



MANAGEMENT PAPERS

Organisational Renewal



CDCLMS - Centre for Defence Command Leadership and Management Studies
ADC - Australian Defence College

ORGANISATIONAL RENEWAL – WHAT’S CHANGED?

‘...there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things’.¹

INTRODUCTION

1. Transformation in the modern world is an accepted part of business. Leading management theorists even suggest, if anything, the pace of change is accelerating. The public sector and Defence are not immune to this focus on reform and revolution. Indeed the Chief of Navy recently acknowledged change must be constantly ‘stirred’ or it will be like cement, and the organisation along with it. The Organisational Renewal Agenda (ORA) represents the Defence effort to introduce a new order.

2. Defence has been under constant review and reform since the establishment of the ‘reformed’ departmental and military structure by Sir Arthur Tange in 1973-75. Defence reform is the main game involving ‘a parade of internal and external investigations, reviews and studies by a multitude of groups, and each have produced incremental changes which, for the most part, has resulted in ever-increasing costs and a diffusion of responsibility’.²

3. Before the most recent overhaul, Defence’s structure and management changed in 1997 as a result of the Defence Reform Program (DRP).³ Against this backdrop of pressure and reforms, the Secretary of Defence (Secretary) and Chief of the Defence Force (CDF) launched the ORA in June 2000. This was driven by a perceived, ‘credibility problem, widespread dissatisfaction with Defence’s performance in Canberra from Ministers, central agencies within the public service, industry and even within the defence organisation itself’.⁴ The initial implementation has seen positive results. It is moving towards a philosophy of continuous improvement. However, the full renewal agenda requires the intangible element of changing the leadership culture, and this aspect has not been implemented widely enough to contribute to the deeper organisation renewal. Accordingly, a reassessment of the agenda and its status is required.

4. **Scope.** This paper examines the implementation of the ORA within Defence. John Kotter’s eight step change process model provides the structure for examination. This paper concentrates on Steps 1- 4 of the model, with a particular emphasis on the implementation of the leadership culture. The paper proposes improvements for the implementation of the ORA.

¹ Rose, K.2002, ESI Horizons cover story on Leading Change. Quote from Machiavelli’s political treatise ‘The Prince’ .<http://www.esi-intl.com/public/publications/22002changemanagement.asp>

² Australian Defence Association 2000, ‘Defence Reform is the main game’, Defence brief, No.72, p2. A redress of the civilian bureaucratic control of the Shedden and Tange ‘dynasties’ provided balance within Defence.

³ This change was based on the report of the Defence Efficiency Review (DER) 1996. Reviews and reforms conducted since 1978 were 1982, 1987, 1988, 1991, 1995, 1996, 1997 (Defence Efficiency Review and Defence Reform Program) and 2000. On average, a review or reform occurred every three years – not including any work leading up to the review.

⁴ Hawke, A. ‘What’s the Matter: A due Diligence report’, *Defence Information Bulletin*, Vol 3, No.7, March 2000, p2, p11.

AIM

5. This paper assesses the progress of the ORA within Defence against the Kotter model in order to identify potential improvements.

ORGANISATIONAL RENEWAL AGENDA

6. As an organisation, Defence needs to be able to change and keep abreast of change in order to remain relevant to the Government and Australian public. Defence's ORA is more than a large-scale change management journey. According to Ms Jen St. Clair, 'Defence Matters was essentially a journey towards a strategy focussed organisation of three years duration that will come to fruition in July 2003'.⁵ The ORA is approaching its third year since inception and this provides a milestone in which to review the process. Responsibility for ORA rests with a small team, all Australian Public Service (APS) members. The ORA has redrawn the entire Defence system (structure and processes) in an effort to 'manage for results, tighten accountability, improve transparency, and move from a bureaucratic to a leadership driven culture'.⁶

7. Setting this process in place is the role performed by the Senior Leadership Group (SLG) – about 230 'Star' rank and Senior Executive Service (SES) personnel. To date, the ORA has only concentrated its efforts within this SLG. Results have been achieved through a series of SLG recall days/leadership summits.⁷ The next recall day planned for 29 July 2002, is very significant as it will see a change in the composition of the diarchy and a radically altered Defence Committee (DC) membership. This change of personnel in the next month, according to the Secretary of Defence, presents a big risk to the ORA progress.⁸ It is a vital juncture in the ORA process. By any organisation or company's standards, this is a major reshuffle to be undertaken in concurrence with a reform agenda. Shortly, the ORA will be cascaded to the Colonel and APS equivalents. The Secretary is of the view that the organisation is ready to move to the next stage to include a greater number of people in the reform agenda.⁹

8. Kotter believes designing new strategies, processes and organisational structures is not where the process stops, it is only the beginning. Implementing those designs so that they become embedded as the new way of 'doing business as usual' is the key, although recognition is required that implementing an agenda is actually a lot harder than writing one.

9. The ORA is the development of a culture of continuous improvement and a new, integrated performance framework. The ORA has focused on strengthening organisational capability in three ways:

- a. building **alignment** with Government direction;

⁵ Thomas, T.J. 2002, 'Hawke trips in quest for Defence Renewal', *Australian Defence Business Review*, 31 March 2002, p.14. (Jen St. Clair is the Assistant Secretary, Organisational Renewal)

⁶ defweb.cbr.defence.gov.au/defmatters/governance - Defence Matters website

⁷ Senior Leadership recall days – February 2000, 23 June 2000, February 2001, 22 June 2001 and 28 February 2002.

⁸ Interview between LCDR V. Oborn and the Secretary of Defence, Dr. A. Hawke, of 6 June 2002. (New appointments commencing June 2002 include CDF, VCDF, CA, CN and the CFO).

⁹ Ibid.

- b. building **accountability** for performance; and
- c. building **trust** within and towards the senior leadership of Defence through the creation of a shared values base (referred to in this paper as the **leadership culture**).¹⁰

10. **Renewal pillars.** The three renewal pillars are termed the ‘renewal pillars’ and are aimed at making Defence a results-focused, values-based organisation in line with the Government’s broader public sector reform agenda. The pillars of organisational renewal have their own programs and as such, represent the *Results* (alignment with Government as Customer and Owner) *through* (enabling process) *People* (People Matter) philosophy. All three elements of the ORA are equally important, however, displaying leadership and embedding leadership culture across the organisation is vital to the success of the process. This relationship is represented below in Figure 1. The reforms, initiatives and processes linked to the first two pillars will be described briefly as this work is largely underway and soon to be measurable against the budget. Developing the leadership culture is an intangible and complex component of the ORA, which will also involve generational change. It is the main challenge for Defence and the focus of examination in this paper.

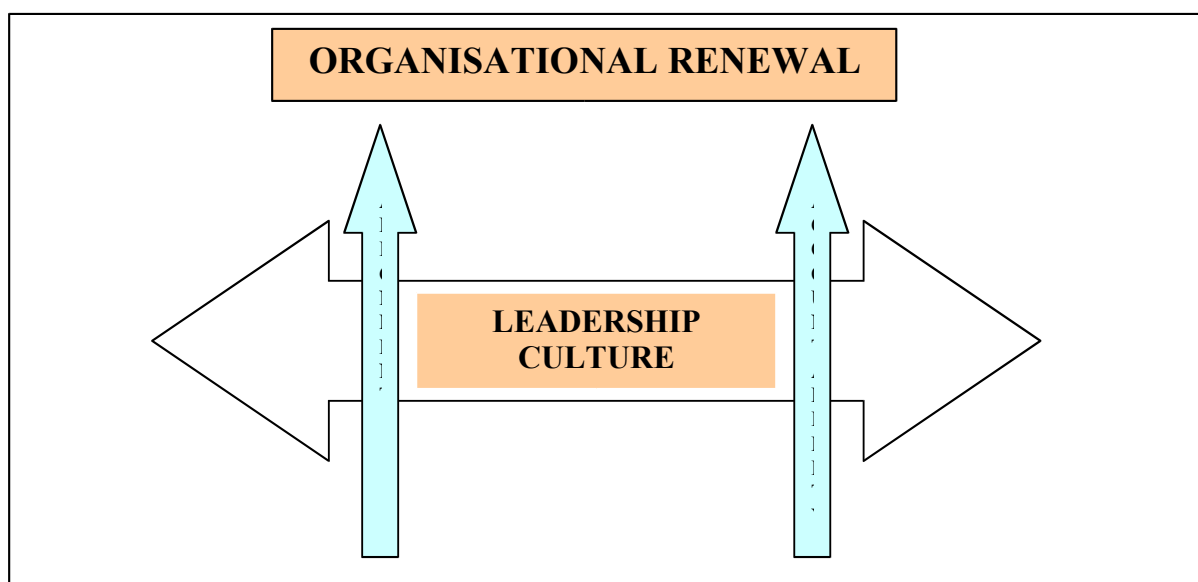


Figure 1: Organisational Renewal ‘pillars’

11. **Alignment with Government direction.** The ‘whole-of-defence’ Strategy Map provides the framework of how Government’s direction, given in *Defence 2000 – Our Future Defence Force* (D2000), is translated to an implementation plan. To align Defence activities with Government direction and then measure and report against them, a new performance framework called the *Defence Matters* scorecard has been developed. This scorecard translates the organisation’s mission and strategy into a comprehensive set of performance measures that provides a strategic measurement and management system.

12. **Accountability for performance.** The ‘new’ governance and accountability framework adopted in June 2000 aims to provide clearer alignment within Defence to the

¹⁰ <http://defweb.cbr.defence.gov.au/defmatters/model>

Government as both customer and owner. These new structures and wiring diagrams are designed to provide a more transparent and financially directed organisation.¹¹ Changes in financial processes, such as the introduction of customer-supplier agreements, further strengthen accountability within Defence. Defence's business model will not be fully tested before the 2002-03 budget. Work remains on remedying the management information systems to support this performance and reporting framework.

13. **Leadership Culture.** An effective leadership culture is the pillar on which the success of the ORA rests. The focus on the SLG to evolve Defence from a rules-based to a values-based culture is a primary strategy. Indeed, the White Paper stated that 'improving leadership will remain one of Defence's highest priorities'.¹² One of the first steps in the renewal agenda was for the SLG to develop a *Defence Leadership Model*¹³ that identified the behaviours that they can be held accountable for demonstrating in the workplace. Elements of this model include:

- a. Instituting a set of unbreakable rules,¹⁴
- b. Establishing senior leadership values,¹⁵
- c. Embarking on the Results through People (RtP) program,
- d. Commencing senior leadership development, namely the Capstone¹⁶ program, and
- e. Implementing leadership development initiatives (e.g. 360 degree feedback).

KOTTER'S MODEL

14. Posing the question, Organisational Renewal - where are we up to?, leads to examination of the process that Defence adopted to implement and drive the renewal process. Change management involves planning to change the shape or nature of the organisation. However, despite the planning, change management processes often fail. While there is no single formula for success a range of approaches have been developed to meet the needs of particular economic and organisational circumstances.¹⁷ A major writer on organisational

¹¹ The organisation has been regrouped under three main categories: Output Executive, Owner Support Executive and Enabling Executive. The Output Executives are responsible for delivering products to government. The Enabling Executives' provide enabling services to the Output Executives, as specified in customer – supplier agreements. The Owner Support Executives support the governance role, and are focussed on government in its role as the owner of the organisation, rather than as customer.

¹² Commonwealth of Australia 2000, *Defence 2000: Our Future Defence Force*, Canberra, Defence Publishing Service, October, 2000, p. 7.16, pg.63.

¹³ Defence Leadership Model at <http://defweb.cbr.defence.gov.au/defmatters/leadership> of 2 May 2002.

¹⁴ SLG unbreakable rules were agreed by Sec/CDF as: (1) Never mislead the Minister (or anyone else for that matter), (2) Never abuse power/authority, (3) Never leak information, and (4) Never condone poor performance.

¹⁵ SLG Values: Professionalism, Loyalty, Innovation, Courage, and Integrity, Teamwork (PLICIT).

¹⁶ Capstone program is a leadership development course aimed at the SES Band 1/ Brigadier (equivalent) levels.

¹⁷ Jeannie Daniel Duck (Harvard Business Review), lists these ingredients for successful change – create a vision, communicate the vision, provided adequate resources, co-ordinate all change projects, ensure all messages and actions are congruent, get people involved, identify and address all people problems, and create a plan and manage the process. Similarly, the IBM model is another change management methodology. It incorporates the following steps; (1) shared strategic direction, (2) process design and implementation, (3)

change, John P Kotter,¹⁸ lists the ingredients for success in a model, the ‘eight steps in transforming your organisation’ (Figure 2).

15. The Kotter model is an appropriate model to evaluate the ORA. The model provides a logical and in-depth approach in translating a company-based change management application to the Defence environment. Kotter highlights two major lessons learnt during an extensive organisational transformation. Firstly, skipping steps only creates the illusion of speed and rarely produces a satisfying result and secondly, critical mistakes in any of the phases can have a devastating impact - slowing momentum and negating hard-won gains.¹⁹ As these two lessons are relevant to Defence, they will be discussed.

| KOTTER’S 8 STEPS TO TRANSFORMING ORGANISATIONS |
|---|
| 1. Establishing a sense of urgency |
| 2. Forming a powerful guiding coalition |
| 3. Creating a vision |
| 4. Communicating the vision |
| 5. Empowering others to act on the vision |
| 6. Planning for and creating short-term wins |
| 7. Consolidating improvements and producing still more change |
| 8. Institutionalising new approaches |

Figure 2 – Kotter’s Model

STEP 1 - SENSE OF URGENCY

16. The first step in organisational renewal is establishing a sense of urgency and recognising the inevitability of change. The purpose of creating a sense of urgency is ‘to make the status quo seem more dangerous than launching into the unknown’.²⁰ For example, Defence needed to restore its confidence with Government, the community and internally. The Hon John Moore, MP, Minister for Defence publicly stated the need for change. His successor, Minister Reith, emphasised this requirement;

‘for all the undoubted success of East Timor and other operations, Defence was manifestly not keeping on top of its budget, its acquisition process or its reform agenda – despite years of organisational changes’.²¹

17. As the first crucial step in ORA, the above evidence suggests that Defence did not create a sense of urgency on two accounts. It failed to communicate the strategic intent to the

performance measurement and feedback, (4) knowledge capture and leverage, and (5) leadership and management of change.

¹⁸ Kotter, J.P, ‘Why Transformation Efforts Fail, *Harvard Business Review*, March-April 1995, p4.

¹⁹ Kotter, J. Op Cit, p.1.

²⁰ *ibid.* p 2.

²¹ Reith, P. 2001, ‘Australian Government Defence Policy: Contemporary Issues’, notes from presentation to Australian Command and Staff College, 7 March 2001, p.3.

organisation and, a perception of a diminished role for the Services, due in part to a lack of visibility by CDF. The ‘sense of urgency’ is derived from identifying crises and degraded performance and then, identifying opportunities for improvement. This was realised by the Secretary when he clearly and publicly articulated the basis for change.²² Kotter acknowledges that phase one in the renewal process typically goes nowhere until an organisation has a new head who is a good leader and who sees the need for a major change. This was achieved. Where the sense of urgency failed, was in the lack of communication of the need for renewal to the remainder of the organisation. The result of this was a disassociation by the majority of the organisation for the need to change.

18. Observing the climate prior and post February 2000 the perception could be gained that the ORA was ‘Canberra-centric and civilian-driven as the Secretary was the main change driver’²³. The majority of speeches, public and internal appearances addressing organisation renewal have originated and been delivered by the Secretary. The Secretary presented the diarchy as a united force and dual owners of the renewal agenda. Unfortunately, in an organisation comprised of approximately three-quarters military it is difficult to drive change without overt participation from the CDF. The Secretary stated that the desirable outcome of the changes would be “Canberra-centric, recognising the discontent is not with the operational and tactical leadership, but with strategic leadership and structures”²⁴. However, the reforms have much wider impact than just ‘Canberra-centric’, and the lack of strategic intent failed to convey the ‘sense of urgency’ to the organisation.

19. The next challenge arises with the appointment of the new CDF in June 2002 and the role he assumes in the ownership of the renewal agenda. Commitment is required from the CDF and Secretary to continue driving the change. This change in senior leadership is a critical point in the process and as identified by Kotter, could potentially have a devastating impact, slowing momentum and negating hard-won gains.

STEP 2 - GUIDING COALITION

20. The creation of a powerful guiding coalition involves assembling a group powerful enough to lead the change effort and encouraging the group to work together as a team. Within Defence there are four elements of the guiding coalition. Their roles will be individually appraised as to their effectiveness in the role of ‘guiding coalition’ in the ORA. They are:

- a. the Minister as customer and owner;
- b. the Diarchy (CDF/Secretary) as change drivers and leaders of the coalition;
- c. the Defence Committee (DC) members as the ‘executive’; and
- d. the 230 strong SLG.

²² Hawke, A. 2000, ‘*What’s the Matter – A Due Diligence Report*’ speech delivered at the National Press Club on 17 February 2000.

²³ Speeches delivered by the Secretary for Defence during early phases of organisational renewal program include: 17 Feb 2000 “What’s the Matter – A Due Diligence Report”, 23 June 2000 ‘Defence Governance and Accountability’, 17 Nov 2000 “People Power”, 10 April 2002 “Getting your corporate act together – what’s Defence doing?”.

²⁴ Hawke, A. 2001, loc.cit. p2.

21. **The Minister's role.** Since the inception of the ORA there have been three different Defence Ministers: Minister Moore provided the catalyst role for reform, Minister Reith supported the reform initiatives and Minister Hill is still learning about his new Department. What has been absent from this element is recognition throughout the Department that a process of organisational renewal is underway. There was an avenue for Departmental support in the form of an external committee created under the new Defence governance structure. This was the Defence Improvement Committee (DIC), chaired by the Minister. The DIC was established to meet quarterly and fulfill the role of an external auditing and quality control and overseeing the implementation of continuous improvement. However it has only met once (November 2000). For Defence to remain accountable to its 'customer and owner of the Defence business' it is important that the DIC remains part of the transparent framework.

22. **The Diarchy.** The diarchy has been working well, albeit mainly with the predominant voice of the Secretary. Although, a recent article in the Australian Defence Business Review claimed 'the momentum so far gained in advancing organisational renewal has been punctured by the 'children overboard' affair'²⁵. The public fall out from this affair provided a contrast in leadership styles between the Secretary and CDF. This contrast indicates a possible rupture in the diarchy. However, the real issue lies not in the current diarchy, but in the formation of the new diarchy. The current diarchy has set solid foundations for the ORA and for continuity, a seamless transition is required to maintain the focus of the DC members and the SLG.

23. **Defence Committee (DC) members.** The next element of the 'guiding coalition' is the members of the DC. These twelve are the Output Executives and figureheads within the organisation for the change initiatives. They need to lead and behave as a united team. This involves developing a shared assessment of the organisations' problems and opportunities. There will be almost a 50% rotation of personnel in this committee at the end of June 2002 and it is essential that they improve their visibility as the 'top decision-makers' within Defence. A suggestion for improving their visibility as an 'executive' is suggested in the last part of this section.

24. **Senior Leadership Group.** The final component of the guiding coalition is the SLG. The formation of this group is one of the good initiatives within the ORA as it readily identifies them as a collective group. They form a powerful group and have more visibility within Defence than the DC members. Group achievements are recognisable from the five SLG recall days since February 2000²⁶. An initiative from the most recent recall day is the 'Making it Happen'²⁷ scheme. This is designed to turn rhetoric into reality and make the renewal agenda come to life throughout Defence. All SLG members are required to complete a 'Setting the Standard' letter to CDF/Secretary by 6 December 2002 detailing how they are "engaging your people and pursuing our commitment to renewal from within"²⁸. This initiative is commendable and should demonstrate to CDF and Secretary the level of commitment from their SLG.

25. What is observable from the relationship of these four elements is that forming a guiding coalition in an organisation the size of Defence is very difficult. Teamwork,

²⁵ Thomas, T. 'Hawke trips in quest for Defence renewal', *Australian Defence Business Review*, 31 March 2002, p12.

²⁶ Achievements from the SLG recall days include: February 2000 the organisational diagnosis was completed, organisational renewal strategy commenced and committed to the results through people leadership philosophy. In June 2000, leadership model was built, values and unbreakable rules finalised. Feb 2001 Strategy map designed. June 2001 – launch of strategic journey.

²⁷ Department of Defence minute, 'Making it Happen' (CDF 118/02, SEC 78/02) dated 28 February 2002.

²⁸ Ibid.

cooperation and an understanding of each others business, including the Minister, is vital in sustaining a reform agenda. During the last two years the ORA has invested heavily in the current DC and SLG. Within a month there is the potential for these efforts to be diluted or undone.

26. **Key Corporate Messages.** Defence must firmly establish and invest in three key corporate messages. These can be developed at the DC and used by all members of the SLG when they are speaking externally and internally. They may need to be revisited every couple of months to ensure currency. The concept is to have ‘the SLG all sing off the one sheet of music’ and simple enough to be tailor made to all situations and audiences. This reinforces the corporate message and has the effect of presenting a united force and ultimately, a guiding coalition. An example of key corporate messages is at Figure 3.

| KEY CORPORATE MESSAGES |
|---|
| 1. I am a member of the Defence Committee and I have corporate responsibilities within Defence that include..... |
| 2. I am also the <i>Chief of Army</i> and have responsibilities for..... |
| 3. I am also part of the Senior Leadership Group and we are responsible for maintaining our reputation with the Government and the community. This involves a program of renewal, a long process that will not happen overnight. There are a number of steps required and we are taking it seriously to get it right. |

Figure 3. Key corporate messages.

STEPS 3 & 4 - CREATING AND COMMUNICATING THE VISION

27. Steps three and four are interrelated and will be examined together. Creating a vision is necessary to help direct the change effort which includes developing strategies for achieving that vision. Communicating the vision involves using every vehicle possible to communicate the new vision and strategies with the guiding coalition leading by example. In the ORA, this vision has been developed as the centre-piece of the Defence Strategy Map. Defence’s new vision is encapsulated in three-parts - *A force for good, A force to be reckoned with and, A force to win*. This common vision must be shared within the organisation. There is awareness of a new Defence vision, but is there acceptance and ownership?

28. **Communicating the vision.** The Defence vision must be communicated consistently and frequently. Glossy brochures inside Service newspapers, global e-mails and Defence memos are valid mediums but simply not enough. These media tools never replace face to face communications, the only really effective means of communicating the direction and the requirements of large scale change. In addition, the vision must be anchored in realities. The only way a leader is going to translate vision into reality – an ability that is the essence of leadership – is to communicate the benefits to the organisation and the individual.

29. *A force for good, A force to be reckoned with and, A force to win* are powerful words in themselves but all leaders in Defence need to be able to do much more with these words than just recite them. Defence leaders need to be able to paint a picture of the future shape of the organisation that is based on the clear, short vision statement. Figure 4 provides an example of how the Defence vision could be communicated.

| THE DEFENCE VISION |
|---|
| <p>A FORCE FOR GOOD:</p> <ul style="list-style-type: none"> • Embodies high moral standards – a respect for human life • Does what is ‘right’ – is respected by the Australian community • Is ready to participate in peacekeeping operations |
| <p>A FORCE TO BE RECKONED WITH</p> <ul style="list-style-type: none"> • Is a modest but modern force • Can operate as part of coalition forces • Is comfortable operating in high technology operational environments |
| <p>A FORCE TO WIN</p> <ul style="list-style-type: none"> • Is able to logistically sustain itself in operational theatres for long periods of time • Operates a single force in which the ‘four services’ are integrated • Is given quality leadership and public support |

Figure 4. A proposed Defence vision

STEPS FIVE TO EIGHT

30. Having analysed steps one to four in Kotter’s model, steps five to eight are a natural progression. While no less important, Defence is not in a position at this stage to proceed to the next steps. Given the impending change in senior leadership during the next month, Defence needs to consolidate its position and ensure a consistency of approach to the next stages of the ORA. The role of steps five to eight will now be briefly described. This will then be followed by suggestions that will assist the implementation of the complete model.

31. Step 5 is empowering others to act on the vision. This involves the elimination of obstacles to change, changing systems or structures that seriously undermine the vision, encouraging risk taking and non-traditional ideas, activities and actions. This could be described as innovation and opening up the renewal process to a greater cross-section of leaders, that is the ‘leadership pool’. This latter concept is described in depth in the next section.

32. Planning for and the creation of short-term wins is covered in Step 6. Included in this step is planning for visible performance improvements, creating those improvements and recognising and rewarding employees implementing the improvements. Successful change requires people’s passion and engagement, and sustaining the momentum requires high performance. People will make a change management strategy succeed or fail. ‘Change is intensely personal. For change to occur in any organisation, each individual must think, feel or do something different’²⁹. Short- term wins validate the effort and maintain the level of urgency.

²⁹ CTRE Consulting . Op Cit. p5.

33. In Step 7, the consolidation of improvements and producing still more change. For example, hiring, promoting, and developing employees who can implement the vision – change agents. In conjunction with this is the removal of those people who fail to commit to the renewal process. This is in progress at the senior leadership level through the ‘*Making it Happen*’ initiative.

34. Institutionalising new approaches and reinforcing the changes as permanent is the final Step 8. Having made changes, leaders must articulate the connections between the new behaviours and corporate success. This involves leadership development and succession planning, and opening up the renewal agenda to the organisation via the ‘leadership pool’.

IMPROVEMENTS TO ORA

35. **The Leadership Pool.** People are the substance for the ORA process. Leaders need followers. Followers need Leaders. However, leaders are present at levels throughout the organisation and all have a responsibility to ‘walk the talk’. To date, the ORA have concentrated its renewal efforts within the SLG and plans to incorporate the other tiers of leaders are vague. Renewal has to be inculcated at all stages in leadership development to effect the generational changes that is necessary in developing a culture of continuous improvement. There is a ‘leadership pool’ readily identifiable within Canberra, incorporating the three campuses of the Australian Defence College (ADC). Utilising this leadership pool and engaging the ADC in the ORA is an investment for the future. Literature on embedding culture into an organisation acknowledges that it is a lengthy process.

36. In planning to incorporate the ‘leadership pool’ in a renewal agenda the leadership continuum model at Figure 5 could be utilised. What this model illustrates is Defence’s current emphasis on leadership training and a proposed optimum leadership focus. The model commences at Australian Defence Force Academy (ADFA) where a large proportion of tactical and single service leadership training is the focus and elements of the defence leadership culture are introduced. Moving to the middle managers at the Australian Command and Staff College (ACSC) leadership training should shift to be operational and equally balanced between single service and defence leadership models. As people progress towards senior management at the Centre of Defence and Strategic Studies (CDSS) the leadership emphasis should be strategic with the majority of effort concentrated on defence. Utilising the leadership pool through the continuum model develops leaders who will bring a positive and accepting approach to renewal.

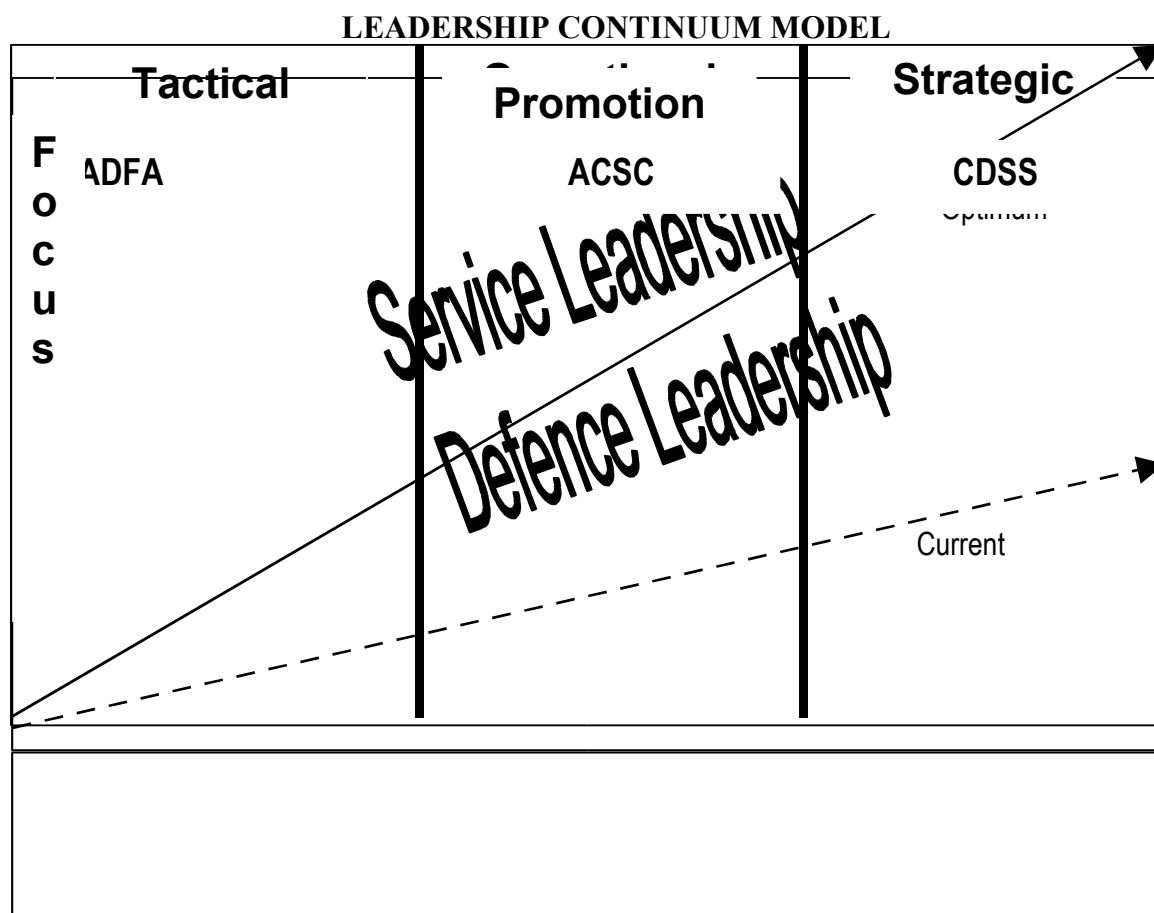


Figure 5: The Leadership continuum

37. **Cultural representation in organisational renewal.** Organisational renewal needs to continue with an extension into the organisation. A solution of incorporating the leadership pool into the renewal agenda is the first step. Defence has a very complex culture - Navy, Army, Air Force and the Australian Public Service with their associated sub-cultures. In implementing a organisational renewal agenda for Defence all 'cultures' should be represented within the organisational renewal team, to ensure Defence-wide ownership.

38. **Change Fatigue.** Defence is "change weary"³⁰, and change has resulted in a lack of confidence in the latest 'reform agenda. The continual review, modification and restructure climate has failed to allow Defence to embed a concept and report on it for an adequate assessment period. The first fundamental change therefore, is to allow the system to prove, or disprove itself over at least two budget cycles.

³⁰ The Parliament of the Commonwealth of Australia 2001, "Recruitment and Retention of ADF Personnel", *Report of the Senate Foreign Affairs, Defence and Trade Committee*, Senate Printing Unit, Parliament House Canberra, chap 2, p9.

CONCLUSION

39. The Government's demand for transparency, capability, fiscal responsibility, and management reform led to the implementation of the ORA in June 2000. Meeting the challenges of improving the 'defence business', the diarchy took positive steps to ensure the performance and conformance of Defence to address these issues, empowering the individual for the output required. The ORA is not a quick fix solution as it involves the modification of culture, behaviour and people, and therefore, cannot be implemented in a mechanistic fashion.

40. Defence has a reputation and history of report, review and inaction. The ORA, now two years advanced confronts the same fate. Defence must engage Government and not continue to be the victims of change for change sake, rather the innovative leaders of a values-based organisation structured to meet the requirements of the future. The rub lies here in the ability and agility of the SLG to continue to recognise the opportunities to change and then act upon them.

41. This paper evaluated the ORA and identified improvements. The renewal agenda was evaluated by a literature review of Defence documents, interviews with civilian and military officers, and a comparison against Kotter's eight step leading change model. Machiavelli and many others all had it right. Change is omnipresent, uncertain and difficult. But it is not impossible. Kotter's model for leading change provides a framework that can be applied to the ORA.

42. Literature on embedding culture, particularly a leadership culture, acknowledges it as a lengthy process. Utilising the leadership pool and engaging ADFA, ACSC and CDSS in the ORA is an investment for the future. The real assessment in attaining a results-focused, values-based organisation will only be validated when today's ADFA officers are tomorrow's SLG!

RECOMMENDATIONS

The following recommendations are made:

- a. Increase the involvement from the Minister for Defence through the reinstatement of the Defence Improvement Committee.
- b. Continue developing the SLG as a 'guiding coalition', especially after the changes to the senior leadership in June 2002.
- c. Issue the SLG with a set of 'corporate key messages'.
- d. Ensure all four Services are represented within the Organisational Renewal team.
- e. Engage the 'leadership pool' in the ORA.
- f. Communicate Defence's vision throughout the organisation.
- g. Continue the ORA.

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