

## ORGANISATIONAL RENEWAL – WHERE NEXT?

Vision without action is merely a dream  
Action without vision just passes the time  
Vision with action can change the world

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The Power of Vision<sup>1</sup>

### INTRODUCTION

1. The Second Law of Thermodynamics indicates ‘everything tends towards disorder.’<sup>2</sup> Within this chaos, exist patterns of complexity. Change generates complexity and chaos. Human organisations, like society, are attempts to counteract or impose order on the uncertainty and complexity of change. Postindustrial organisations treat change as a ubiquitous element within the environment.<sup>3</sup> Organisations like BHP and Daewoo promote the acceptance of change as a journey to a better organisation and a brighter future.<sup>4</sup> Similarly, the Department of Defence proposes to embrace change after years of disorder.

2. Defence has a history of inadequate higher-level management structures. The long domination of Shedden and later Tange entrenched the primacy of the bureaucracy within Defence.<sup>5</sup> A bureaucratic culture balanced the alleged ‘fatal rivalry’ between the three military services.<sup>6</sup> A series of official reforms and reviews into the flaws of Defence management, command and control, and culture were either stymied or neglected.<sup>7</sup>

3. The failure to implement internal change and deliver satisfactory outcomes for Government undermined the credibility of Defence. An inability to deliver effective, relevant combat capability combined with parlous fiscal management drove a dissatisfied, economically rationalist Government to impose change. The Defence Efficiency Review (DER) and Defence Reform Program reduced financial inefficiencies and restored combat

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<sup>1</sup> Centre for Defence Command Leadership and Management Studies, *Draft Strategic Leadership Primer*, Australian Defence College, Weston Creek, p 21.

<sup>2</sup> Gleick, J. *Chaos Making a New Science*, Penguin, New York, 1987, p 308. Chang, R. 1984, *Chemistry*, Random House, New York, pp 517-18 describes entropy and explains the Second Law of Thermodynamics in scientific and mathematical terms. The interaction between chaos theory, change, and modern society is explored in Wheatley, M. J. 1994, *Leadership and the New Science Learning about Organisation from an Orderly Universe*, Berrett-Koehler, San Francisco.

<sup>3</sup> There is considerable debate over the term postindustrial. Generally, postindustrial denotes a Western linear evolution from a manufacturing industry to a service based industry. Typically, these organisations also utilise flatter structures and espouse ideas of empowerment, team-based work.

<sup>4</sup> Wood, J. et al, *Organisational Behaviour: A Global Perspective*, John Wiley and Sons, Brisbane, pp 579-581. This article refers to Paul Anderson’s reorganising of BHP in 1998. BHP is now known as BHP Billiton.

<sup>5</sup> Frederick Shedden was the Permanent Head of the Defence Department from 1937-1956. He treated Defence as his personal fiefdom. Sir Arthur Tange was the Secretary of the Department of Defence from 1970-1979. His time as Secretary was often referred to as the ‘Tange dynasty.’

<sup>6</sup> James, N. 2000, ‘Reform of the Defence management paradigm: a fresh view’, *Australian Defence Studies Centre Working Paper, No.59*, May, p 13. See also Evans, D. 1990, *A Fatal Rivalry Australia’s Defence at Risk*, Macmillan, Melbourne.

<sup>7</sup> These reforms and reviews include Utz (1982), Cross (1984 and 1987), Baker (1988 and 1995), Sanderson (1991), the Force Structure Review, and the McIntosh inquiry into the Collins class submarine project.

capability. DER also highlighted cultural problems within Defence. The reforms did not address these problems.

4. The most recent reform within Defence is the Organisational Renewal (OR) project launched in June 2000. Like previous efforts, OR pinpoints weaknesses in the corporate governance of Defence. Like previous attempts, OR seeks a value for money organisation. Unlike previous endeavours, OR is a change management program championed by a change agent with a political mandate and a financial imperative for change.<sup>8</sup>

5. The management and implementation of change is often presented as a scientific and systematic process.<sup>9</sup> Such a perspective affords a framework to understand the imposition of order on complexity. One such framework is the Kotter Eight Step Leading Change process.<sup>10</sup> OR is at the two-year mark of a three-year agenda. The current Secretary of the Department, Dr Alan Hawke, declared he would restore the effectiveness of Defence within two years.<sup>11</sup> Moreover, the major Defence leadership reshuffle this month presents a substantial risk to the OR agenda. Consequently, it is timely to ask organisational renewal – where next?

6. **Scope.** This paper evaluates the progress of the OR program. First, the paper briefly outlines OR and justifies the selection of Kotter as the basis for the evaluation. Then, the paper considers the status of OR against the first five steps of the model. Each step includes the proposal of potential improvements to the program. The paper emphasises the cultural reform aspect of the program and amendments to the military's approach to OR.

## AIM

7. To establish the future direction of the Organisational Renewal program.

## ORGANISATIONAL RENEWAL – WHAT IS IT?

8. OR has three major themes:

- a. Improving *alignment* with strategic direction,
- b. Improving *governance and accountability* arrangements, and
- c. Improving *trust* within and towards the Defence Senior Leadership Group (DSLG).<sup>12</sup>

<sup>8</sup> A change agent is an individual or group which accepts responsibility for changing the existing pattern of behaviour of a person or social system. Many have asked whether Hawke, the initial change agent, is a successor of Shedden, a clone of Tange or a modern day Quixote.

<sup>9</sup> Daft, R.L. 1997, *Management* (4th Edition), Dryden Press, Orlando, chapter 12. Wilson, A. & Tozzi, R. 2002, 'Continuous Change Management', *Army Logistician Professional Bulletin of United States Army Logistics*, Mar-Apr, pp 13-17. Wood, J. et al, *Organisational Behaviour: A Global Perspective*, John Wiley and Sons, Brisbane, chapter 17 describe change as a scientific management process.

<sup>10</sup> Kotter, J.P. 1996, *Leading Change*, Harvard Business School Press, Boston.

<sup>11</sup> Thomas, T.J. 2002 'Hawke trips in quest for Defence Renewal', *Australian Defence Business Review*, 31 March, Vol 21., No.4, p 13.

<sup>12</sup> The CDF announced these themes in June 2000. See the Defence Matters website, '*Why Renewal in Defence – and how?*', p 1. The DSLG consists of the top 230 military one star equivalent and civilian Senior Executive Service (SES) Band 1 and above officers.

9. The use of two strategies delivers these objectives. The big ‘S’ strategy achieves alignment with Government expectations, as outlined in the White Paper, through a more transparent planning and reporting framework. The Defence Matters Balanced Scorecard (BSC) format provides the basis for the Defence Plan. The Defence Plan coordinates activity and the balanced scorecard measures progress against outcomes. An internally focussed little ‘s’ strategy complements the externally focused big ‘S’ strategy by targeting the second and third themes.

10. The adoption of a Defence Business Model (DBM), based on the revamped governance and accountability structure, provides improved management within Defence. The introduction of accrual accounting, and streamlining of whole-of-life capability management, further contribute to building better decision support mechanisms for Government. Nonetheless, the DBM will not be fully tested before the 2002-03 budget.<sup>13</sup>

11. The third theme builds a better climate for people in Defence. Senior leadership development addresses the ‘culture of learned helplessness.’<sup>14</sup> Plans for the development of a leadership culture transform the culture from rules based to values based. These initiatives include the ‘Making it happen’ project, the extension of the program to COL (E), and the Results Through People (RTP) Network. Work in the leadership area underlines both the revitalised culture and also the themes of alignment and accountability.

## **KOTTER’S MODEL – LEADING CHANGE**

12. The implementation of change is akin to a campaign.<sup>15</sup> Both require a plan and the leadership to execute the plan. Change management campaigns can access a range of plans and models. The use of a specific model is not readily apparent within Defence. However, senior Defence officials acknowledge the utility of Kotter’s model.<sup>16</sup> Kotter’s model identifies eight essential steps within the change process. Analysis indicates OR is between step four (communicating the change vision) and step five (empowering employees for broad-based action).<sup>17</sup> The maintenance of momentum is essential to the success of a campaign for change. Success at each step is crucial to the maintenance of this momentum. The process is sequential with success at each step preceding passage to the next stage. Leadership is fundamental to the overall success of this process.

## **STEP ONE – ESTABLISHING A SENSE OF URGENCY**

13. Kotter highlights a sense of urgency is necessary to generate momentum for change.<sup>18</sup> Urgency undermines and overcomes organisational complacency, and convinces players to join the change team. Successful passage to steps two to four relies on the acceptance of the

<sup>13</sup> The release of the White Paper and rollout of accrual accounting set the timeline for the first full test of the model.

<sup>14</sup> Hawke, A. 2000, ‘*What’s the Matter-A Due Diligence Report*’, edited version of an address to the Defence Watch Seminar by the Secretary of Defence, The National Press Club, 17 Feb, <http://www.defence.gov.au/media/2000/sec1.html>

<sup>15</sup> Wilson & Tozzi, op.cit, p 13.

<sup>16</sup> Interview with Assistant Secretary Organisational Renewal Branch, Ms Jen St Clair, dated 28 May 2002

<sup>17</sup> Change is not a linear process. Arguably, for every change within OR the process must start again. Therefore, this system is used to apply order to the analysis.

<sup>18</sup> Kotter, op.cit, p 36.

necessity for change by a majority of employees, 75% of management and virtually all the top executives of an organisation.<sup>19</sup> Leadership drives people from their comfort zones and sufficient leaders drive the change.

14. In February 2000, Hawke stated defence required fundamental renewal from within.<sup>20</sup> He cited widespread dissatisfaction at Defence's management, financial situation, and overall performance as the hallmarks of a crisis within Defence. June 2000 marked the introduction of a new Defence corporate governance model and the start of the DSLG leadership program. Through both words and actions Hawke, as the initial change agent, established a clear sense of urgency via attacks against complacency and generating momentum for change.

15. The reforms received strong external support. The media provided favourable, if not positive, coverage of the changes. Moreover, Hawke's clear mandate from Government to re-fashion Defence thinking and business practices provided the real power for change. Internal support, however, remains ambivalent. This is particularly true of the military constituents of Defence. The prominence of Hawke overshadows whatever contributions the CDF and other senior military leaders may have made. This lack of visibility contributes to the perception the change is civilian-centric and has not recruited key military players to join the team.

16. According to Hawke, the reforms are also Canberra-centric.<sup>21</sup> Therefore, there is no engagement of the Defence community beyond Canberra. Again, the reforms will fail to recruit key regional players and jeopardise the creation of the necessary sense of urgency.

17. The measurement of success for step one is the acceptance of change from a high number of personnel within the organisation. Bringing along key leaders remains vital to the success of the program. There is no discernible objective measurement of the acceptance of change. Defence Attitude Surveys of 2000 and 2001 reveal a high level of distrust towards the DSLG. However, a tendency to readily blame higher headquarters and avoid personal responsibility for problems distorts the accuracy of these surveys. The 360-degree performance appraisal system is neither well established nor necessarily capable of determining commitment to change. Through 'Making it happen', the DSLG report on their progress with accepting OR.<sup>22</sup> The diarchy receive the report, however, self-reporting is unlikely to reveal a lack of commitment to change. Some senior defence officials estimate the maximum level of support to OR from the DSLG at 30%.<sup>23</sup> This does not constitute a guiding coalition, the subject of step two.

18. Overall, it is difficult to gauge the success of step one. Speeches, primarily from Hawke, and the initial organisational and procedural changes established a clear sense of urgency. However, neither all of the top leaders nor the majority of the organisation accept the

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<sup>19</sup> *ibid*, p 48.

<sup>20</sup> Hawke, A. 2000, 'What's the Matter-A Due Diligence Report', edited version of an address to the Defence Watch Seminar by the Secretary of Defence, The National Press Club, 17 Feb, <http://www.defence.gov.au/media/2000/sec1.html>

<sup>21</sup> Hawke, A. 2001, 'One Year On', address to the Defence Watch Seminar by the Secretary of Defence, The National Press Club, 27 February.

<sup>22</sup> Department of Defence Minute (SEC 78/02, CDF/11802), 'Making it Happen', dated 28 February 2002.

<sup>23</sup> Several one star equivalents and above conceded this figure represents a very optimistic reading of support for OR.

necessity of OR. Support from the CDF in a visible fashion, especially within the military component of Defence, remains crucial to the affirmation of the sense of urgency for OR.

## STEP 2 – CREATING THE GUIDING COALITION

19. In step two, Kotter extracts the key players from step one and forms a powerful coalition to drive and sustain the change. A single charismatic leader is insufficient to implement major organisational transformation. A guiding coalition composed of the *right people* with a *high level of trust* and a *common goal* is essential in the early stages of renewal.<sup>24</sup> Kotter defines the right people as ones with strong position power, broad expertise, high credibility, and leadership and management skills.<sup>25</sup> There is no tool provided to measure the creation of the coalition.

20. Oborn identifies four elements of the guiding coalition within Defence: the Minister, the diarchy, the Defence Committee, and the DSLG.<sup>26</sup> Leading change requires the engagement of virtually all the top leaders. Within Defence, this group is the DSLG. The DSLG comprises all the members of the diarchy and Defence Committee. Therefore, this section concentrates on the DSLG.

21. According to Kotter's definition, the DSLG contain all the 'right people'. Defence also recognises the DSLG as the right people within the organisation to drive OR. This provides the DSLG with a level of credibility. However, if supporters of OR within the DSLG number 30% there remains a high percentage of change resisters within the senior leadership. A number of initiatives tackle this resistance to change. These include CDF's letter to all one and two star equivalent military officers.<sup>27</sup> The letter details the behaviour and performance expected of these personnel. The clear message is either change your attitude or change organisations. The Star Plot committee, with Hawke's membership, can select the right people for promotion and further endorse the behaviour and performance expected of the senior leadership team.

22. The second aspect of the definition is a high level of trust. The majority of the focus of OR has been on increasing the level of trust within the DSLG. The conduct of a number of cross-functional and integrated activities generates greater understanding and break down traditional 'tribal' stereotypes.<sup>28</sup> The results from these sessions include the construction of the Defence People Leadership Model, Defence Values, and a set of unbreakable rules. However, the real outcome is improving the level of trust amongst the DSLG. Measurement of this outcome is difficult and conflicting evidence is available. Some senior military officers report an improvement in the collegiate approach within Defence since 1998. Yet, other officers

<sup>24</sup> A common goal is defined as a vision and strategy for the change management program. This is analysed in step three – developing a vision and a strategy.

<sup>25</sup> Kotter, op.cit, p 52.

<sup>26</sup> Oborn, V. 2002, 'Organisational Renewal – What's Changed', unpublished paper for Australian Command and Staff College, p 6.

<sup>27</sup> Hawke, A. 2000, "*Post Industrial Leadership – Leadership Challenges in the Information Age*", edited address to ADC Conference 5 May.  
<http://www.defence.gov.au/media/speechhtml.cfm?CurrentId=925>.

<sup>28</sup> There has been five Senior Leadership recall days – February 2000, 23 June 2000, February 2001, 22 June 2001 and 28 February 2002 – with the next one scheduled for July 2002. Also note 'integrated' indicates the involvement of ADF and APS personnel.

maintain a high level of scepticism and cynicism about OR remains prevalent amongst the DSLG.<sup>29</sup>

23. The development of a collegiate or integrated approach early in the careers of Defence personnel instils trust amongst future Defence leaders. From a military perspective, the tri-service approach within the various institutions of the Australian Defence College inculcates a Defence focus. However, the low civilian participation rate reduces the impact of the College in the development of a collegiate approach. The role of the Defence education system is discussed further in step five.

24. A major criticism of OR is its top-down approach. Kotter's model advocates this approach arguing the empowerment of employees belongs to step five. Yet, such an approach risks alienating and disenfranchising both middle management and potential members of the guiding coalition. Current evidence suggests there are very few supporters of OR amongst approximately 70, 000 Defence personnel. Based on these figures, OR cannot afford to reject supporters.

25. Overall, the initiatives within step two are very positive and the concentration on the DSLG fundamental to the success of future steps. However, both Kotter and Defence lack an objective mechanism to determine the level of support. Moreover, Defence may have moved prematurely to stages three and four without garnering sufficient power to guide and lead change.

### STEP 3 – DEVELOPING A VISION AND A STRATEGY

26. Creating a vision and a strategy is an investment in the delivery of a better future. A vision represents the what and why and strategy the now and when of the program. Kotter outlines the creation process and the measurement of the end product. Kotter states visions and supporting strategies must be *feasible*, *focused* and *flexible* and communicable.<sup>30</sup> This last aspect is analysed in step four; therefore, this section considers the first three elements.

27. The Defence Vision is;

*A force for good • a force to be reckoned with • a force to win*

28. The vision implies Defence is an integrated, joint and, as required, combined team. Defence relies on a small but potent force to set the standard and accomplish the Defence mission. The effectiveness of this vision is analysed in step four. A BSC approach underpins the implementation of this vision. Within Defence, the BSC is better known as Defence Matters.

29. Defence Matters is a whole-of-Defence strategy map linking individual work performance to organisational strategy. The individual charters for the DSLG represent an example of this linkage. This alignment between performance and strategy is at the heart of OR. Essentially, Defence Matters underlines Defence efforts to become a strategy focussed organisation. Such an organisation requires participation from the entire workforce rather than a discrete element of the organisation. The current Canberra-centric approach contradicts this objective and dilutes the *focus* of the strategy.

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<sup>29</sup> All officers requested to remain anonymous.

<sup>30</sup> Kotter, op.cit, p 72.

30. A variety of organisations use BSC to initiate, manage and monitor organisational transformation. These organisations include the city of Charlotte, the United States Department of Defence, and Mobil North America.<sup>31</sup> This wide use suggests BSC is a *feasible* strategy to underpin OR. Moreover, BSC is capable of monitoring financial and non-financial aspects of an organisation. This is particularly relevant to organisations changing leadership and culture. The Defence Matters strategy has four major components. These are:

- a. Results to Government as Customer,
- b. Results to Government as Owner,
- c. Enabling Business Process, and
- d. People Matter.

Consequently, the strategy is *flexible* enough to consider the full spectrum of organisational activities.

31. Overall, the third step contains most of the measures of success. The strategy is feasible and flexible. However, a decision on the extent the program is to permeate the organisation is needed to provide sharper focus to the overall strategy.

#### STEP 4 – COMMUNICATING THE CHANGE VISION

32. The power of a vision requires a common and broad understanding of its goal and direction. This requires effective communication between the guiding coalition and the remainder of the organisation. Kotter lists seven elements of effective communication.<sup>32</sup> This section will focus on simplicity, method and example.

33. A simple vision requires little explanation, it is direct yet effective. The use of metaphors, analogies or examples enhances the effectiveness of the message. In short, a verbal picture is worth a thousand words. The current vision is simple, however, not easily describable. An explanation must appeal to the imagination of as much of the workforce as possible. This is no easy task given the diversity and size of Defence. The alternative versions provided at figure 1 may stimulate a more effective explanation than currently available.

<b>Vision</b>	<i>A force for good • a force to be reckoned with • a force to win</i>
<b>Official Version<sup>33</sup></b>	First, it captures the way in which Australians work so well together and in coalition with other national forces. Second, the way in which we rely so heavily, as a relatively small fighting force defending a tenth of the Earth's surface, on deterrence. And third, the sheer drive to be the best – to set the standard – that makes our soldiers, sailors, airmen and women so effective in achieving the mission Government requires of us, namely, 'Defending Australia and its national interests.'

<sup>31</sup> Kaplan, R.S. and Norton, D.P. 2001, *The Strategy-Focussed Organisation How Balanced Scorecard Companies in the New Business Environment*, Harvard Business School Press, Boston.

<sup>32</sup> Kotter, op.cit, p 90. The elements are simplicity, metaphor, multiple forums, repetition, leadership by example, explanation of seeming inconsistencies, and give-and-take. This paper identifies multiple forums and repetition as part of method.

<sup>33</sup> <http://defweb,cbr.defence.gov.au/defenceplan/foreward.htm> of 2 May 2002

<b>Interpretation of Official Version</b>	We want an integrated Defence organisation that is result-focussed and values based. We want Defence to be strategy-focused with a 'leadership culture' where innovation and creativity are the hallmarks of success.
<b>Alternative 1</b>	When we travel to the moon we want a rocket full of the right stuff not one full of monkeys.
<b>Alternative 2</b>	We wannabe the Wallabies not the English cricket team.
<b>Alternative 3</b>	We need a team of Richard Bransons not Sir Humphrey Applebys

Figure 1. Explanations of Defence Vision

34. Kotter states the effective communication uses a variety of methods. Defence methods of communication include glossy brochures, service papers, e-mails, websites, small group forums, and even access to the DSLG recall days.<sup>34</sup> Yet, the perception persists Defence is not communicating the message in an effective fashion. Until a recent presentation at ACSC the majority of the next generation of leaders were ignorant of the OR process.

35. Effective communication requires greater engagement between the DSLG and the people of Defence. This means the use of face-to-face conversations, whether formal or informal. The DSLG needs to walk the floor and engage their staff. An open door policy requires leaders to leave the office not have subordinates visit. The CN annual leadership forum is an example of a formal walk of the floor. The forum gathers and listens to a variety of personnel and ranks from across the Navy.

36. The downside of this type of interaction is it is time-consuming. However, this type of engagement encourages change agents, supporters, visionaries and strategic leaders external to the guiding coalition. The RTP Network, although in its infancy, represents an attempt to engage the organisation beyond the DSLG. The aim of the network is to encourage Defence personnel interested in better understanding of RTP philosophy. This network is similar to the Navy Divisional System. Both systems operate across but supplement the chain of command.

37. Example, or action, underpins the language of communication. People are 'boss watchers'. They watch their bosses to check if actions match words. This means the credibility of the strategy and vision rests on the actions of the guiding coalition. For example, the CDF's statements at CMI appeared to contradict certain Defence Values. One way to reinforce the vision lies with an investment in OR. OR is trumpeted as an integrated Defence program. Yet, the OR team are all APS personnel. This inhibits their ability to convey the OR message as they are not representative of the whole of Defence. Therefore, a representative from each service with a mix of officers and other ranks visibly demonstrates the value of OR. The disadvantage is the perception a small number of personnel are not employed in a core or combat related appointment.

38. Kotter does not provide a measure of success for this stage. Success hinges on the interpretation of the amount of people who need to understand the vision and strategy before the start of step five. Certainly, Defence could use the BSC site to measure understanding and awareness of OR. Each functional area would benefit from adopting such a metric. This would force the DSLG to engage their staff and contribute to the production of strategy-focussed organisation.

<sup>34</sup> Paterson, I. 2002, 'Defence leaders reach summit', *Defence Information Bulletin*, Mar/Apr, p 21.

39. Overall, there is considerable room for improvement within step four. There is much action but little happening. This step lacks a coherent framework and requires a better plan and attention to detail to achieve success. The lack of an appropriate metric inhibits the measurement of success and the passage to step five remains unclear.

## **STEP 5 – EMPOWERING EMPLOYEES FOR BROAD-BASED ACTION**

39. Interactive two-way communication empowers people and stimulates the desire for change. Increased awareness and involvement in the change program simultaneously entreats the need for action. The removal of any barriers to change empowers the workforce. Kotter highlights four barriers:

- a. **Structures.** The governance and accountability framework has changed as has the cash-based accounting method.
- b. **Skills.** The new behaviours, attitudes and skills require training. Education is necessary to overcome old habits and generate new ones,
- c. **Systems.** The reduction of bureaucratic processes within human resources (HR) and information systems.
- d. **Superiors.** Change people or change the people, either overcome resistance through communication or ensure the HR system provides the appropriate tools for their removal.<sup>35</sup>

40. This section will focus on the HR system and the education of military officers. This emphasis identifies the future DSLG will predominantly come from these personnel. Moreover, education and HR provide a socialisation program embedding organisational culture from appointment right throughout an officer's career. Any successful organisational transformation within Defence must address these two areas.

### **HR System**

41. The current HR system remains largely unchanged from the 1970s. Within Army, for example, the senior leadership has long ignored the findings of a series of studies questioning the impact of job rotation on performance.<sup>36</sup> The current system has a range of problems including;

- a. Seniority as the basis for promotion, and
- b. Job rotation breeds conformity and impedes organisational change.

Yet the war for talent is on in earnest and the retention of the right people is critical to the survival and success of postindustrial organisations. However, the current system does not recompense either merit or support organisational change. Therefore, a renewal of the HR system is vital to the success of the OR program.

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<sup>35</sup> Kotter, op.cit, p 115.

<sup>36</sup> The first in a long line of studies and reports was the Regular Officer Development Committee Report of 1978. The latest study is Jans, N., with Schmidtchen, D. 2002, *The Real C-Cubed Culture, Careers & Climate and how they affect capability*, *Canberra Papers on Strategy and Defence*, No.143, ANU, Canberra.

42. The nurturing and accelerated promotion of talented officers contributes to a high performance culture. Talent and performance rather than seniority become the basis for promotion. The system already recognises the importance of developing high performing COL (E), however, this recognition must extend to all rank levels. Improved performance also requires a greater use of specialisation and individual officer skills. This enhances organisational effectiveness through the development of specialist strategists, project managers, and trainers rather than a plethora of generalists.

43. In the mid 1990s the CDF directed the Services make greater use of three-year appointments and successive postings in the one location to reduce geographic mobility and improve job stability.<sup>37</sup> Two-year tenures do not provide adequate time for officers to gain professional mastery. This is particularly the case for unfamiliar staff appointments within the Canberra environment. Longer appointments, especially within the senior leadership, provide officers the opportunity to develop and manage long term plans and projects.

44. Overall, these proposals challenge the foundation of the current HR system. However, the HR system must change to match current requirements. The overhaul of the HR system is fundamental to reducing the barriers to empowering the workforce for broad-based action.

## **Education**

45. The Australian Defence College (ADC) coordinates the three major Defence officer education courses; the Australian Defence Force Academy (ADFA), Australian Command and Staff College (ACSC), and Centre for Defence and Strategic Studies (CDSS). These courses focus on initial entry, middle management, and strategic leadership respectively. Each course is joint, with the latter two also integrated in nature. The education system socialises Defence personnel and reinforces the expected behaviours and attitudes.

46. These courses represent an opportunity to embed the RTP philosophy and drive for a strategy-focussed organisation into the fabric and culture of Defence. These are Defence not single-service courses. Consequently, course content must reflect Defence requirements. The individual services should conform to Defence needs. For example, ACSC should not contain any single service component. However, education is more than course content.

47. Education is the shaping of minds through values and ways of thinking. The barriers within the Defence education system are a failure to challenge creative and innovative minds and the difficulty with achieving an integrated approach. The system provides for the lowest common denominator. This ensures all students reach a minimum standard. However, this type of course does not sufficiently challenge the more creative and laterally minded students. Consequently, Defence does not facilitate a high performance culture within its own institutions. The attendance of Defence civilians on ACSC and CDSS ensures an integrated approach. However, attendance on the course is not compulsory for APS personnel within Defence. A greater number of APS personnel should undertake the course and the civilian HR system must link their completion of the course to Defence appointments.

48. Overall, the Defence education system is in a transitional state, especially ACSC. However, reform of officer education ensures all courses match future requirements. Any review must ensure the RTP philosophy becomes a way of life from ADFA onwards.

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<sup>37</sup> Jans & Schmidtchen, op. cit, p 92.

## CONCLUSION

49. The OR program recognises something was rotten in the state of Denmark – a rottenness stemming from the failure of Defence to meet Government expectations.<sup>38</sup> Inadequate governance and accountability highlighted the decay of higher management and leadership within Defence. The domination of a bureaucratic culture within Canberra further compounded this failure. A former commander of the Marine Corps, General Krulak, claims ‘we must anticipate change, adapt to it, and foster it.’<sup>39</sup> OR represents Defence’s attempts to impose order on the uncertainty of change, deliver the required outcomes to Government, and design an organisation capable of operating in the chaos of the new millennium.

50. Three major themes permeate the OR program; alignment, governance and accountability, and trust. Trust, or the development of a better climate for the people of Defence, was a focus for analysis of this paper. This analysis used the Kotter Eight Step Leading Change process as the basis for an evaluation of the progress and future of the OR program. Initial analysis indicated the OR agenda is currently between steps four and five. Consequently, the first five steps of the process were analysed. Kotter’s process emphasises the value of leadership within the change campaign.

51. One of the features of the OR program is the focus on leadership development and increased visibility of the DSLG. This aspect of the program simultaneously attacks the bureaucratic culture and creates a guiding coalition to drive change within Defence. Further comparison between the Kotter process and OR reveals the deficiencies and successes of OR.

52. Essentially, the problem lies not in the general conception of the plan but in its execution.<sup>40</sup> Both Kotter and Defence should develop a means for measuring success at each step of the process. For Defence, with OR has a vision with action, however, these require measurement and coordination before the world will change.

## RECOMMENDATIONS

53. This paper recommends:

- a. affirming military support for the program through the raised internal visibility of the CDF and DSLG,
- b. deciding on the extension of the program beyond Canberra,
- c. ensuring all four services are represented within the OR team,
- d. reforming the Defence education system with an emphasis on imbuing the RTP philosophy into the system, and
- e. reforming the officer HR system with an emphasis on performance and talent.

<sup>38</sup> Shakespeare, W. 1988, *The Tragedy of Hamlet, Prince of Denmark*, 1.4.67, in Stanley Wells & Gary Taylor (eds), *William Shakespeare The Complete Works*, Clarendon Press, Oxford, p 661.

<sup>39</sup> From memory.

<sup>40</sup> Paraphrasing of Hilaire Belloc in Hawke, A. 2001, ‘One Year On’, address to the Defence Watch Seminar by the Secretary of Defence, The National Press Club, 27 February.

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