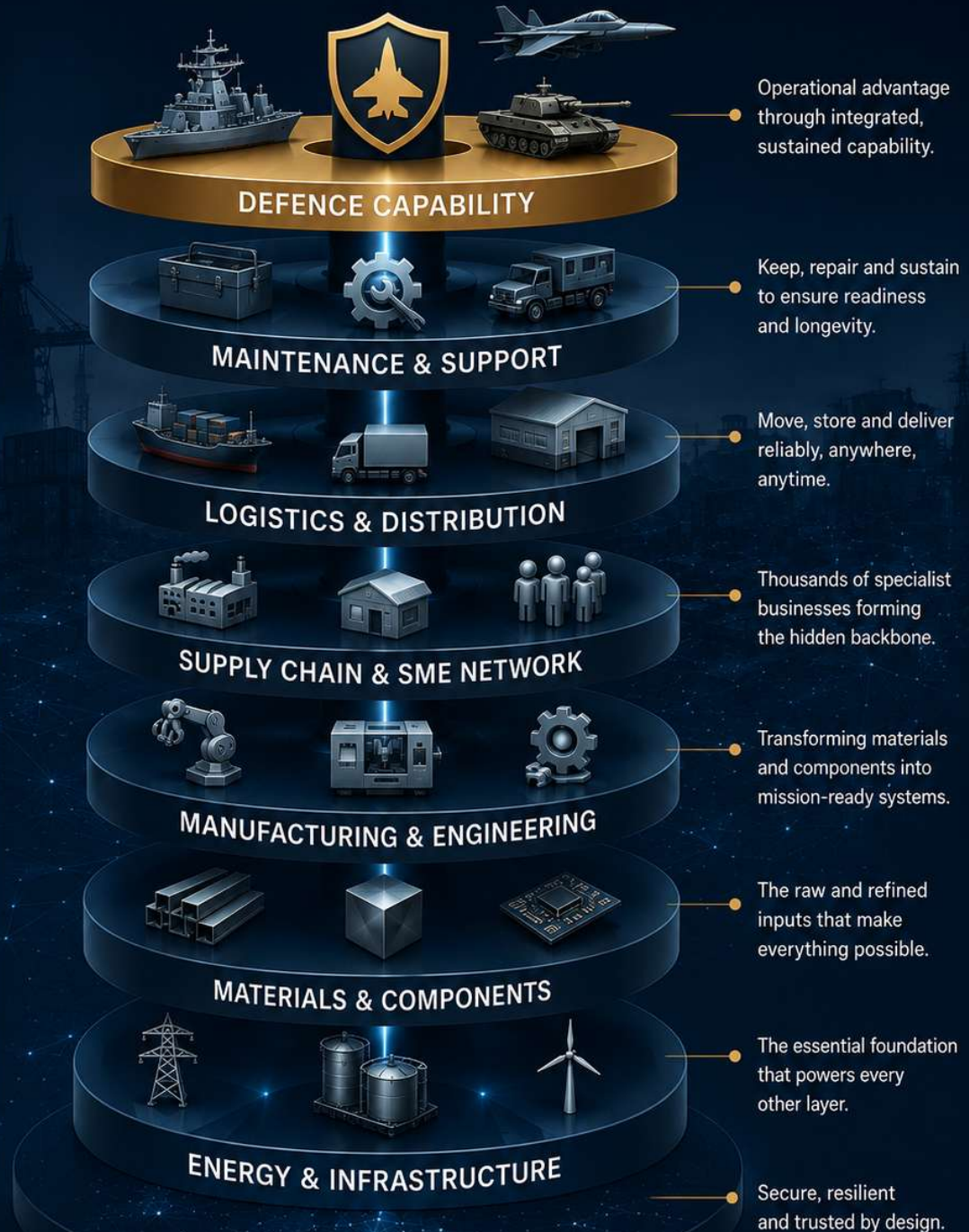
Can be lost
in months



Resilience
by capability



Strengthens
the nation



Steel remains one of the foundations of modern civilisation.

It supports:

- construction,
- transport,
- energy infrastructure,
- heavy engineering,
- defence manufacturing.

Recent industry evidence suggests that while European steel demand has begun recovering, an increasing proportion of that demand is being supplied through imports.

Demand appears to be returning.

Industrial capability may not be recovering at the same pace.

The question this raises is not simply economic.

It is strategic.

If domestic industrial capability gradually migrates elsewhere, rebuilding it during a future emergency may prove difficult.

The SME Challenge

Large defence contractors often receive much of the attention.

Thousands of smaller businesses provide much of the capability.

Many specialist SMEs:

- employ highly skilled engineers,
- support niche manufacturing,
- maintain specialist machinery,
- preserve technical knowledge.

Periods of uncertainty can place enormous pressure on these firms.

Investment pauses.

Apprenticeships reduce.

Skills are lost.

Some businesses are acquired.

Others disappear entirely.

The capability may vanish long before anyone notices it is gone.

Star-Insight Observation

Nations rarely lose industrial capability all at once.

They often lose it one supplier, one apprentice and one investment decision at a time.

National Resilience And The Energy Question

Modern defence depends upon energy.

Manufacturing depends upon energy.

Transport depends upon energy.

Data centres and digital infrastructure depend upon energy.

The more interconnected modern economies become, the more energy resilience becomes national resilience.

Perhaps energy should increasingly be viewed not simply as an economic issue but as strategic infrastructure.

The Untapped Skills Reserve

Much of the national conversation around defence focuses on equipment and spending.

Perhaps the bigger question is capability.

Modern resilience increasingly depends upon:

- logistics,
- warehousing,
- engineering,
- maintenance,
- software,
- autonomous systems,
- drones,
- digital operations.

Many younger people have grown up developing digital dexterity, rapid decision making and spatial awareness through technology.

Those capabilities have significant value across:

- manufacturing,
- infrastructure,
- utilities,
- surveying,
- emergency services,
- logistics.

Perhaps Britain possesses a larger reserve of practical and digital capability than it currently realises.

The objective should not simply be creating more military personnel.

It should be developing a broader industrial and technical skills base that strengthens both the economy and national preparedness.

The National Skills Reserve



Historically, resilience often depended upon industrial mobilisation.

Tomorrow's resilience may depend upon maintaining a broad pool of technical capability.

This could include:

- logistics support,
- HGV operators,
- warehouse management,
- drone operations,
- drone maintenance,
- engineering apprenticeships,
- supply-chain administration,
- infrastructure inspection.

These capabilities strengthen both the civilian economy and wider national preparedness.

Modern national security may depend as much upon engineers, technicians and logistics specialists as it does upon soldiers, sailors and aircrew.

The Efficiency Trap



Modern business has largely been built around:

- cost reduction,
- just-in-time supply,
- inventory minimisation,
- global sourcing,
- shareholder efficiency.

These approaches have created enormous economic value.

However, resilience often depends upon different characteristics:

- redundancy,
- strategic stock,
- reserve capacity,
- domestic capability,
- industrial endurance,
- operational flexibility.

Perhaps the challenge for the coming decade is finding the right balance between efficiency and resilience.

The Sovereign Buffer

Perhaps resilience should not be measured purely by maximum efficiency.

Perhaps it should also be measured by retained flexibility.

Modern business often seeks to remove spare capacity.

National resilience may require preserving some of it.

A degree of sovereign industrial buffer could include:

- domestic steel capability,
- strategic energy resilience,
- critical manufacturing capacity,
- specialist engineering skills,
- logistics capability,
- trusted supply chains.

Insurance always appears expensive until it becomes necessary.

The Commercialisation Of National Security

International competition increasingly extends beyond products.

Policy decisions themselves can become competitive sales messages.

Higher energy costs.

Longer supply chains.

Industrial uncertainty.

Foreign competitors naturally position these developments to their own advantage.

National resilience therefore becomes not only a defence issue but a commercial one.

Star-Insight Observation

Policies and international agreements can unintentionally become operationally dangerous if industrial resilience, defence sustainment and long-term capability are not considered before they harden into permanent structures.

The Industrial Operating System

Perhaps defence capability should not simply be viewed through the lens of military procurement.

Perhaps it should be viewed as the stewardship of an entire industrial operating system.

Factories.

SMEs.

Supply chains.

Energy.

Logistics.

Skills.

Innovation.

The resilience of the whole system may ultimately determine the capability of its individual parts.

The Pace Problem

One of the greatest strategic risks may not simply be capability itself.

It may be the speed at which capability can evolve.

Modern resilience increasingly depends upon digital infrastructure, software, data and the ability to integrate new technologies quickly and effectively.

Yet transformation is rarely as simple as buying new systems.

New capabilities often have to coexist with older technologies, established processes and deeply embedded ways of working.

Complexity can therefore become its own strategic challenge.

Adding more technology does not automatically create greater resilience.

Sometimes resilience is improved by simplifying, integrating and retiring outdated systems before introducing anything new.

The challenge may not simply be keeping up with technological change.

It may be ensuring that organisations can adapt quickly enough to make effective use of it.

As digital transformation accelerates, pace itself may increasingly become a strategic capability.

Star-Insight Observation

New technology does not automatically reduce complexity.

Sometimes the greatest strategic advantage comes from removing unnecessary complexity before adding anything new.

Executive Reflection

Consider the following questions.

- ☐ Could Britain rapidly replace critical industrial capability if required?
- ☐ Do we fully understand our dependence upon imported materials and components?
- ☐ How resilient are our energy and logistics systems?
- ☐ Are enough young people entering engineering and technical careers?
- ☐ Do we value SMEs only when contracts are required?
- ☐ Would rebuilding lost capability take longer than preserving it?

If even one answer causes uncertainty, hidden strategic risk may already exist.

Final Observation

National security does not begin with armed forces.

It begins with the industrial, energy, logistics and skills ecosystems that make armed forces possible.

The deeper question may not be:

"How do we protect industry?"

It may increasingly become:

"Will this entire system remain operationally sustainable under prolonged strategic stress?"

Because once industrial ecosystems fragment, rebuilding them can take far longer than preserving them.

Perhaps the first line of defence already exists within the factories, workshops, warehouses, laboratories and engineering businesses that quietly support the nation every day.

Strategic Reference & Evidence Base

This publication has been informed by publicly available research, official statements and independent observation, including material published by:

- NATO
- UK Ministry of Defence
- UK Strategic Defence Review
- Office for National Statistics (ONS)
- European Steel Association (EUROFER)
- British Chambers of Commerce
- Make UK
- McKinsey & Company
- Independent defence and industrial commentators
- Public statements from senior UK defence figures and industry leaders.

Together with the independent observations and practical experience underpinning the Star-Insight™ framework.

The purpose of this publication is not to replace professional advice, but to encourage better organisational decision clarity through systems-level thinking and practical reflection.

Building Organisational Resilience

The purpose of these questions is not to create anxiety, but to help organisations begin thinking more systematically about resilience.

Many organisations may already possess more resilience than they realise.

The first step is often understanding where that resilience already exists and where it could be strengthened further.



While many aspects of national security sit beyond the control of individual businesses, organisations can still contribute to a stronger and more resilient economy.

The questions illustrated above are intended to encourage discussion rather than provide definitive answers. Small improvements made consistently across thousands of organisations may collectively strengthen the resilience of the nation itself.

Perhaps preparedness begins not with waiting for instructions, but with understanding the role each organisation already plays.

Small improvements made consistently across thousands of organisations may collectively strengthen the resilience of the nation itself.

Building resilience is not simply about preparing for extreme events.

It is about strengthening the foundations that allow businesses, communities and nations to adapt when circumstances change.

Star-Insight Observation

Resilience is rarely built during a crisis.

It is usually the result of thousands of small decisions made years beforehand.

A Practical Thought

Few organisations can influence geopolitics.

Many can improve their own resilience.

Small improvements in capability, continuity planning, skills development and supply-chain understanding, repeated across thousands of businesses, may collectively strengthen the resilience of the nation itself.

Perhaps preparedness begins not with waiting for instructions, but with understanding the role each organisation already plays.

Important Note

This publication has been prepared independently by the author using publicly available information, industry observation and systems-level analysis.

It does not represent the views of the UK Government, the Ministry of Defence, NATO, or any other public authority, and should not be interpreted as official defence, security or emergency planning guidance.

The purpose of this Public Interest Briefing is to encourage thoughtful discussion around resilience, industrial capability and long-term preparedness from a business and organisational perspective.

Organisations requiring formal guidance relating to national security, civil contingencies, emergency planning or defence matters should seek advice directly from the appropriate UK Government departments and relevant public authorities.

This publication is intended to complement, not replace, official advice.

Next Steps

Some business owners and leaders may naturally ask:

"Where do we even begin?"

The purpose of this publication is to encourage reflection and broaden the conversation around resilience, capability and long-term preparedness.

To support organisations wishing to explore these questions further, the Star-Insight™ Strategic Resilience Workbook is currently in development.

The workbook is designed to help organisations think more practically about:

- supply-chain resilience,
- critical dependencies,
- skills continuity,

- operational flexibility,
- business continuity,
- strategic exposure,
- organisational preparedness.

During its initial release period, copies will be made available directly by the author to genuine organisations and business leaders who wish to explore these themes further.

Organisations wishing to register an interest in receiving an early copy may contact:

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About Star-Insight™

Star-Insight™ is a strategic systems-intelligence methodology designed to help leaders understand how hidden dependencies, bottlenecks, sequencing, resilience and pressure-transfer dynamics shape real-world outcomes across interconnected systems.

Rather than analysing sectors in isolation, Star-Insight™ examines how infrastructure, energy, supply chains, labour, technology, logistics and operational capability interact across the wider economic ecosystem and explores the wider systems, dependencies and second-order effects that often remain hidden until they begin affecting outcomes.

The methodology focuses on identifying the structural constraints, coordination gaps and second-order effects that increasingly determine industrial resilience, strategic competitiveness and long-term national capability.

The Star-Insight™ Constellation was created to help business leaders, policymakers and decision-makers better understand the interconnected systems shaping economic performance, industrial capability and long-term resilience.

Better insight. Better decisions. Better outcomes.

Star-Insight™ publications are intended to stimulate discussion, improve visibility of interconnected risks and opportunities, and support better-informed decision-making.

Strategic Systems Modelling Capability

Star-Insight™ can extend beyond strategic observation into deeper evidence-layer modelling and systems analysis, including:

- industrial dependency mapping
- quantified scenario modelling
- infrastructure and capability timelines
- energy and capacity competition analysis
- labour and workforce pipeline modelling
- supply-chain concentration analysis
- resilience and recovery modelling
- strategic bottleneck identification

- cross-sector pressure transfer analysis
- operational and decision-latency assessment

This allows organisations, industries and policymakers to move from:

understanding systems pressure

to:

modelling strategic consequences before they escalate.

STAR-INSIGHT™ PUBLIC INTEREST BRIEF CONSTELLATION

The Star-Insight™ Public Interest Brief (PIB) Constellation is a growing library of assets that explore the strategic, operational and systemic pressures shaping organisations, industries, communities and national resilience.

Published Titles

PIB 001 - The UK Steel Challenge

Why steel remains a strategic capability rather than simply a commodity.

PIB 002 - Europe's Bottleneck

How shared industrial dependencies are reshaping resilience and competitiveness.

PIB 003 - The UK Construction Challenge

Understanding the foundations, constraints and opportunities within Britain's construction ecosystem.

PIB 004 – The Commercialisation of Policy

How Geopolitical and Regulatory Change Become Competitive Sales Tools

PIB 005 - The Defence Layer

The capability missing from many industrial strategy discussions.

PIB 006 - The Dependency Chain

Why the most important parts of a strategy are often the parts nobody talks about.

PIB 007 - The Power Gap

Why Electricity May Become Britain's Most Important Strategic Resource

PIB 008 - The Semiconductor Challenge

Semiconductors, sovereignty and strategic dependence in an increasingly uncertain world.

PIB 009 - The Memory Gap

Why nations that fail to retain institutional memory risk repeating the same mistakes.

PIB 010 - The Cyber-Security Challenge

Protecting critical systems in an interconnected economy.

PIB 011 - The Communications Challenge

Why information movement has become critical infrastructure.

PIB 012 - The Silicon Glen Question

What happens when a nation loses an ecosystem?

Each publication forms part of the wider Star-Insight™ mission to improve visibility, understanding and decision clarity within increasingly complex operating environments.

Companion Resources

Executive Asset 001 - UK Steel Strategic Exposure Assessment Workbook

A practical framework to help organisations identify and reduce commercial exposure.

Executive Asset 002 – Business Transformation Readiness (Coming Soon)

New Public Interest Briefings and Workbooks will be added periodically as new strategic challenges emerge.

Additional Resources

PIB 005 forms part of a growing series of Star-Insight™ publications exploring capability, resilience, institutional memory and industrial competitiveness.

Additional tools, scorecards, workbooks and assessments referenced within this publication are currently being refined and may become available in due course.

Readers interested in related publications and future developments are invited to visit:

<https://www.reflexitmarketing.com/star-insight>

About the Author

Craig de Prez is the creator of Star-Insight™, an independent strategic systems intelligence initiative focused on helping organisations, industries and policymakers improve decision quality in complex environments.

Drawing upon more than three decades of experience spanning sales, marketing, business development, enterprise software, industrial ecosystems and capability mapping, Craig's work explores the interdependencies that influence economic resilience, institutional memory, industrial competitiveness and long-term national prosperity.

Through Public Interest Briefings (PIBs), Strategic Observation Briefs (SOBs), Executive Assessments and related publications, Star-Insight™ seeks to identify overlooked dependencies, surface "unknown unknowns" and stimulate informed discussion about the choices facing organisations, sectors and nations.

The objective is not simply to highlight problems, but to explore practical mechanisms that help restore, repair and retain valuable capabilities before they are lost.

Star-Insight™

Clarity in the Complexity.

Helping organisations create better decision clarity in increasingly complex environments.

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