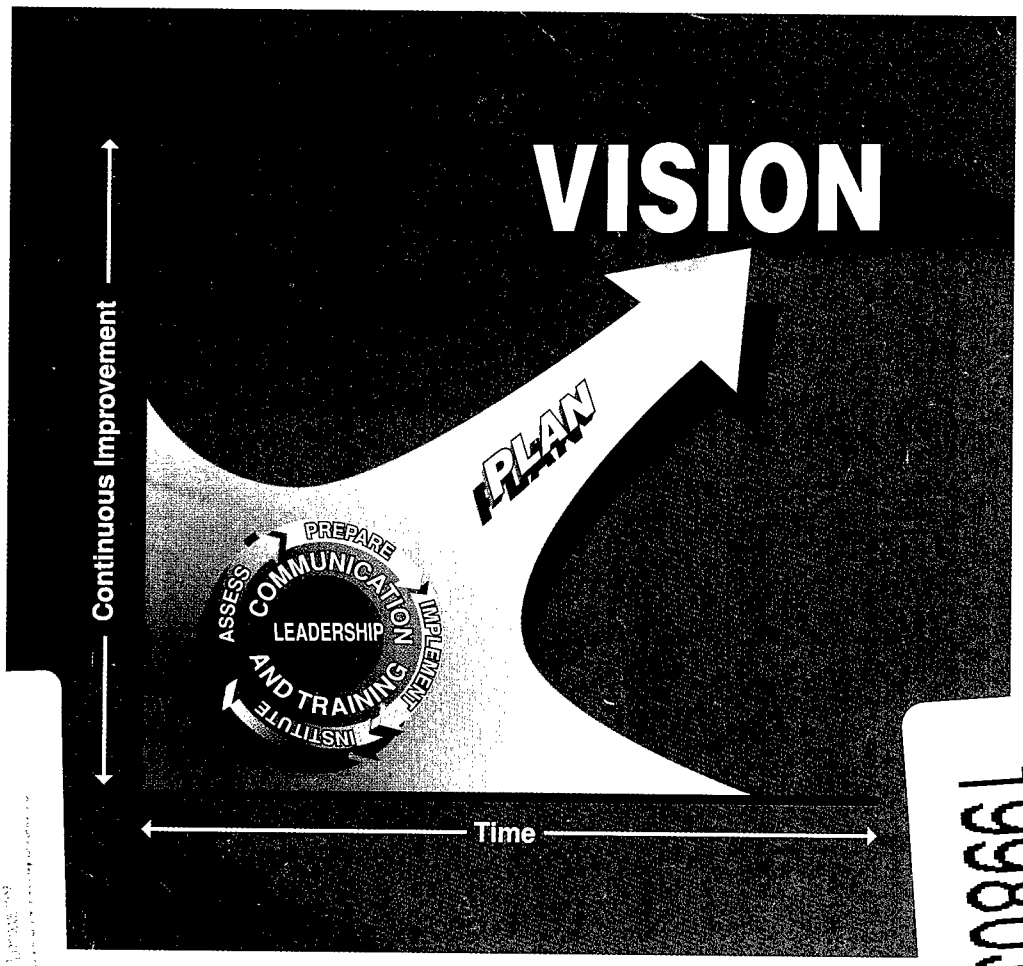
DEFENSE SYSTEMS MANAGEMENT COLLEGE

A Model for Leading Change: Making Acquisition Reform Work



Report of the 1996-1997 DSMC Military Research Fellows

Lieutenant Colonel Charles L. Beck, Jr., USAF
Lieutenant Colonel Nina Lynn Brokaw, USA
Commander Brian A. Kelmar, USN

Defense Systems Management College Press
Fort Belvoir, VA 22060-5565

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1. AGENCY USE ONLY *(Leave blank)*	2. REPORT DATE	3. REPORT TYPE AND DATES COVERED
	1996-1997	Research Report

4. TITLE AND SUBTITLE
A Model for Leading Change:
Making Acquisition Reform Work

5. FUNDING NUMBERS

6. AUTHOR(S)
Lieutenant Colonel Charles L. Beck, Jr., USAF
Lieutenant Colonel Nina Lynn Brokaw, USA
Commander Brian A. Kelmar, USN

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)
Defense Systems Management College
Research, Consulting, and Information Division
9820 Belvoir Road
Ste 3
Fort Belvoir VA 22060-5565

8. PERFORMING ORGANIZATION REPORT NUMBER

9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)

10. SPONSORING/MONITORING AGENCY REPORT NUMBER

11. SUPPLEMENTARY NOTES

12a. DISTRIBUTION/AVAILABILITY STATEMENT
Distribution for Public Release; Distribution Unlimited.

12b. DISTRIBUTION CODE

13. ABSTRACT *(Maximum 200 words)*

This report identifies a path for the leadership of the Department fo Defense Acquisition Systems to follow for implementing successful acquisition reform. It is intended to serve as a primer for changing organizations, and includes lessons learned from the perspective of implementing change.

14. SUBJECT TERMS
Leadership, Vision and Plan Foundation, Communication, Assessment, Preparation, Implementation, Institutionalization.

15. NUMBER OF PAGES

16. PRICE CODE

17. SECURITY CLASSIFICATION OF REPORT	18. SECURITY CLASSIFICATION OF THIS PAGE	19. SECURITY CLASSIFICATION OF ABSTRACT	20. LIMITATION OF ABSTRACT
Unclassified	Unclassified	Unclassified	Unlimited

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December 1997

PUBLISHED BY THE
DEFENSE SYSTEMS MANAGEMENT COLLEGE PRESS
FORT BELVOIR, VIRGINIA 22060-5565

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-9328

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ACKNOWLEDGMENTS

This Report is the result of an 11-month Military Research Fellowship program sponsored by the Defense Systems Management College.

NOTICE

Copies of this report may be obtained by writing or faxing:

DEFENSE SYS MGMT COLLEGE
ATTN ASPR
9820 BELVOIR RD STE 3
FT BELVOIR VA 22060-5565

Telephone: (703) 805-4366
DSN: 655-4366
Fax: (703) 805-3726

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PREFACE

This publication presents the results of an intensive 11-month program for three military research fellows. The Under Secretary of Defense (Acquisition and Technology) (USD(A&T) chartered this fellowship program in 1987. The program brings together selected officers from the Air Force, Army, and Navy for two primary purposes: first, to provide advanced professional and military education for the participating officers; and, second, to explore new and innovative concepts that will enhance the Department of Defense acquisition community.

The fellowship program, managed by the Defense Systems Management College (DSMC), is conducted in three phases. In the first phase, the three officers meet at DSMC for four weeks to begin to determine their research goals, define a research plan, initiate background research, and consult with the DSMC faculty. In the second phase, the fellows attend the Program for Management Development at Harvard Business School. This comprehensive 11-week executive education program brings together functional-level executives and new general managers from as many as 39 countries to learn the state-of-the-art management techniques and technologies necessary to become successful general managers in today's global marketplace. In the third phase, the fellows return to DSMC to conduct their joint research, culminating in the publication of their research report.

This report identifies a path for the leadership of the Department of Defense Acquisition System to follow for implementing successful acquisition reform. It is intended to serve as a primer for changing organizations, and includes lessons learned from the perspective of implementing change. The report presents a model for change based on academic understanding of and industry practices for organizational change. In developing the model, we looked at the latest Department of Defense acquisition reform effort, and addressed what the Department of Defense can do to improve the change process. We analyzed how organizations, within both the military and industry, have successfully led change and determined what could be learned from those organizations. The model is designed to assist program managers and senior leadership in implementing change in Department of Defense organizations.

A note on our research: The range of attitudes and experiences is wide in an organization as large as the Department of Defense, and organizational change is, for many, an emotional issue. In many cases, our findings are best reflected in the statements of the acquisition workers to whom we talked. Our liberal use of direct quotations gives the best feel for what people are thinking, and illustrates the wide range and depth of feelings for acquisition reform. Interviews were conducted under the Defense Systems Management College non-attribution policy, unless permission was obtained.

We tried to remain objective in our assessment of the reform effort and believe we have accomplished this goal. It would be easy to find enough anecdotal evidence to write a report that shouts "the emperor has no clothes!" We could find numerous faults in the system and write a report

about what is "broken" in the Defense Acquisition System. It is much harder, however, to examine the emperor's wardrobe, identify the missing pieces, and make recommendations for improvement. This is the nature of acquisition reform as an organizational change. There are many positive things going on "out there"—there are just some things that could be done better. This report identifies these areas and develops a method for improving the implementation of change.

Everyone we met both in government and industry were sincerely proud of what they were doing, and committed to doing a good job. They were interested in our topic. We feel that the DoD acquisition workforce is receptive to change and has a desire to implement change in its organizations to make things better. We hope this report creates an even more positive environment for the success of acquisition reform.

We owe our gratitude to many people. First, to the Defense Systems Management College faculty and staff, whose enthusiasm and support were always appreciated. Special thanks to the people of the Research, Consulting and Information Division, for their ready advice and listening ear. Thank you to our classmates and faculty at the Program for Management Development at Harvard Business School, whose diverse social, political, business, and management experiences offered perspectives that greatly expanded the depth and breadth of our knowledge and experience. A special note of gratitude to the military and civilian organizations that opened their doors to us, and to the more than 500 people who participated in interviews or answered questionnaires. Finally, thank you to our families, without whose support we could not have taken on a project of this magnitude.

1

INTRODUCTION

"Change is inevitable, except from a vending machine."

Unknown

Introduction

Organizational change has become a popular subject in the business world. Organizations are downsizing, rightsizing, re-engineering, and re-inventing themselves. Change theories and models abound, each seeking to direct organizations along the path to successful change. Words and concepts related to organizational change are finding their way into popular media and becoming a part of the business culture.

Some industries seek to re-invent themselves as a matter of survival. Others, while still at the top of their game, seek to retain their competitive edge. Some are successful; others are not. The business and academic worlds have created a myriad of models for how an organization may implement change.

But what change model fits the Department of Defense acquisition system? What model will enhance the chance of successful change in the Department of Defense acquisition system? Can the Department of Defense apply the lessons learned from industry and the theories developed in academia to their own re-invention? How is the Department of Defense doing in its latest acquisition reform effort? Is the Department of Defense's acquisition reform program using a sound approach to organizational change? These are the questions this report answers.

In this report, we look at theories of organizational change and the ongoing changes taking place within industry and the Department of Defense acquisition system. We develop a model for implementing change in the Department of Defense acquisition system. The model is based on academic theories and practical experience of change implementation in the business world and the defense acquisition system. We then evaluate the latest defense acquisition reform effort against the model, and identify lessons learned for implementing future change in the defense acquisition system. This model and the lessons learned from the efforts to reform the defense acquisition process will guide leaders on how to better implement successful change.

Methodology

This is not a complete study of either the Department of Defense or corporate organizational change. The organizational change field is simply too big for one report to encompass completely. In conducting this research, we reviewed change theories from academia and organizational change experiences from corporate and defense organizations. We sought out government and commercial organizations that have undergone successful and sometimes not-so-successful change to learn what made them successful and, equally important, how they learned from their less successful efforts.

We tracked defense acquisition reform efforts through the defense acquisition system, from the leaders in the Pentagon to the acquisition workforce in field offices of all three Services (Army, Air Force, and Navy/Marine). From this, we developed a picture of the acquisition reform effort as an organizational change, how that change was implemented, and how it was received at the lower levels of the acquisition work force. We selected three commercial practices (the implementation of integrated product teams, the use of commercial rather than military specifications and standards, and the introduction of Cost As an Independent Variable), implemented as a part of the acquisition reform effort, as benchmarks to track change implementation throughout the defense acquisition system. These three commercial practices are described in chapter 2. Through interviews and surveys - conducted with over 500 individuals in government and industry - we sought to find out how acquisition reform was implemented as a whole, and how these three specific initiatives were handled throughout the system.

We asked government contractors for their view of the Department of Defense's acquisition reform efforts and what they have learned from their own organizational change efforts. Many of these organizations have a unique perspective on the defense acquisition system. They are facing change in their own organizations at the same time they are making adjustments to accommodate acquisition reform.

We sought out companies not associated with the Department of Defense that have undergone successful major organizational change. Many of these companies are large corporations with geographically dispersed workers. Their challenges when implementing change are often similar to the challenges faced by the defense acquisition system.

Finally, we talked to and surveyed the defense acquisition workforce. We sought opinions on acquisition reform from their perspective, and how the recent acquisition reform efforts had impacted them.

From this research, we developed a model for change, tailored for the Department of Defense, to assist defense acquisition system leaders in fostering successful change. While designed for the Department of Defense, the model can be adapted to any large, widely dispersed organization.

Department of Defense Acquisition Reform

Defense acquisition reform has been ongoing, in many forms, for a number of years. The present acquisition reform effort is the most intense to date and has the potential to be the most successful in making major change to the system.[1]

The defense acquisition system was established by the writers of the Constitution in their mandate to Congress to "raise and support Armies"

and has been in constant change ever since. The modern era of defense acquisition dates from the passage of the National Security Act of 1947, which created the Department of Defense.

Almost from the inception of the Department of Defense, studies have identified ways to improve the acquisition process. The common names of many of the studies are familiar to the defense acquisition workforce: the Hoover Commissions (1949 and 1955), the Fitzhugh Commission (1970), the 1972 Commission on Government Procurement, the Carlucci Initiatives (1981), the Grace Commission (1983), the Packard Commission (1986), DMR '89 (The Rittenhouse Report), the Section 800 Panel (1993), and numerous studies of the Defense Science Board. These commissions and studies, although not all directly related to defense acquisition, have had great influence on the acquisition system.

Each of these commissions and studies made recommendations to improve the defense acquisition system. Numerous initiatives were designed to get the Department of Defense to "do business more like business." While some of the recommendations were adopted, many were not.

The 1991 Defense Science Board study concluded that the focus of many of the previous studies had been to shorten and streamline the acquisition system. This study found that the recommendations for streamlining the acquisition system were "remarkably consistent" over the past four decades. By analyzing the development cycle of selected commodity groups, the Board concluded that in spite of

COMMON NAME	FULL NAME
The Hoover Commission (1949 and 1955)	Commission of Organization of the Executive Branch of the Government
The Fitzhugh Commission (1970)	President's Blue Ribbon Defense Panel
The 1972 Commission on Government Procurement	The 1972 Commission on Government Procurement
The Carlucci Initiatives (1981)	Acquisition Improvement Task Force
The Grace Commission (1983)	President's Private Sector Survey on Cost Control
The Packard Commission (1986)	President's Blue Ribbon Commission on Defense Management
DMR '89 (The Rittenhouse Report)	Defense Management Review 1989
The Section 800 Panel (1993)	Department of Defense Acquisition Law Advisory Panel
Defense Science Board I (1983)	"Transition for Development to Production"
Defense Science Board II (1986)	"Functional Performance Requirements"
Defense Science Board IV (1987)	"Technology Based Management"
Defense Science Board III (1989)	"Use of Commercial Components in Military Equipment"
Defense Science Board (1991)	"Acquisition Streamlining Task Force"

Table 1-1. Studies Identifying Acquisition Process Improvements

the recommendations of all these previous studies, there was a "statistically significant lengthening in development cycle time over the past 45 years."[2] This study suggested that without true reform, the cycle time for missile modifications, for example, could double as often as every 13 years!

The Defense Science Board report concluded that most of the recommendations had been at least partially implemented, but few had been fully implemented. Implementation takes time, and the Department of Defense "has rarely 'stayed the course' long enough to see changes through to full implementation."[3] In spite of numerous attempts over the years to study and reform the defense acquisition system, nothing was getting fixed. Clearly, something needed to be done to effect successful and lasting change of the acquisition system.

In 1993, the Section 800 Panel noted that the "procurement process typically operated at a far slower pace than the technological developments it sought to capture."[4] Technology was outpacing the defense acquisition system's ability to field equipment. However, the Section 800 Panel concluded that new recommendations were not the answer:

> "Had the repeated recommendations all been implemented and the process still found wanting, we would suggest seeking innovative, creative approaches to resolving its problems. However, such is not the case. The real problem is the failure to fully implement the many recommendations made over the years - particularly those repeated in study after study."[5]

The recommendation of the Section 800 Panel highlights the issue of piecemeal implementation in the government reform efforts. Past efforts selectively implemented pieces of the reform efforts without taking into consideration that a reform effort needs to be a holistic process, rather than the path of least resistance.

While the defense acquisition system has been changing since its inception, the pace of change has accelerated in the latest reform effort. The most recent formal effort to reform the acquisition system, initiated in 1993, is often considered the most successful reform to date. Mr. Derek Vander Schaff, now retired after 14 years as deputy Department of Defense Inspector General, said in 1996:

> "DoD has either been trying or having someone else try to reform the acquisition process for as long as I can remember. This time there appears to be some real progress... [the Deputy Under Secretary of Defense for Acquisition Reform and staff] have advanced the acquisition reform ball further in the last two and a half years than it has been advanced in the last 20 years by all kinds of special commissions."[6]

What has made this latest reform effort so successful? Is it on track for continued success? By looking at this reform effort as an organizational change, using a change model tailored to the unique requirements of the Department of Defense, this report addresses these questions.

Organizational Change Theory

Change theory had evolved slowly over the years because the need for change in organizations had been slow. With the increased pace of change in technology and the globalization of the market place, organizations are now faced with a need for more radical and rapid change. The field of organizational change

theory has grown to correspond with the increased need for organizations to implement change. This has created a wealth of information from the academic and business world designed to lead organizations in successful change. There are basic elements that are similar in most of the numerous change models. These basic elements are explored in chapter 3.

Can Change Theories and Practices from the Civilian World Apply to the Department of Defense?

Absolutely! In their book *Hope is not a Method*, Former Chief of Staff of the Army, General Gordon R. Sullivan, and Colonel Michael V. Harper point out that the "problems we faced as military leaders have much in common with those faced by the leaders of IBM, General Motors, McDonald's, Wal-Mart, and Microsoft —and vice versa."[7]

The differences between the government and the private sector have been widely studied, with the most common conclusion being that the government can and should adopt commercial practices from industry. In an effort to shorten and streamline the acquisition cycle, the Department of Defense has implemented numerous initiatives to "do business more like business." Studies seeking to find ways to improve the acquisition system consistently recommend the adoption of commercial practices. If the Department of Defense wants to successfully change the way it does business, it must identify an approach for success and stay the course to completion. This is no different than a major corporation deciding to change their way of doing business in order to survive. While in the Department of Defense the motivating factors may be different, the overall change implementation process is similar.

A Guide to this Report

Chapter 2 describes the research project and methodology. This chapter includes a basic description of the genesis of the current acquisition reform effort and background information on the three commercial practices we selected to benchmark change in the Department of Defense acquisition system.

Chapter 3 presents a look at many of the theories of organizational change and the change practices that we observed in the commercial world. The elements common to each theory are identified and explored. Through this chapter, the reader will gain a basic understanding of change theory.

Chapter 4 develops a model for implementing change, based on three foundations we identify as critical for implementing change. These three foundations are applied through four phases of our model to implement change in an organization.

Chapters 5 through 8 discuss the four phases of the model developed in chapter 4, and how the model applies to the Department of Defense acquisition reform effort. Chapter 5 looks at the assessment phase, chapter 6 explains the preparation phase, chapter 7 examines the implementation phase, and chapter 8 explores the institutionalization phase.

Chapter 9 summarizes our findings and presents recommendations for future acquisition reform efforts in the Department of Defense.

ENDNOTES

1. Office of the Deputy Under Secretary of Defense for Acqusition, "More Progress on AR in Last 2.5 Years Than in Last Twenty", *Acquisition Reform Today*, 1 (2) (March/April 1996): 5.

2. M.G. Myers, et.al., *Acquisition Streamlining: Barriers to Implementation of Prior Recommendations, A Report to the Defense Science Board's Acquisition Streamlining Task Force 1, Report RE001R1* Logistics Management Institute: (January 1991): 3-4.

3. Ibid., 5-2.

4. United States Department of Defense, *Streamlining Defense Acquisition Laws: Report of the DoD Acquisition Law Advisory Panel to the United States Congress*, (Newington VA: The Panel, 1993), Executive Summary, 3.

5. Ibid., v.

6. Office of the Deputy Under Secretary of Defense for Acqusition, "More Progress," 5.

7. G.R. Sullivan and M.V. Harper, *Hope is not a Method*, (New York: Random House, 1996), xvii.

2

BACKGROUND

Once upon a time two companies decided to have a competitive boat race on the Potomac River. Both teams practiced long and hard to reach their peak performance. On the big day, "Company B" won the race by over a mile. "Company A's" team was obviously very discouraged by the loss, and morale fell. Senior management decided that the reason for the crushing defeat had to be found, and a project team was set up to investigate the problem and recommend a solution.

Their conclusion: the problem was that the Company B team had eight people rowing and one person steering. The Company A team had one person rowing and eight people steering. Senior management immediately hired a consulting firm to do a study on the team's structure. Millions of dollars and six months later, the consulting firm's report concluded that too many people were steering and not enough people were rowing.

To prevent losing to Company B next year, Company A's team structure was changed to four "Steering Managers", three "Senior Steering Managers", one "Executive Steering Manager", and one "Boat Propulsion Facilitator" (a.k.a. The Rower). A performance and appraisal system was set up to give the person rowing the boat more incentive to work harder and become a key performer. We must give him empowerment and enrichment! That ought to do it!!

The next year, Company B's team won by over two miles. Company A laid off the rower for poor performance, sold off all the paddles, canceled all capital investment for new equipment, halted development of a new canoe, awarded a high performance fee to the consulting firm and distributed the money saved to senior management.

Author Unknown

Introduction

One of our objectives was to write a report that would be useful to all levels of the Department of Defense (DoD) acquisition community. We decided to choose a topic that was current, relevant, and impacted the largest number of people in the acquisition community. Acquisition reform seemed to fit our criteria. After preliminary interviews with senior leaders in the acquisition field, we confirmed our impressions that this was a "hot topic." Acquisition reform was having a major impact on all levels of the acquisition workforce. The next question was how to go about researching such a broad topic. We decided to narrow the scope to the change process associated with implementing acquisition reform. We felt that by studying the process for implementing a major organizational change like acquisition reform, we could gain a valuable insight from previous experiences that would help improve the way future acquisition reform initiatives are implemented.

To research the change process we had to look at how acquisition reform initiatives were being implemented. We selected as benchmarks three initiatives implemented by the Department of Defense as a part of acquisition reform: integrated product teams, specification and standard reform, and Cost As an Independent Variable. We tracked the implementation of these initiatives through interviews with and surveys of the defense acquisition workforce. We also researched organizational change theory and interviewed industry to identify trends in organizational change and to determine what practices the Department of Defense should follow when implementing change.

Before we discuss the benchmarks and research methodology, we need to establish the environment that existed at the beginning of the latest acquisition reform effort.

Acquisition Reform in the 1990's

In the late 1980's and the early 1990's, much of corporate America realized that to remain competitive in a global marketplace, corporations needed to re-engineer themselves to operate more efficiently. The result in many corporations was to become leaner, more responsive providers of goods and services. This concept of streamlined organizations was carried over from the private sector to the public sector.

Numerous governmental studies made recommendations to improve the acquisition system, but the resulting actions fell far short of the intentions. Present day acquisition reform began with the creation of the Acquisition Law Advisory Panel (Section 800 Panel), mandated by the FY91 National Defense Authorization Act. The Section 800 Panel was made up of practitioners who knew the government acquisition system and had a vested interest in the outcome of the panel's work. At the same time, there were significant world events, such as the end of the Cold War and the victory in Desert Storm. The public wanted a "peace dividend" from downsizing and re-engineering the military. The Section 800 Panel provided Congress a vehicle to respond to public opinion. Congress asked the panel to actually rewrite statutory code based on their findings. The panel's findings were reported to Congress in January of 1993. These findings were the foundation for the Federal Acquisition Streamlining Act of 1994, which was passed in October 1993. In January 1993, the Clinton administration took action on a campaign promise to develop a Federal Government that was leaner and more responsive to its customers. Vice

President Gore launched a national agenda of re-inventing government, which became know as the National Performance Review (NPR).

The Administration's vision of re-inventing government provided Secretary of Defense Aspin and Under Secretary of Defense Perry the opportunity to assemble a senior leadership team committed to major changes in the Department of Defense acquisition system. Most of the team members they selected were individuals who had a good working knowledge of Department of Defense, had experience in industry, and were knowledgeable about organizational change. The DoD acquisition leadership team had a number of strengths not normally present in government organizations, particularly during a change in administrations. First, most of the individuals selected for the key acquisition positions had worked together before, either in the government or industry. This familiarity enabled this senior leadership team to move more rapidly towards operating as a highly effective unit. Second, their vision of the acquisition system and how to achieve the vision grew from the same historical data base and their experiences with the DoD system. Third, they were empowered to change the system and had high-level support throughout the government. Finally, they all had some degree of commercial experience, which could be translated into the DoD acquisition system. Ms. Colleen Preston was positioned as an OSD-level change leader to assist the leadership in the acquisition reform effort. As Deputy Under Secretary of Defense (Acquisition Reform), she studied the issues and made recommendations to the Office of the Secretary of Defense (OSD) and Congress.

On February 3, 1994, Dr. Perry replaced Mr. Aspin as Secretary of Defense. Although Dr. Perry was new to the position, he had a long history of work in the government acquisition system. Now, in his new role, he assumed full control of the team he had helped put in place. With the change team already in place and the Section 800 Panel results presented to Congress, the groundwork was established for Secretary of Defense Perry and his team to develop the vision for acquisition reform. The result of their effort, entitled *Acquisition Reform -Mandate for Change* was presented that same month to Congress. In his *Mandate for Change*, Dr. Perry presented the vision and plan for acquisition reform. Later that year, another key leader with background similar to that of Dr. Perry was brought in to lead defense acquisition. Dr. Paul G. Kaminski was sworn in as Under Secretary of Defense for Acquisition and Technology (USA(A&T)) on October 3, 1994. With the leadership team in place, the vision developed, and Congressional and senior leadership support all the way up to the President, the stage was set for acquisition reform.

"Doing Business More Like Business"

The concept of "doing business more like business" leads to the question, "can the Department of Defense, with its many rules, regulations, and legislative entanglements really adopt commercial practices?" This topic has been discussed in depth in the Department of Defense over the past 25 years. Our look at the question leads us to believe that the Department of Defense can and should continue to adopt commercial business practices.

What is a Commercial Practice?

The first question that must be answered is, "what exactly is a commercial practice?" One

answer is provided in the *Commercial Practices for Defense Acquisition Guidebook*:

> "Commercial practices are techniques, methods, customs, processes, rules, guides, and standards normally used by business, but either applied differently or not used by the Federal Government."[1]

We prefer a simpler answer, from the 1989 DSMC military research fellows: "The term 'commercial practice' really means 'smart business practice.'"[2] These practices, they point out, are strongly rooted in common sense.

Can the Department of Defense Learn from the Commercial Sector?

Many of the commissions and studies over the past decades have suggested that the Department of Defense could apply many of the practices used in industry in order to become more efficient. Some of the comments pertaining to this issue are presented in Table 2-1, from the 1989 Defense Systems Management College military research fellows report, *Take a Page From Industry's Playbook.*

Barriers to Adopting Commercial Practices

Some people feel that commercial practices do not apply to the government since "government can't do business like business because there are too many differences between the two." Others disagree. Former Army Chief of Staff, retired General Gordon Sullivan, and retired Colonel Michael Harper in their book, *Hope is Not a Method*, draw a parallel between the Army and corporations, establishing that industry can learn from the military. Sullivan and Harper address three myths that create skepticism that industry can learn from the military (Table 2-2). This skepticism also applies to the idea of the military learning from industry. An examination of these three myths shows that the Department of Defense acquisition system can learn from industry, to include learning about organizational change practices.

Indeed, the defense acquisition system is more like a business than is a fighting unit. The acquisition system is predominately staffed and led by civilians. Therefore, the parallels Sullivan and Harper draw between industry and the military are even more pronounced when looking at defense acquisition.

"DOING BUSINESS MORE LIKE BUSINESS"[3]	
Packard Commission (1986)	"Even when commercial products are not suitable for DoD's purposes, it can still use commercial buying practices to real advantage."
Defense Science Board (1986)	"... although the increased use of commercial equipment (in DoD) is good, increased use of commercial practices could be even better." "The Program Manager should have discretionary authority to use commercial practices and products when appropriate."[4]
Grace Commission (1984)	"...apply 'private sector management tenets' across the broad spectrum of the federal government."
Commission of Government Procurement (1972)	We seek to "enable the executive branch to ensure that DoD procurement operations are businesslike."

Table 2-1. "Doing Business More Like Business"

THE THREE MYTHS	
Myth #1:	In the military, getting results is as easy as giving orders. It's not so simple in civilian life.
Myth #2:	As a businessperson, I have to make a profit. In the military, you don't face that pressure.
Myth #3:	In business, I have to struggle to get and keep customers, but the military is a public institution —you don't have to go out and find customers.

Table 2-2. Sullivan and Harper's "Three Myths"

The first myth is that in the military, leaders can achieve results by simply giving orders. Sullivan and Harper believe that the trick is giving the *right* orders, and that the decision-making and team building challenges are the same for military and civilian leaders. While the Department of Defense and the Services can impose acquisition reform by creating a directive or issuing a memo, this does not make the change automatic, successful, or a part of the organizational culture. This is particularly true, given the predominately civilian nature of the defense acquisition system. Our model and the evidence we present show the importance of preparing the acquisition workforce for change and the difficulty of implementing change when this preparation is not adequately conducted.

The second myth is that business has to make a profit, while the military does not face that pressure. While profit margin in industry may present an easily established metric to measure the success or failure of a change, both military leaders and industry leaders face the pressure to perform. The "fishbowl of public scrutiny" is as unrelenting for the military as the pressures felt in the business sector. This has become more evident in past years for the defense acquisition system. We live in a glass house of media scrutiny, where every misstep—be it toilet seat or A-12 program—has the potential for maximum embarrassment to the military.

The third myth is that the military, as a public institution, doesn't have to go out and find customers, and so is in no danger of losing them. Sullivan and Harper point out that this is true, if you consider the American taxpayer as our customer. The military system is unlikely to "lose" these customers. However, they contend, we can do worse: we can fail them on the battlefield. The military provides a service, protection, to a customer, the American taxpayer. We take this analogy further by saying that within the defense community, the warfighter is the customer of the defense acquisition community. If we fail our customer, there is potential for a loss of life. Therefore, we need to be sensitive to our customer's requirements for timely products and services.

The 1989 DSMC research fellows felt that basic good management applied equally to defense and commercial practices:

> "We observed little in the commercial acquisition environment new or different from what has always been known as good management practice."[5]

Benchmark Selection

It became obvious to us in the initial stages of our research that we couldn't look at the entire spectrum of acquisition reform, across all

Services and disciplines, so we sought recent initiatives that would be representative of the reform effort. We wanted the benchmarks to represent a spectrum of reform initiatives, applicable to all of the Services. Since the adoption of commercial practices and "doing business more like business" was a major thrust of the reform effort, we sought to select reforms that were representative of the adoption of commercial practices. We wanted both initiatives whose progress DoD could easily measure and those not easily measured. Additionally, we wanted to look at changes that were in different stages of implementation. After a review of possible benchmarks, we selected the following three that met our guidelines: use of integrated product teams (IPT); use of commercial in lieu of military specifications and standards; and Cost As an Independent Variable (CAIV). From this we developed a set of questions for our surveys and the interview process to try to assess the approach being used to implement the changes across the Department of Defense.

This research looks at the implementation process, rather than the effectiveness of these initiatives. All three initiatives were implemented from the DoD level, but each had a different origin. Several groups within the Department of Defense had recommended the use of IPTs. These recommendations were based on observations on how IPTs had been used by various organizations both in DoD and industry. The use of IPTs may have been mandated from the top, but it originated from the "grass roots" level of the organization. It evolved from previous use in DoD of concurrent engineering and process action teams used in Total Quality Management.[6] The use of commercial specifications in lieu of military specification and standards started in Congress. Based on congressional interest and a DoD process action team, the military specifications and military standards reform policy was implemented. While some acquisition programs had used performance specifications, the implementation of this policy caught most organizations by surprise, since there was no readily available substitute for specifications. CAIV was a commercial practice brought to the DoD by senior management.

An additional factor for our selection was the maturity of each benchmark. Although the policy for IPTs came out after military specifications and standards reform, the team concept had been used within DoD for years, so it was further along in implementation. Military specification reform began in June 1994, while the newest initiative of the three, CAIV, was initiated in December 1995. We tailored our interviews to determine how well these three change initiatives were being implemented at the working (program management) level.

A brief description is provided to give a basic understanding of each initiative. It is not our intention to provide an in-depth review or complete working knowledge of these initiatives.

Integrated Process/Product Teams (IPTs)

Secretary of Defense Perry implemented the IPT concept for DoD in the management of their programs via a June 1995 memorandum. No changes were made in the organizational structure or functional alignment in most DoD organizations when the organizations began to use the team concept. This concept was not new in the work place. All three of the Services already had published guides on how to implement teams prior to the issuance of Dr. Perry's policy memo. The use of teams started at the field level, and worked its way up to the top of the organization. Under the leadership of Dr. Perry, the DoD leadership saw the use

of teams as one way to re-engineer DoD processes. Based on reviews and observations of successful team approaches in various program offices, the Secretary of Defense was convinced this was an important initiative to improve the way DoD did business.[7]

The use of teams or integrated product teams, as they are called in the Department of Defense, is based upon the integrated product and process development management technique. This technique simultaneously integrates all of the essential activities through the use of multidisciplinary teams to optimize the design, manufacturing, and supportability process. To do this, people must work in teams. As described in the *DoD Guide to Integrated Product and Process Development*, Integrated Product Teams:

> "are cross-functional teams that are formed for the specific purpose of delivering a product for an external or internal customer. IPT members should have complementary skills and be committed to a common purpose, performance objectives, and approach for which they hold themselves mutually accountable... Members of an integrated product team represent technical, manufacturing, business, and support functions and organizations which are critical to developing, procuring and supporting the product. Having these functions represented concurrently permits teams to consider more and broader alternatives quickly, and in a broader context, enables faster and better decisions. Once on a team, the role of an IPT member changes from that of a member of a particular functional organization, who focuses on a given discipline, to that of a team member, who focuses on a product and its associated processes. Each individual should offer his/her expertise to the team as well as understand and respect the expertise available from other members of the team. Team members work together to achieve the team's objectives."[8]

Military Specification and Standard Reform

In the *Mandate for Change*, Secretary Perry identified one of the roadblocks to change as the use of military specifications and standards. His statement was based on a 1991 report by the Center for Strategic International Studies (CSIS). The study concluded that military specifications resulted in higher prices for Department of Defense purchases than for purchase of commercial alternatives that could meet the same requirements. An additional benefit of using commercial specifications was dual use technologies that could help the commercial sector compete in the international market. Secretary Perry established a process action team (PAT) to study the recommendations made by CSIS. On June 29, 1994, Secretary Perry signed a policy memorandum directing the implementation of the recommendations of the PAT.

There were many guidelines in the policy memorandum, but most of them focused on making greater use of performance and commercial specifications and standards to ensure that the DoD has access to state-of-the-art commercial technology and an expanded industrial base that is capable of meeting defense needs at lower costs. Military specifications could still be used, but only when they were justified. "Justified" was defined to be when use of performance or commercial specification alterna-

tives are not possible. The objective of the use of commercial and performance specifications was to promote competition, drive down prices, and enhance quality, reliability, and supportability.

The purpose of the policy was: "To eliminate non-value added requirements, and thus reduce the cost of weapon systems and materiel; remove impediments to getting commercial state-of-the-art technology into our weapon systems; and integrate the commercial and military industrial bases to the greatest extent possible."[9]

Cost as an Independent Variable (CAIV)

Cost As an Independent Variable (CAIV) is defined "an acquisition philosophy put forth as policy that integrates proven successful practices with new promising DoD initiatives to obtain superior yet reasonably priced warfighting capability."[10] The basic concept is that each acquisition program has three significant variables: performance that satisfies the operational requirements, affordable life cycle costs, and delivery according to the established schedule. Under the CAIV philosophy, performance and schedule are dependent on the funds available for the program. These two dependent variables would be looked at throughout the acquisition process. Teams that included all stakeholders, such as the program manager, the user, and other affected functions, would decide what trade-offs to make. The purpose was to reduce costs; decrease program development and production time; provide for innovative design in manufacturing, support and contracting approaches; consider life cycle costs; and be flexible and able to overcome program cost growth and increased requirement obstacles, while including the users in the decision.[11]

Methodology

Our research had two thrusts. First, to learn what we could about how to change an organization; and second, to learn how effectively the Department of Defense was implementing acquisition reform. We believed personal interviews were necessary to get the best perspective of how people were affected. Existing surveys along with our own tailored surveys were used to substantiate the information we gathered through our interviews. Both the interviews and the surveys were structured using the same concepts, and they both provided an opportunity for unstructured responses and comments.

Interviews

Our primary method of gathering information was through interviews. Through personal interviews we were able to avoid the possible confusion of misinterpretation of the question, probe the responses in more depth, and observe the real climate or culture of the organization. We met with a total of 138 individuals from the Department of Defense, other government agencies, military contractors, and non-DoD related companies. From the Department of Defense, we interviewed individuals from the acquisition field representing a wide range of experience and expertise. This included individuals from every level of the defense acquisition system, from the Undersecretary of Defense (Acquisition and Technology), Dr. Paul Kaminski, and members of his staff, the three Service acquisition executives, and members of their staffs, and the members of the acquisition workforce at field level (program executive office and program/product management office and matrix support personnel).

The corporations were chosen based on their experience with corporate change. The DoD related corporations provided an insight to both corporate change and their perspective on DoD acquisition reform. We interviewed the CEO, the president, or the senior executive directly responsible for the change effort in each corporation. The table below lists the companies that shared their experiences in implementing change.

Surveys

During the period 1994 to 1997, numerous questionnaires were distributed to the acquisition workforce. We used information from these questionnaires and developed our own questionnaire that focused on IPTs, military specifications, and CAIV. Due to the time constraints of the program, we selected the students at DSMC as subjects for our questionnaire. This provided us with two advantages for our research. First, we had a quick turnaround time for the responses. Second, by distributing at the college, we were able to survey a wide range of acquisition professionals, representative of all Services and all levels of the acquisition workforce. We received 360 responses to our questionnaire, including 130 responses from senior level managers attending the Program Executive Officer/Systems Commander Conference.

Literature Review

We studied change theory through an extensive literature review of books and articles on organizational change. We combined this information with information gathered in interviews to develop a concept of the important elements of change. A summary of this research is presented in chapter 3.

Model Development

From the information gathered, we developed a model for change within the Department of Defense. This model, presented in chapter 4, is based on the information we had gathered from books, articles, and lectures on change management, and practices we observed in industry.

DOD RELATED COMPANIES	NON-DOD RELATED COMPANIES
Dynamic Systems Inc.	Buschman Co., A Pinnacle Automation Company
Lockheed Martin Corporation	Coopers and Lybrand L. L. P.
Lockheed Martin Federal Systems	Ford Motor Company
Northrop-Grumman Corporation	General Electric Company
TASC	General Motors Corporation (Advanced Technology Vehicles)
Texas Instruments Inc.	International Business Machines Corp.
United Defense LP (Paladin Production Division)	Lucent Technologies Inc.
	Motorola Inc.
	Saturn Corp.
	Sunbeam-Oster Company, Inc.

Table 2-3. Companies Contracted as a Part of this Research

ENDNOTES

1. Defense Systems Management College, *Commercial Practices for Defense Acquisition Guidebook*, (Fort Belvoir, VA: Defense Systems Management College, January 1992), Executive Summary.

2. B. Sweeny, C. A. Perkins, and A.C. Spencer, *Using Commercial Practices in DOD Acquisition: A Page from Industry's Playbook*, Report of the Defense Systems Management College 1988-89 Military Research Fellows, (Fort Belvoir, VA: Defense Systems Management College, December 1989), 9.

3. Table from: Sweeny, Perkins, and Spencer, *Using Commercial Practices*, 4.

4. Office of the Under Secretary of Defense (Acquisition), *Defense Science Board 1986 Summer Study: Use of Commercial Components in Military Equipment*, (Washington D.C., DTIC # AD-A180 338, January 1987).

5. Sweeny, Perkins, and Spencer, *Using Commercial Practices*, viii.

6. K. Richter and D. Dierolf, *Concurrent Engineering Teams* 1, Study for Institute for Defense Analyses, Alexandria, VA, 1990.

7. J. S. Caldwell, *Re-engineering the Acquisition Oversight and Review Process* 1, Process Actions Team Report, 9 December 1994, appendix A1-4.

8. Office of the Under Secretary of Defense (Acquisition and Technology), *DoD Guide to Integrated Product and Process Development* (Version 1.0), 5 February 1996. Page numbers not given: quote from Chapter 1, Integrated Product Teams (IPT) paragraph. Note: This DoD guide can be found in the Defense Acqusition Deskbook reference library, DoD Documents section, in the "List of Discretionary Documents." The Defense Acquisition Deskbook can be accessed on line at: http://www.deskbook.osd.mil.

9. Memorandum, Office of the Secretary of Defense, Dr. William J. Perry to multiple recipients, Subject: Specifications & Standards—A New Way of Doing Business, 29 June 1994.

10. DoD 5000.2-R, *Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs* (Includes Change 1) 13 December 1996 (paragraph 3.3.3.1).

11. Presentation given by Dr. Spiros Pallas, Principal Deputy Director Strategic and Tactical Systems, OUSD (A&T), at Defense Systems Management College, May 1996.

3

CHANGE THEORY REVIEW

"There is nothing so practical as a good theory."[1]

Kurt Lewin

Introduction

Organizational change is an extensive field of study. There are numerous theories of change, and practical experiences are easily gathered from organizations that have undergone change. The popularity of organizational change is evident in the myriad of change-related words now in vogue: reengineering, restructuring, rejuvenating, restrategizing, reorganization, rebirth, downsizing, rightsizing, organizational transformation, corporate renewal, and many others.

Our observations of companies undergoing organizational change reveals that many organizations do not follow any one change theory. Instead, they have tailored the available information to the unique needs of their organization. A review of prominent change theories and actual change practices by organizations reveals that the basics of many of the change theories are similar, with some aspects of change emphasized in one theory and other aspects emphasized in another.

In 1987, researchers Danny Arnold, Louis Capella and Delia Sumrall argued that for changes to be successfully implemented, organizations must understand what constitutes change and implement change using a change model that is tailored to their organization.[2] This chapter looks at the common themes of prominent change theories, highlighting the similarities and differences found in theory and in practice in organizational change. In chapter 4, we will take this one step further, to develop a change theory tailored to the Department of Defense acquisition system.

The Foundation of Modern Organizational Change Theory

Psychologist Kurt Lewin is often considered the father of modern organizational change theory. Lewin's research touched on many of the managerial concepts basic to the subject. His research led to an understanding of the power of feedback and formed the basis for the concept of working in teams. He coined the term "group dynamics" and was one of the

first to observe that leader behavior could shape culture during organizational change. Lewin's observations of group dynamics formed the basis of his change theory. Working with anthropologist Margaret Mead during World War II, Lewin established the concept of participative management: individuals are more likely to modify their own behavior and carry out decisions when they participate in problem analysis and solution. Lewin demonstrated that the "gatekeepers"—those who control a situation—must be involved in studying and planning for change in order to reduce resistance to change. Without the support of the gatekeepers, change would fail. He saw each change situation as unique, with no two solutions being identical. His view that each change situation was, in effect, a new participative experiment introduced the concept of a "learning organization." A fundamental understanding of Lewin's theory will enhance the understanding of change theory.

Lewin saw change as a three-phase process: unfreeze, movement, refreeze. One aspect of Lewin's theory of how change takes place is that organizations exist in a state of equilibrium, with all the forces of the organization in balance. People naturally are resistant to change, seeking to maintain the status quo. Meanwhile, the environment is changing. To create change, the negative forces that cause people to resist change must be overcome through new or disconcerting information, creating a situation where the people's desire for change overcomes their resistance to it, "unfreezing" the organization. "Movement" is the change in the attitudes, values, structures, feelings and behaviors of the people. Movement happens when people discuss and plan new actions. Key to Lewin's theory is the concept that the people must be involved in and participate in change in order to accept it. "Refreezing" occurs when the organization reaches a new status quo, with the support mechanisms in place to maintain the desired behaviors.[3]

Since Lewin first established his theory of organizational change, numerous change models have been developed, many of which are based on his theory. Change models abound, not only as a result of academic study, but also through commercial practice. One study conducted in 1996 cited over 50 different models for change.[4] This number only touches the surface of information available about organizational change. Analysis of the information available, however, shows that these theories and practices are grounded in several commonalties that appear through out the numerous models. The following pages discuss the commonalties amongst the theorists and practitioners of organizational change.

Leadership

Leadership is critical to the change process. Most models, particularly more recent ones, view leadership as an essential element of change, and this emphasis is reflected in the theories of several of the leading experts on the subject.[5] In the companies we visited, we found leadership to be absolutely essential for successful organizational change. These companies, such as IBM, GE, Motorola, Lucent Technologies, GM, Ford, Sunbeam, Texas Instruments, and Saturn, confirmed the importance of the leadership role in organizational change.

Leading versus Managing Change

One of the most recognizable recent shifts in the role of leadership in organizational change is the concept that change must be led, not managed. Some of the earlier models for change speak to managing change. The newer

models emphasize leadership instead of management in implementing change. John Kotter states, in his book *Leading Change*, that "successful transformation is 70 to 90 percent leadership and only 10 to 30 percent management."[6] Many of the authors whose work we reviewed point out that there is a major difference between managing change and leading change. Noel Tichy and Maryanne DeVanna state that "(m)anagers are dedicated to the maintenance of the existing organization, whereas leaders are often committed to its change."[7] John Kotter describes the difference:

> "Management is a set of processes that can keep a complicated system of people and technology running smoothly.... Leadership is a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances."[8]

Throughout our interviews, we saw that the corporations adhered to the concept that change must be led, not managed. The chief operating officer of a manufacturing company in the Midwest observed "You manage consistency; you lead change."[9]

Senior Leader Commitment to Change

While the importance of leadership is addressed in most models, the models differ on the role the senior leader must take in organizational change. Many of the researchers suggest that the senior leader is essential and must be personally and actively involved for successful change.[10] Other researchers tend to down play the role of the senior leader, yet still consider the commitment of the senior leadership important.[11] These authors would argue that organizational change could occur without the personal, daily involvement of the top executive.

Researchers generally agree that the senior leader, if not the one who initiates and drives the change, must be fully committed to the change. Charles Baden-Fuller and John Stopford, professors at the London Business School, pointed out in their book, *Rejuvenating The Mature Business*, "no individual, not even the chief executive, can alone achieve this magnitude of change, but at the start it requires leadership from the top team. Such commitment carries important positive messages to the whole organization, for without that commitment those who labor in the firm become demoralized."[12]

Saturn Corporation presents one of the best examples of senior leadership demonstrating daily commitment to change. Mr. Don Hudler, President of the Saturn Corporation describes how Saturn has removed the symbols of executive privileges. By removing barriers between management and workers, he has created an atmosphere where people are on an equal status. This cultural change fosters the trust necessary for Saturn's teaming approach to succeed.

> "Fewer levels, less hierarchy, more empowerment for people closest to the job and work to make the decision. And that really motivates people, they feel that they can influence the results, they know that people listen to them. There are no time clocks in Saturn, which are traditional in an industry for hourly employees. No reserved parking anywhere. Whoever gets here first gets the best parking spot. No gas pump or car wash for executives. No executive dining room, everyone eats in the same area. Very few ties. Dress code is very casual. All those things were done to create togetherness, a sense of oneness. Time clocks, re-

> served parking, executive dining rooms, and ties are like waving a red flag in front of a bull, to representative workers. It really ticks them off. They think of us more as people when we're dressed in similar fashion and eat together."[13]

If the organization is to change, senior leaders must first change their own behavior. Leaders must manage their own transition to make sure they are on board with the change for the organization and that they have the support from others.[14] Senior leaders may recognize the need for change, but without the support from the very top leader, people will be unwilling to take the personal risk involved in making the change.

An anecdote illustrating the importance of senior leadership commitment comes from the automobile industry in Detroit. A vice president of an automobile company wakes up one day and says to his wife, "Today is the day I am going to make major changes at the company." His wife turns to him and says, "Take a good look around you. We have this beautiful mansion, maids, chauffeur, new cars, vacation homes, a huge salary with more than three times your salary in stock options, and you want to risk all that to make changes. Are you crazy?"[15]

Senior leaders must lead by example and make changes in their own behavior. If members of the organization feel the senior leaders are insincere in the changes being implemented, they too will be insincere in their implementation efforts. One executive provided a classic example of the lack of senior leadership commitment during their organization's change. The members of the senior leadership committee approved the re-organization and process changes he recommended, but were unwilling to allow it to affect them. These senior leaders supported the new organizational changes, but wanted to leave in place the old ways of doing business at the top. This executive's assessment of his company's progress in implementing change was "not too well, it has been an uphill fight all the way."[16] In organizational change, actions are much more powerful than words.[17]

Involvement of senior leadership is critical throughout the entire process for change to succeed. The top leaders set the tone for acceptance, along with providing the resources and the sponsorship for their employees to take the initiative for implementing new changes.[18]

Senior leadership involvement, starting with the chief executive officer, doesn't necessarily guarantee that change will be implemented.[19] Regardless of the level of involvement of the senior leaders, most change theories recognize the need for support and commitment from leaders throughout the organization.

Change Leaders or Change Agents

Change leaders, sometimes called change agents, are those individuals who make change happen. The concept of change leaders differs in the various change theories. There are three general views of change leaders: a single senior change leader; multiple change leaders, either the top management of the organization or management at all levels of the organization; or change leaders who may be formal or informal leaders at any level of the organization.

In the first view, researchers see a single change leader, either the CEO or a leader high in the organization, who alone is the driver of change in the organization. These researchers define this individual as the change leader.[20] How much of a change leader the chief executive is

may depend on the scope of the change. If the change involves the entire organization, then the chief executive must get involved.[21]

The second view sees multiple change leaders, either all at the top of the organization or dispersed throughout the organization, the "chain of command," to use a military term. John Kotter refers to the change leaders as the "guiding coalition." The guiding coalition is a change team involving all key players. The team should include both senior leadership and main line managers. These representatives should have different points of view and should have sufficient credibility with the workforce to communicate the importance of the change. Most importantly, they must have the leadership skills to implement change.

Jon Katzenbach, a director with the consulting firm of McKinsey & Company and the author of *Real Change Leaders: How to Create Growth and High Performance at Your Company*, views first and mid-level managers as the most important change leaders.[22] These are the leaders who must implement and live with the changes. He feels that change leaders should be as close as possible to the people affected by the change. Research that supports this indicates that the further away the workers feel they are from the change leaders, the less likely they are to accept the change.[23] Lewin would call these people, who have a direct influence on the acceptance of change in the organization, the gatekeepers.

The third view is the concept that change leaders are people throughout the organization, either formal or informal leaders, who believe in the change and can influence its acceptance in the organization. This view of change leaders separates formal position from the ability to influence change. Key to this view is the ability of the leadership to recognize the people in the organization who, through position, personality or belief in the change, can influence those around them to understand and accept the change:

> "They are individual agents, leveraging their energy, experience, talent, commitment, and connections to make things happen. They are change agents—but only as a way of working, not as a discreet job."[24]

Common to every view of change leaders is the belief that these individuals must understand and buy in to the change model being used to implement change. Training of change leaders is essential. They should receive ongoing education and training in the areas of change theory and leadership.[25] There are many barriers to change and individuals who can stop the change process, so it is important for organizations to have change leaders that believe in the change and understand the overall change process.[26] These leaders need to recognize the barriers and develop plans to deal with these issues. The change leaders must nurture, support and positively reinforce the people affected by change through out the change process.[27]

> "Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles."[28]

Recognizing the Need for Change

One of the most important roles of the leadership is recognizing the need for change. This sounds obvious, since change could not be implemented unless you recognize the need for it, but many researchers point out that this recognition can be one of the hardest aspects of change. The "Boiling Frog" experiment has

been used to illustrate the difficulty of recognizing the need for change:

> "The label comes from a classic physiological response experiment involving two live frogs, a pan filled with water, and a bunsen burner. The first frog is placed in a pan of cold water. The pan is then placed on a bunsen burner and the heat is turned up very gradually. If the change in temperature is gradual enough, the frog will sit in the pan until it boils to death. The creature could have jumped out of the pan at any time, but the change in its environment happened so gradually that no response was triggered in the frog and death ensued... If we take the remaining frog and place it in a pan of water that is already boiling, it will not sit there but will promptly jump out—and survive. We can clearly continue to refine this experiment so that we can discover how great the change has to be in a given time period in order to get the frog to respond, but the analogy is clear."[29]

Organizations become boiled frogs because they do not recognize the changes in their environment in time to react.[30] There are numerous examples of companies that have not recognized the need for change. The business news regularly carries stories of large corporations losing market share and profits, while companies in the same line of business are making record profits. The companies that are doing poorly may have failed to recognize the need for change. As illustrated by the boiling frog phenomenon, these organizations are slow to realize that a change is needed.

The leaders of the organization must recognize and believe in the need for change before it is too late. The senior leadership may not be the first to recognize the need for change, but they must be sold on it and make a commitment to its support. Mr. William J. Trahant of Coopers and Lybrand expresses the need for a clear reason for change: "No organization changes, absent a business imperative for the change. Without this business imperative, the organization can implement a lot of organizational good ideas, but these become training exercise, without resulting in measurable change. This training is good, but will not result in change."[31]

Levels of Urgency for Change

Recognition of the need for change is tied in to the level of urgency for change. The less urgent and obvious the need for change, the harder it is to see that change is needed, as was illustrated by the boiling frog analogy. Organizational change theorists are in general agreement that there must be a justifiable reason for change, and that the reason must be communicated to and believed by the workforce. However, there is disagreement as to the level of urgency that must be conveyed. Some researchers feel that successful organizational change can only occur if there is a strong sense of urgency.[32] Others lean more toward a "business imperative" to generate change.[33] Regardless of the level of urgency they advocate, almost all researchers agree that the less urgent the need, the harder it will be to recognize and convince others of the need for change. Using Lewin's model, the less urgent the need, the harder it will be to create the dissatisfaction with the status quo that will unfreeze the organization.

A crisis such as an impending bankruptcy creates an easily recognizable need for change. This need can be quickly and easily conveyed to the workforce, gaining their understanding of the need and engendering support for the

change. Researchers who advocate the need for a crisis feel that if there is not a crisis, the leaders must create one in order for change to be effective. The actions of the leadership of one manufacturing firm provides a dramatic example of creating a crisis:

> The CEO of an extremely profitable company, protected from competition by patent rights for their products, recognized that the company needed to change, as the patents were about to expire and competition was growing. The company was extremely profitable, had a large cash reserve and little debt, so they had not been concerned with efficient production. Senior leadership recognized the need to change to remain competitive in the industry in the future. They tried to improve with some quality initiatives, which resulted in only minor improvements in production efficiency. The senior leadership realized that the workers were not committed to change, as they saw only record profits, and not impending problems. The leadership had to do something drastic. They decided to borrow heavily and pay out a one-time dividend of $40 per share, placing the company deeply in debt. This forced the company in to a major crisis. Without improved performance, the company would not be able to pay back the loans and would be forced out of business. This caused a crisis that was recognized by everyone in the company, creating the need for drastic changes throughout the organization. [34]

Not all leaders have to create their own crisis. Sometimes it is created for them, often because the leadership failed to recognize and react to a change in the business environment until too late. One senior executive from IBM describes that company's situation in 1993. In the course of three years, their cash flow went from $5 billion to a loss of $3 billion, their credit rating went from AAA, the highest, to A, just two steps away from junk bond rating, and their stock went $120 to $41 per share.

> "We had a crisis! We didn't have to convince anyone [the employees]. It was in the news, all the papers, Business Week, and everywhere you turned. We were on a burning platform. We had to redefine IBM, restore profitability and reduce borrowing. We had to reengineer our business processes to survive."[35]
>
> *Gregory Adams*
> *Vice President*
> *Quality & Reengineering, IBM*

It is much more difficult to create a sense of urgency for change when the organization appears to be operating smoothly.[36] If companies are to react before they are in crisis—when the water is starting to warm the frog—then what level of urgency will motivate the workers and generate a need for change? Researchers Dennis Gioia and Kumat Chittipeddi show that change is not necessarily precipitated by a crisis.[37] They feel if you can create an uncertainty of what might happen to an organization in the future, what they call "ambiguity-by-design," the organization will be receptive to change. This causes people to be concerned about where the organization is heading, making them receptive to changes to move the organization into a more stable and secure position in the future. This state is similar to what Lewin called the refreeze state, where people are comfortable with a new routine.

Many of the researchers who feel a crisis is not necessary recognize that the closer the or-

ganization is to a crisis, the easier it will be to get the workforce to buy-in to the change. Think of this as a sliding scale for getting people to recognize the need for and accept change. On one end of the scale, there may be a "business imperative" for change. This may be aligning the organization to a "wave of the future" such as the paperless office or a change in the customer base. As long as the need makes sense to the individuals under going the change, the new change will be accepted. On the other end of the scale, a readily observable crisis, such as bankruptcy or potential plant closure, may have the workers not only accepting change, but initiating it themselves.

Creating a sense of urgency before there is an actual emergency or crisis, though can be a difficult challenge.[38] Dr. George Lodge, a professor at the Harvard Business School, says that this is a major challenge for leaders of change:

> "How do you make maximum use of minimum crisis for maximum change? That's the question managers must face if they are going to make good use of the future."[39]

Regardless of the level of urgency, researchers are in agreement that the majority of management and virtually all of the senior executives need to believe that change is absolutely essential if implementation of change is to succeed. One of the biggest mistakes organizations make is to try to drive a change through an organization without setting a high enough sense of urgency in the managers and the workers.[40] People in an organization must be able to relate to an imperative of why it is important to change and they must understand what effect the change will have on them personally. Unless this can be explained, change will be difficult to implement. As Noel Tichy and Mary Anne Devanna point out in their book, *The Transformational Leader*:

> "Intellectually, people may acknowledge the need for change, but emotionally they may not be ready to deal with it until a serious event causes them to face up to the changes that occurred."[41]

Vision

Vision plays a prominent role in almost every change theory. Peter Senge, the author of *The Fifth Discipline*, points out that visions have been vital to organizations for a long time:

> "If any one idea about leadership has inspired organizations for thousands of years, it's the capacity to hold a shared picture of the future we seek to create."[42]

A good vision is generally accepted as vital to a successful change effort:

> "When there is a genuine vision (as opposed to the all-too-familiar "vision statement"), people excel and learn, not because they are told to, but because they want to. But many leaders have personal visions that never get translated into shared visions that galvanize an organization. All too often, a company's shared vision has resolved around the charisma of a leader, or around a crisis that galvanizes everyone temporarily. But, given a choice, most people opt for pursing a lofty goal, not only in times of crisis but at all times."[43]

While researchers agree that organizational change must be driven by a good vision, there is less agreement about the role the senior lead-

ership plays in establishing that vision. Some researchers feel that establishing the vision is the responsibility of only the senior leadership. Others suggest that input from lower levels to the senior leadership is imperative in the establishment of the vision. Yet others believe the vision must be developed by a coalition of change agents from throughout the organization, to ensure buy-in to the vision at all levels, and that the lower levels must have a chance to comment on the vision.[44] Regardless of the level at which the vision is developed, leaders must show their commitment to the vision. Once the vision is established and defined, the leaders must make the vision a part of their obvious support for the change.

> "The vision for change must be anchored into everything the leaders do: recruiting, rewarding, decision making and empowering."[45]

While change theories address the need for a vision, many leave the reader questioning exactly what a vision should be. Goals, strategies, values and models are often confused with vision. Dr. Michael Beer points out that "vision is a much overused word" and that vision is "important, but hard to define."[46] To clarify vision, he points out that it should be a view of what the future state of the organization should look like. The key to vision is that it is futuristic. Vision should be a broad, holistic, integrated view of the future. Vision is not goals, nor is it values, although these can support the vision.

A vision should be a picture of what the company will look like after the change. Leaders who overlook this concept will have a difficult time communicating where they want their organization to be in the future. The vision provides the boundaries within which people will base their day-to-day decisions and the guidelines from which they will make these decisions. The vision should be embedded in every process and operation the organization pursues.

In developing the vision, the leadership must have a clear understanding of their business. To make an assessment of the changes needed, there must first be an assessment of the organization. Mr. Al Dunlap, CEO of Sunbeam Corporation and former CEO of Scott Paper, has developed the assessment of an organization into a science. Although his methods are sometimes perceived as extreme, his results are of unquestionable value in restoring the life of the organizations he leads. Mr Dunlap's first action when he comes into a new organization is to define the core business of the organization. Mr. Dunlap points out that no matter the type of organization, profit, nonprofit, or governmental, you cannot determine what changes you want to make until you clearly define your business.[47]

Author and president of Bardwick & Associates, Judith Bardwick expresses a belief similar to that of Mr. Dunlap: "once you have clearly defined your business, you then must identify the possibilities and limitations of the organization."[48] A successful leader must take this information and convey a vision and a plan of how to engage the resources of the organization to make a change. [49]

Plan

Only a few of the models we reviewed addressed the need for a clearly defined and communicable plan for implementing change. Most change theories imply there should be a plan, but few go into detail about creating one. Researchers agree that the plan must be closely tied to the vision for change, and can be viewed as the link between the vision and the organization undergoing change.

> "A vision is required to help direct the change effort and develop the strategies for achieving that vision."[50]

In their book, *The Transformational Leader*, Noel Tichy and Mary Anne Devanna describe the plan as "the final guideline the transformational leader... (has) for gaining the commitment of a critical mass of people in the organization."[51]

Richard Beckhard and Reuben Harris, in their book, *Organizational Transitions: Managing Complex Change*, give specific guidance on what should be in a plan. They say that once the vision and objectives are set and clarified, an explicit plan must be developed. The plan should be aligned with the vision. The plan should answer the "who, what, when, and where" questions. They pointed out that an effective process plan has the following characteristics: 1) the activities are clearly linked to the change goals and priorities; 2) the actions to be taken are specifically stated; 3) it shows the integrated activities that need to be coordinated; 4) there is a schedule of events; 5) the plan is adaptable and provides for contingencies for the unexpected; 6) it must be agreed upon by the top management; and, 7) it should be cost-effective in terms of investment of time and people.[52]

More than half the organizations we interviewed had a plan for change implementation. Of the companies that did not have a plan, many wished they had, and considered the lack of a plan a major "lesson learned." The comments made by a senior executive of one high technology company were typical of the sentiments of companies that underwent major organizational change without a well-defined plan:

> " One of the big lessons learned, is we only wish we had laid out a plan when we started this change process. That way we wouldn't have had to scramble to rehire many of those employees that we laid off in the first place and created the uncertainty that resulted. We lost a lot of creativity from our people because they weren't sure where we were headed and they did not want to be next to be laid off."[53]

We can look to Sunbeam Corporation for a good example of the use of a plan to drive change. Al Dunlap laid out a clear vision from the start. He then presented a concise plan with specific goals and metrics and a timeline of when each goal would be accomplished and how its success would be measured. He continuously communicated the plan to the workforce at direct meetings and to the stockholders by letter. The Sunbeam Corporation's 1997 annual report reiterates the plan and details the progress made toward achieving the goals.

Structure Changes

Many change theories discuss the need to restructure the organization to align it to the changes being implemented. Some theories formally tie this in to a planning function. Structure changes include more than the physical organizational chart of the organization. These changes can include modifications to the organizational structure, information systems, reward and compensation systems, and performance appraisal systems. Changes in structure can initially be informal, ad hoc revisions that enable the change process to progress, later formalized to actual organizational changes once the formal structures necessary to support the change have been defined.[54]

Some change theories present the idea that if you change individuals' attitudes this will lead

to a change in their behavior. Changes in individual behavior among many will result in organizational change. A four-year study of organizational change at six large corporations conducted by Michael Beer, Russell Eisenstat and Bert Spector shows a different side.[55] They found that behavior is influenced by the roles people play in an organization, which influences their attitudes. So to change an organization you must modify the roles people play. This requires the organizational structure and the roles people play in the leadership positions to reflect the changes being implemented. Implementing a change without changing the organizational structure will only result in a failure to make the change stick.

Reward System

The reward system must be restructured to reward people for accepting the change. Rewards must mirror the vision, values, goals, and priorities of the organization.[56] Modifying behavior or implementing change requires individuals to understand how they will be affected. Rewards tied specifically to the change behavior help move the organization towards the change being institutionalized.

Rewards do not have to be monetary to get the desired results. They must be something that is desired by the people implementing the change. Rewards can also have the peer pressure effect of influencing others to implement changes in an attempt to keep up. If change is to be realized in the organization, it should be communicated through the actions of the organization and the rewards and incentives of the organization. Rewards, along with incentives, reinforce what actions are acceptable in implementing change. Rewarding people for achieving short-term objectives can help sustain the momentum of change.[57]

Plans should be simple, concise, measurable, consistently communicated and well understood by all. "Providing people with technical maps to guide them in unknown territory is an important tool for transformational leaders."[58]

Communication

Communication is a part of almost every theory of change. Communication must reflect the vision of the change being implemented.[59] However, as much as the theories we studied emphasize the need for communication, it pales in comparison to our observations of communication efforts in the companies we visited.

> "...we would run a broadcast every quarter. We would pick key items, but it would be typically the senior team broadcasting from a location in a factory, here at headquarters, wherever, beamed out to the world. Real time. It was the message from the leadership team. What's going on? What we are doing? How are we doing? The positive effect that occurs from that is incredible."[60]
>
> *Fred Lane*
> *Vice President for Human Resources*
> *Lucent Technologies*

Communication is one of the most crucial parts of implementing change, yet it is usually the most difficult one to achieve. One challenge to effective communication is the different frame of reference between the leadership and the workers. Even though senior managers are communicating directly to the implementers of change, "differences in their encyclopedias" make it difficult for the intended message to be received.[61] People tend to "talk past each other," especially when they have different

frames of reference. Although techniques can be used to minimize this difficulty, communications are still subject to interference from distortion and noise.

Senior managers attempt to convey concise messages in simple terms, reinforced by repetition. The assumption of a common understanding of these simple terms tends to overlook the critical differences in situations in which they were created or interpreted by each individual.[62] Messages need to be understood in terms of the receivers specific work situation. A true communicator knows the context of how the audience speaks and receives the communication.[63]

The most effective communication method is personal contact. Leadership personally communicating the message of change personalizes the effect and allows the workforce to become involved. However, having the leader come in with a big fanfare communicates the wrong message.

Symbols and Symbolic Actions

Leaders also have to communicate through their actions.[64] Non-verbal communication can be more important than verbal. Symbols and symbolic actions are more powerful than the words themselves and play an important part in communication to the organization. Who a leader appoints or does not appoint as change agents, what speeches are and are not given, what actions are and are not taken by the leader are communicating what the leader really believes.[65]

A dramatic example of symbolic communication occurred when Al Dunlap was CEO of Scott Paper Company (prior to his current position at Sunbeam). When he was hired, the company was experiencing major losses in revenue and market share, and needed drastic change to survive as a business. Dunlap closed the large, high overhead corporate headquarters and moved the headquarters to a less expensive, smaller office. Dunlap communicated through his actions that he and his staff were committed to making major changes in the organization. He used the same tactic upon his arrival at Sunbeam.

> "People have to have a different view of themselves. You must change how you do business practices. People have to feel that it is truly different, not just twisted a little. Change everything you can possibly change. Change the symbols of power, change the logos, change authority, and you change the people."[66]
>
> *Al Dunlap*

There are various ways to communicate the message of change. Leaders must "use every vehicle possible to constantly communicate the new vision and strategies."[67] Videotapes, satellite broadcasting, e-mail, town meetings, newsletters, and many other communication methods can all be used. Some of the most successful change organizations used them all!

As one senior executive at the Ford Motor company explained to us about communications:

> "We communicate like crazy, and have all kinds of publications, and in-house video networks and put the words in speeches of senior execs. All the stuff you would do from Communications 101 through 104. Communications 201 through 204 switches some what from words to training, so you can talk all you want, but what really matters to individual is how does it apply to ME? Until you have communications down to the point you can tell some-

one how it applies to them, then all you have is bunch of words."[68]

Michael Ledford

Two-way Communication

Communication in any form is critical, but it must be two-way. Lewin recognized this need and illustrated it through some of his research. Almost every change model that addresses communication addresses the need for two-way communication. Dr. John Kotter feels that one of the most important things for a leader to do when communicating to the workforce is to "muster up the courage to listen carefully."[69] Feedback is essential to refining the implementation process:

> "You have gotten the best thinking out of the people you've engaged because they know you will listen to them. And people get turned on by that. They do their best work when they know they will be listened to. When they think they can make a meaningful difference."[70]
>
> *Don Hudler*

An interesting example of the power of communication and the need for two-way communication occurred at Lockheed Martin. The CEO, Mr. Norm Augustine, conveys how their corporation, a model "fishbowl of change," used extensive communication during change. They used corporate newsletters, videotapes (each less than twelve minutes in length), plant newsletters, and had a copy of the annual report sent to each employee. Representatives of many of the corporation's various locations attend the annual meeting at corporate headquarters and the company president and Mr. Augustine conducts "radio shows" where they answer questions from employees. Mr. Augustine received some surprising feedback: mid-level management became discomforted because the lowest level employee knew as much about the changes as did the middle management, creating concern among these supervisors because they had nothing special to tell the employees. When this was expressed, Mr. Augustine developed a special letter, written exclusively for middle management, sent from his office to the middle management by fax every Monday morning, giving them information which they could relay to the employees.

Successes and Failures

The communication of success and failures to spread the word of change is one area emphasized more in practice than in theory. Most of the models emphasized the need to communicate successes, but few talked about communicating the failures. However, most change leaders in industry emphasize the importance of communicating both failures and successes to the workforce. In the practical application of change, the workforce knows that not every attempt will be a success. They need to know that they can take calculated risks without the fear of retribution from the system.

Robert Schaffer and Harvey Thomson's article "Successful Change Programs Begin with Results," states that organizational change should be directly related to performing results so people can quickly see that change is making a difference.[71] John Kotter builds on this to say that short-term wins provide the evidence to those resisting change that the sacrifices for change are worth it. Publicizing successes helps keep the momentum of the change effort going. Kotter goes on to point out that these short-term wins can't be gimmicks. People can see if there is a manipulation of the data or if the successes were from a pilot program that was not representative of the rest of the organization. Misrepresentation of results increases

alienation from the change effort. People must see real results. In all of the theories discussed above, the emphasis was on success, not failure.

The corporate executives we interviewed also believed in promoting the successes, but they also emphasized learning from the failures. Mr. Bill Wiggenhorn from Motorola pointed out that "there is a tendency to tell people to take risks, but to do it perfectly the first time. This will not create an atmosphere in which people are willing to be innovative and take risks."[72] Mr. Fred Lane, Vice President for Human Resources at Lucent Technologies put it this way, "To grow you have got to have people take risks. You have got to be willing to allow them to make mistakes."[73] Don Hudler, President of Saturn, considers recognizing failure an important part of the process of implementing change:

> "The most obvious reward is to not second guess and put someone in the penalty box for it. Another way is to publicize and describe an experiment and let people know that this was the intended objective and it was entered into in good faith and didn't work but here is what we learned from it as an organization. It's like the old story about Edison. One person said he had 998 failures trying to make the incandescent bulbs. They said 'Mr. Edison, how do you feel about that?' 'I didn't have any failures. I had 998 experiments that told me that that wasn't the right answer.' He was able to learn something from each one. To change it, and reshape it, and finally it worked. I think that we try and create a climate that its okay to try things."[74]

These leaders recognized that both successes and failures needed to be publicized. Failures communicate the message that change involves risks. This demonstrates that the leaders really mean what they say when they encourage their people to take risks.

Organizations resist change, in part because of fear of the unknown. Therefore, it is important for everyone affected by the change to be informed. Communication cannot be over-emphasized or over-done. Leaders should be constantly communicating the vision, and must ensure the message is actually being communicated. Leaders and implementers have different frames of reference. Therefore, communication must be simple and presented in terms and conditions that the receivers of the message understand.

Two-way communication ensures leaders received feedback about the change process. Leaders must be good listeners as well as good communicators. People will be more receptive to change if they are given the chance to be heard. The feedback the leader receives should be used to refine the change process. Two-way communication provides a participative approach for people to become involved in the change process, fostering greater buy-in of the change.

Training

Training is an area addressed by most change models. The models differ in the emphasis placed on training as a necessary step to implement change successfully. Some researchers indirectly address training by simply saying that people need the right skills. Others specifically mention that without the proper training, implementation of change is doomed to failure. As with communication, we found training in actual practice played a much greater role than expressed in most of the models.

Dr. Daniel Quinn Mills, Professor of Business Administration at Harvard Business School, says in his book, *The GEM Principle*, that one of the reasons people resist change is risk. It is a personal risk of the unknown or, more specifically, the impact it will have on their job. According to Quinn Mills, the way to minimize risk is through training. Failure to properly train the workforce will assure failure in implementing the change.[75] Dr. John Kotter suggests that attitude training is often just as important as skills training.[76] Tichy and Devanna consider education to be one of the keys to successful implementation of the change process.[77] In the book *Managing Radical Change,* Jerome Want states that:

> "Workforce training is also critical for enhancing worker effectiveness, especially if new operating procedures need to be standardized across large segments of the organization. It's no accident that a company like Motorola is a leader in manufacturing quality since the amount it spends on employee training equals 4 percent of its total payroll, compared to the U. S. Industry average of just 1.2 percent (*Business Week*, March 28, 1994)."[78]

Whether there was a formal company training center or not, we found many common philosophies about training in the organizations we studied. There is a widely held belief that an aggressive training program sends the message that the company is committed to the change process. Training provided a catalyst for implementing change. Employees were taught about the change process itself, leadership, and the specifics of the actual change. Many of the corporations try to provide just-in-time training, tailored to the need for that phase of change.

We were impressed by the emphasis the corporations we interviewed placed on training. Some corporations consider training so essential they have established formal training centers, such as General Electric's Leadership Development Center at Crontonville, New York, and Motorola University at Motorola's headquarters in Chicago. General Motors has recently established their own university, to be run by the former president of Saturn.

Training is used for cross-fertilization of ideas. At General Electric when someone comes up with a new idea that is working well, the first question the CEO, Jack Welch, will ask is who else knows about this process. An answer of 'no one' is not well received. There is a strong incentive at GE to share information. GE's Leadership Development Center provides the tools for the department that came up with the idea to teach the new process to other departments.[79] General Motors transfers the knowledge gained in one department by transferring the people to other departments.[80]

In several of the companies, senior leaders, in addition to a great amount of face-to-face communication to the workforce, instruct classes. General Electric's CEO, Jack Welsh, teaches seminars at the Crotonville facility. General Motor executives, including the CEO, Jack Smith, are required to teach. Motorola requires its top 50 senior managers, including the CEO and COO, to teach 12 to 15 days per year at Motorola University. These executives teach courses on teaming, the change process and leadership.[81] By actually teaching a course instead of giving a presentation or holding a question-and-answer session, the leaders are better able to get an understanding of the concerns of the workforce.

Many of the companies we visited see training as a two-way communication tool. The students

actively participate in the training, so the instructors are continuously gaining feedback on how well the message is being communicated and what improvements can be made in the change process. Both the instructor and students are learning.

Finally, training is not just for employees: leaders themselves should be continuously trained. In their conversion from a primarily original equipment manufacturer (OEM) to a producer of more consumer-ready products, Motorola had to hire software engineers. To help ease the transition, they taught "love your software engineer" courses, to teach management how to work with this different breed of engineer.[82] Literature supports the need for training leaders:

> "At a strategic level, upper management can plan for the technical problems of change. But at a tactical level, first-line and middle management deal with technical **and** people problems. Often the people/management skills most in demand are those with which managers have the least experience. They need tools to deal with people in a changing environment."[83]

Review and Conclusions

The models for change place different emphasis on the various foundations of change, but all the models essentially agree that you must follow all of the steps of the model for a change to be institutionalized. Change, like the vision that guides it, must be a holistic. Don Hudler of Saturn Corporation expressed the importance of a holistic approach to change when speaking of transferring the lessons learned from Saturn to other organizations:

> "One of the difficulties is people don't take enough time to understand all of it. They will go away thinking here are three magic bullets. 'If I can do that I have it.' I kid about it, saying Saturn is not a Chinese menu, where you take two items from column A and two from column B and that is a satisfying meal. You have to step back and understand that in my view, it's the total integration that makes us work. And the buy in of the people—where the people really feel they own the company. It makes a difference."[84]

Change theories have been built on the foundation of Lewin's theory. Some would argue that change is happening too fast for people to refreeze and that this is why there is a need for new models for change. People and organizations have no time to refreeze. Organizations must be in a constant state of change to survive. However, the speed of change is relative. If you looked at organizational change 20, 50 or even 100 years ago, people then may have also considered that their world was changing too rapidly. People are still moving towards a state of refreeze, in spite of the rate of change. They are just moving more rapidly through these stages. Their refreeze state could be looked at as an acceptance of constant change.

When looking at the various change models, there are common themes among them that are similar to Lewin's original theory. These themes can be used to determine the essential foundations for successful organizational change. By looking at these foundations and their unique environment, organizations can develop an effective means for implementing change.

This review has provided an initial background into change theory and the prerequisites for

effective procedures to implement change. All of the processes mentioned contribute towards institutionalizing the change. Kotter put it best when he said that you have to follow all the steps of change to make change the norm for the organization.[85] Often managers implement only pieces of a change model and have a hard time understanding why the change did not work. Like a vision, the change process must take a holistic approach. Our model for change presented in the next chapter provides our holistic approach for implementing change.

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4

ORGANIZATIONAL CHANGE MODEL

FELIX THE FLYING FROG
(A Parable About Organizational Change)

Once upon a time, there lived a man named Clarence who had a pet frog named Felix. Clarence lived a modestly comfortable existence on what he earned working at the Wal-Mart, but he always dreamed of being rich.

"Felix!" he exclaimed one day, "We're going to be rich! I'm going to teach you how to fly!"

Felix, of course, was terrified at the prospect: "I can't fly, you idiot.... I'm a frog, not a canary!"

Clarence, disappointed at the initial reaction, told Felix, "That negative attitude of yours could be a real problem. I'm sending you to class."

So Felix went to a three-day class and learned about problem solving, time management, and effective communication... but nothing about flying.

On the first day of "flying lessons," Clarence could barely control his excitement (and Felix could barely control his bladder). Clarence explained that their apartment had 15 floors, and each day Felix would jump out of a window, starting with the first floor, eventually increasing to the top floor.

After each jump, Felix would analyze how well he flew, isolate the most effective flying techniques, and implement the improved process on the next flight. By the time they reached the top floor, Felix would surely be able to fly.

Felix's pleas for his life fell on deaf ears. "He just doesn't understand how important this is..." thought Clarence, "but I won't let nay-sayers get in my way."

So, with that, Clarence opened the window and threw Felix out. Felix landed with a thud.

Next day, poised for his second flying lesson, Felix again begged not to be thrown out of the window. With that, Clarence opened his pocket guide to *Managing More Effectively* and showed Felix the part about how one must always expect resistance when implementing new programs. And with that, he threw Felix out the window. (THUD)

On the third day (at the third floor) Felix tried a different ploy: stalling, he asked for a delay in the "project" until better weather would make flying conditions more favorable.

But Clarence was ready for him: he produced a timeline and pointed to the third milestone and asked, "You don't want to slip the schedule do you?"

From his training, Felix knew that not jumping today would mean that he would have to jump TWICE tomorrow... so he just said, "OK. Let's go." And out the window he went.

Now this is not to say that Felix wasn't trying his best. On the fifth day he flapped his feet madly in a vain attempt to fly. On the sixth day he tied a small red cape around his neck and tried to think "Superman" thoughts. But try as he might, he couldn't fly.

By the seventh day, Felix (accepting his fate) no longer begged for mercy. He simply looked at Clarence and said: "You know you're killing me, don't you?"

Clarence pointed out that Felix's performance so far had been less than exemplary, failing to meet any of the milestone goals he had set for him.

With that, Felix said quietly: "Shut up and open the window." He leaped out, taking careful aim on the large jagged rock by the corner of the building. And Felix went to that great lily pad in the sky.

Clarence was extremely upset, as his project had failed to meet a single goal that he set out to accomplish. Felix had not only failed to fly; he didn't even learn how to steer his flight as he fell like a sack of cement.... Nor did he improve his productivity when Clarence had told him to "Fall smarter, not harder."

The only thing left for Clarence to do was to analyze the process and try to determine where it had gone wrong.

After much thought, Clarence smiled and said, "Next time... I'm getting a smarter frog!"

Author Unknown

Introduction

Clarence was obviously not using a change model tailored to his needs!

In chapter 3 we explored significant common characteristics and differences among many of the organizational change models and theories in use today. Based on a review of these change models, surveys, and insights gained from interviews, we have developed a model for implementing organizational change tailored to the Department of Defense acquisition system. This model throughout the rest of this report will be referred to as the BBK (Beck, Brokaw, Kelmar) organizational change model. This chapter presents and explains the BBK model. Although this model is designed for the Department of Defense for use in implementing acquisition reform, it could be easily tailored to guide any large organization through change.

Organizational Change Model for the Department of Defense

The BBK Organizational Change Model for the Department of Defense groups the above elements into three critical foundations necessary for successful change of a large organization: leadership; vision and plan; communication and training. This model presents change in four phases: assessment; preparation; implementation; and institutionalization. The three critical foundations for change are applied across each of the four phases to effect successful change.

Studies have shown that organizations, whether they are for profit or nonprofit, implement change in reaction to adjustments in their environment. One could argue that profit organizations change for profit-related reasons and nonprofit organizations change for less easily measured reasons. But no matter the reason for change, or the "why" of change, the method of changing, or the "how" of change, is similar for both types of organizations. Change for any type of organization deals with altering the culture and the way individuals accept the alterations. This model applies to the Department of Defense changing the defense acquisition system, but can be readily adapted by a program manager reshaping the way the program management shop does business. In chapters 5 through 8, the Department of Defense's acquisition reform effort will be compared to the BBK model presented in this chapter. Each chapter will examine a single phase of the model and explore the difference between the model and the events that occurred during the reform effort.

Unique Aspects of Our Organizational Change Model

The tenure of leadership is limited in the Department of Defense. The BBK model takes this condition into account and therefore is tailored to meet the needs of the Department of

Defense. In the governmental change process, leadership is in a constant state of flux. Some influential individuals have led the Department of Defense but their tenure is normally short of a full change cycle. The average political appointee's tenure is less than two years. This revolving leadership drives the BBK model to rely heavily on the generation of a implementation plan, timely communication, and training in the change process and the critical skills necessary to actually implement the reforms. Without the generation of a plan, the Department of Defense's culture of 50 years of reactive management will consume all advances made by a short tenured leader. Leadership and management must recognize that a reform of the Department of Defense acquisition system has to be mapped across administrations for the change to be instituted by the workforce.

Change Model Foundations

When the "user" in the Department of Defense identifies requirements for a new program, they define three or four requirements that cannot be compromised in the development of the system. These are called key performance parameters. Just as the user has these key performance parameters for the future system they are designing, the BBK model has three elements that must be present throughout the change process to drive successful change. We call these the change foundations. These foundations are fundamental to any organizational change and must be in place throughout the process to successfully implement change. The three foundations for successful change are shown in the diagram below.

These change foundations are interwoven throughout the change process. The emphasis and function of each are different in each phase of the change. A general description of each change foundation follows.

Leadership Foundation

Leadership is at the core of our change model. (Figure 4-1) Leadership from all levels of the organization is essential for successful change. Without strong leaders deeply involved in and committed to change, the effort will fail. Earlier trends in organizational change focused on desired organizational behaviors, such as changing the individual's behavior and the organization's culture, but placed less emphasis on the role of the leadership in making that change happen. More recent theories assert that leaders must personally provide the drive and conviction that inspires the workforce to believe that the vision is desirable and achiev-

FOUNDATION	DESCRIPTION
Leadership	There must be strong and active leadership backing and pushing change throughout the organization.
Vision and Plan	The vision must paint a clear picture of how the organization should look after implementing the change. A plan, aligned with the vision, provides the "roadmap" for where the organizational change is heading.
Communication and Training	Communication is the action of informing the workforce about change. Training is essential to show the workforce how and what to change.

Table 4-1. Three Foundations for Successful Change

able, and the plan executable. More specifically, the senior leadership of the organization must be personally committed to and intimately involved in the change.

Leading Versus Managing Change

We firmly believe in the latest emphasis on leadership in organizational change: change must be led, not managed. The existing culture in the defense acquisition system is oriented to managing the status quo and working within the rules. In order to create a new culture, there must be strong leadership at all levels of the system. This will take training managers to be leaders of change. We do not think there has ever been a manager who has inspired a hill to be taken or an engagement won. Changing an organizational culture requires tearing down walls and barriers that were built

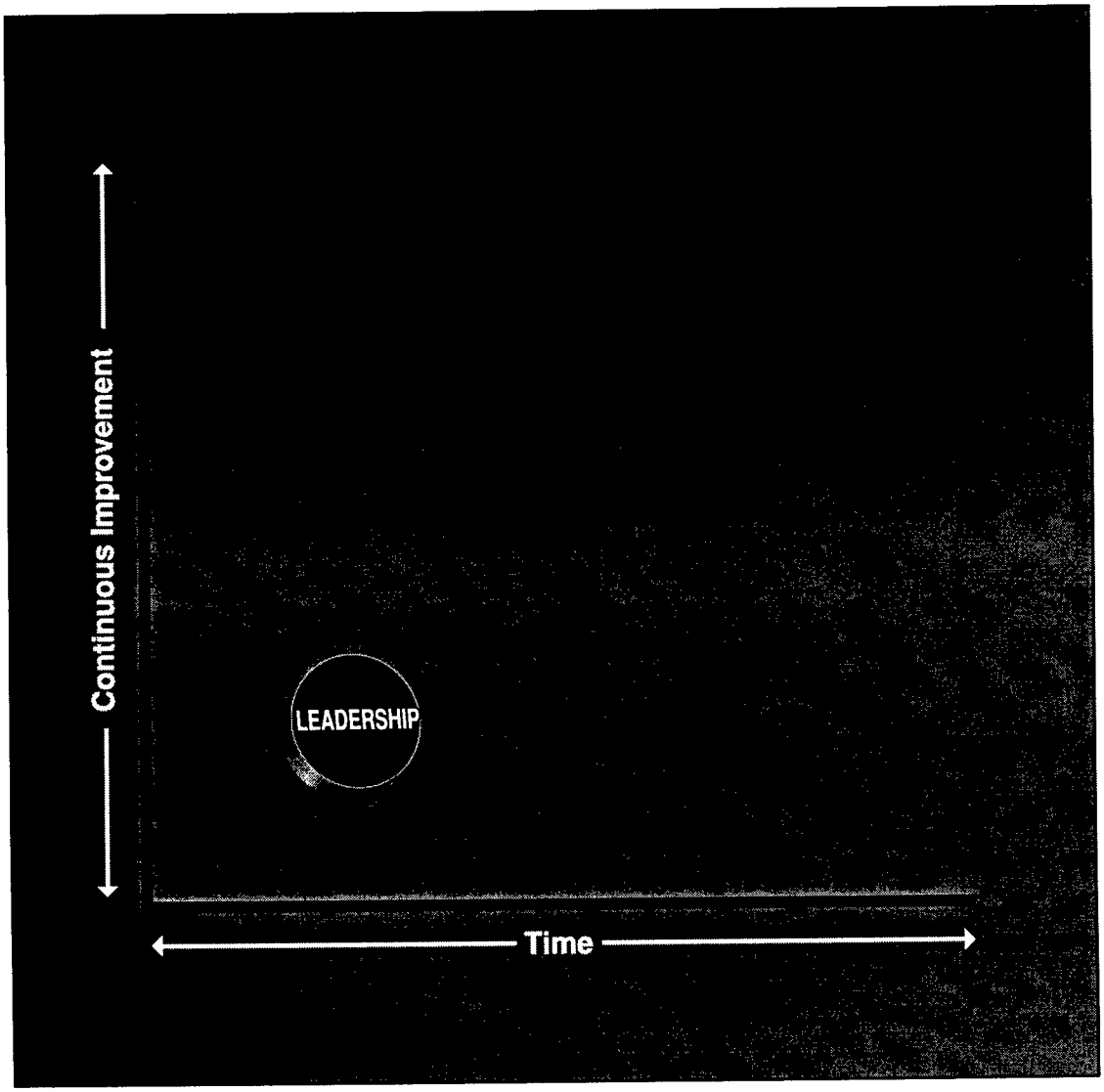

Figure 4-1. Leadership Foundation

over the lifetime of the organization. Change requires the leadership to inspire the workforce to step into an uncomfortable working environment, to stretch existing processes, and to develop and implement new procedures.

> "If one wishes to distinguish leadership from management or administration, one can argue that leaders create and change cultures, while managers and administrators live within them."[1]

Leaders should keep the distinction between a leader and a manager in mind and ask themselves: "Am I managing organizational change or am I leading the organization through change?"

Leadership Support

The workforce must feel that leaders at all levels are behind the change and see that they are willing to make the sacrifices required to implement the plan. Leadership must be consistent throughout the organization; therefore, leaders at all levels must be committed to and believe in the vision and its plan, and be able to communicate it to the workforce. This is a tremendous challenge for leaders in the defense acquisition system.

Sullivan and Harper point out that "leading change means doing two jobs at once—getting the organization through today and getting the organization into tomorrow."[2] Active leadership in the change process can consume up to 100 percent of senior leader's time. However, in a large and diverse organization such as the Department of Defense Acquisition System, the senior leader alone cannot personally convey this message of change to every worker. This makes a senior leadership team essential for successful change in the organization. Not only must the senior leadership team guide the change, but the "chain of command" must carry the word down to the workforce.[3]

Leaders at all levels of the organizations may find themselves too heavily involved in the day-to-day operations of the organization to spend as much time as is needed on the change process. While leaders must be involved in the change, they often need assistance. This is where change leaders are necessary. Of the three philosophies of change leadership presented in chapter 3, we believe the third type of change leader is necessary for successful change in the Department of Defense. In this philosophy, leaders at all levels identify change leaders to help them implement organizational change. These change leaders can be formal or informal change leaders, but must be trained in the change process. Formal change leaders may be given a special position and staff, such as the acquisition reform offices found at OSD and the Services. Informal change leaders may take on the mission in addition to their regular duties. Change leaders are the key to successful implementation and their actions must be consistent with the organization's vision and the implementation plan.

Vision and Plan Foundation

The vision and plan link the leadership and the workforce in understanding and achieving the change. (Figure 4-2) Almost every change model recognizes the vision as a necessary part of change. Not as many models give the same importance to the plan. We contend that vision and a plan are inseparable and essential for successful change in an organization as large and diverse as the Department of Defense.

> "Vision and plans are mutually dependent. One cannot exist without the other. A vision without a plan is just

somebody's dream. A plan without a vision is blind activity."[4]

Vision of the Future State

Vision defines the future state the organization is striving to achieve. The vision serves as the motivating factor in the attitudes of the workforce.[5] A good vision is imaginable by the workforce, and will provide a mental picture that is desirable, achievable, and communicable.[6] A vision must be more than a few "buzz words." It is the mental development of the end-state desired for the organization. The vision should be reviewed and refined as necessary to ensure the organization is moving in the proper direction.

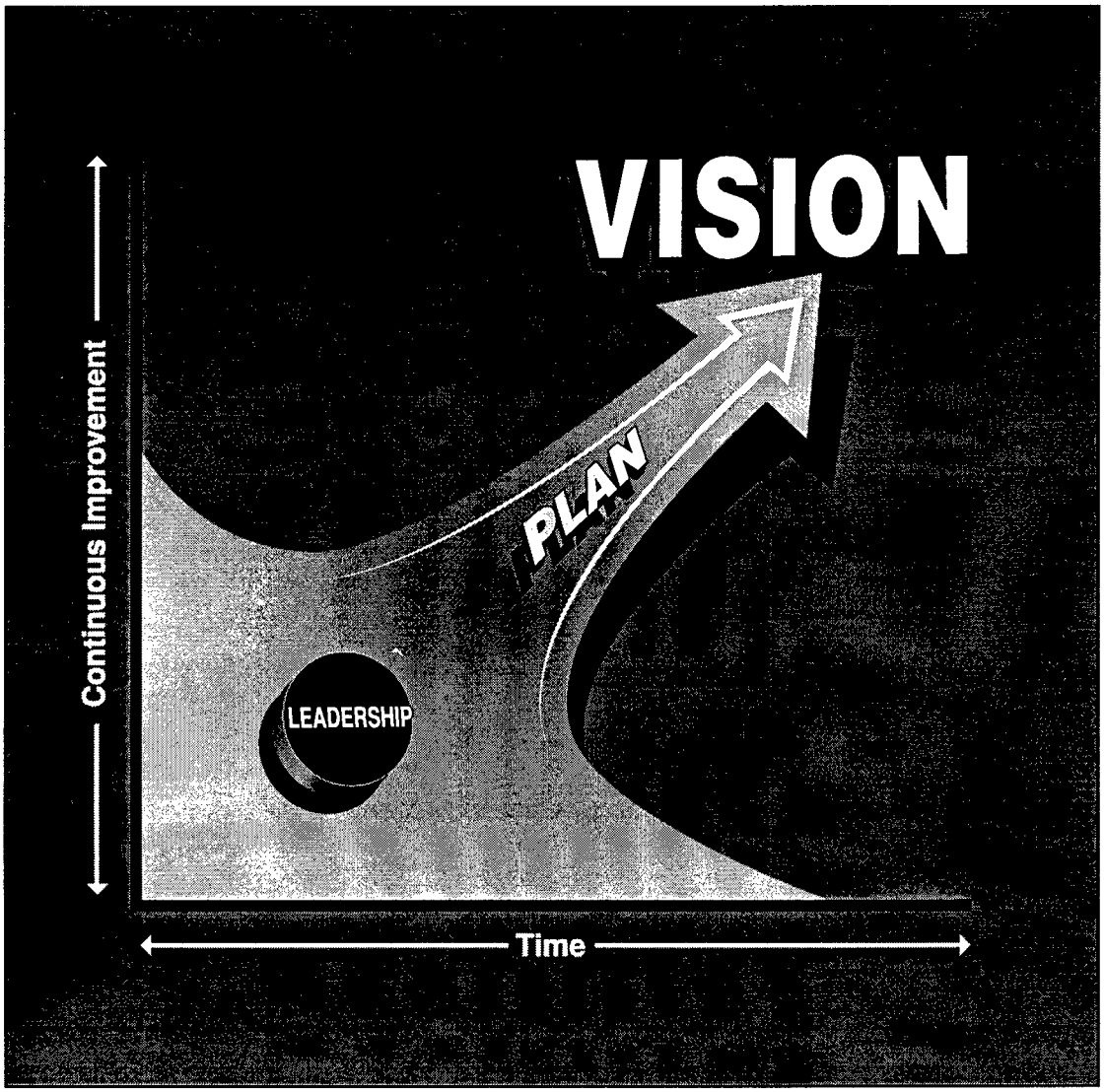

Figure 4-2. Vision and Plan Foundation

Plan to Achieve the Vision

The plan demonstrates that the vision is achievable. Development of the vision and the plan must involve the entire organization if buy-in is to be achieved. The plan should be viewed as a necessary instrument to achieve the vision. The plan should address all elements of the organizational change, including the organization's structure, training, communication efforts, milestones for implementing change initiatives, metrics, benchmarking efforts, empowerment, policy requirements, statute changes, rewards, incentives, and how to overcome barriers. As the vision is updated, the plan must also be adjusted to ensure the path to the vision remains valid.

Leadership tends to think in the abstract about what the organization can achieve, and is able

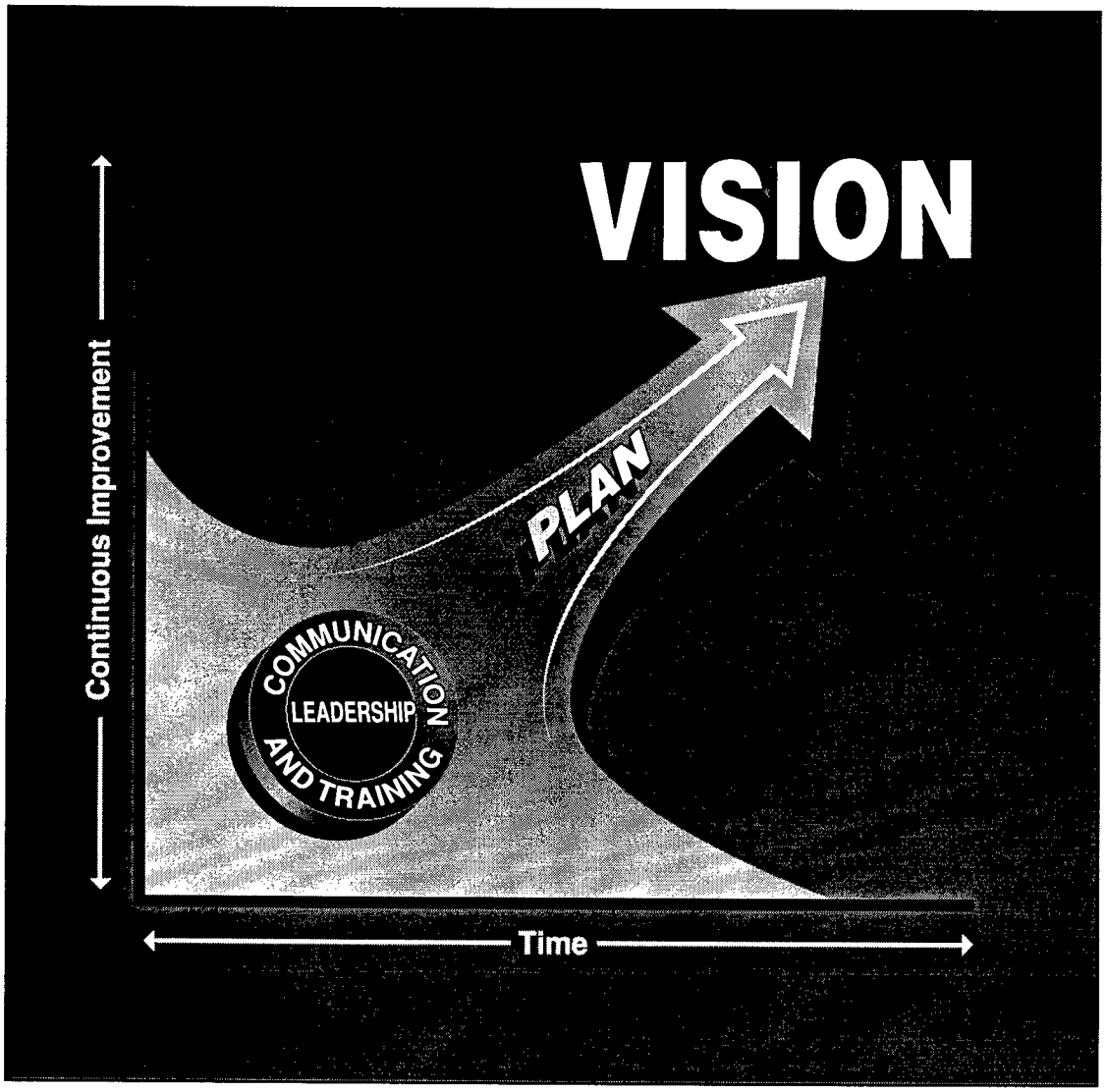

Figure 4-3. Communication and Training Foundation

to envision a desired organizational state that they want the organization to achieve. The workforce operates in a world defined by processes and procedures. This near-term focus on the world clouds the future state envisioned by the leadership; therefore, a plan must be implemented that creates a stairway to the future. If the workforce can see an executable plan both in the near term and in the future, it will be able to believe in the process to achieve the future state. The vision defines the boundaries for the organization and the plan defines the path of execution.

The vision and plan are molded and developed over time and refined through feedback. Senior leadership must be receptive to feedback during the change process, to ensure the vision and plan continue to reflect the desired future state of the organization to the workforce.

Communication and Training Foundation

The BBK model aligns communication with training. Communication and training are the means by which the leadership generates buy-in from the workforce. (Figure 4-3) Communication is the message; training is a means to ensure the workforce understands the message. Many of the models we studied discuss the role of training, but few placed as much emphasis on training as we found in practice. Many of the organizations we visited placed a heavy emphasis on the training process to ensure that the workforce understood how the change process applied to it. In an organization as large and diverse as the Department of Defense acquisition system, training is a crucial tool available to ensure the workforce is informed of and understands the change. Key to this is a feedback mechanism to ensure the workforce not only understands but also buys in to the change. Therefore, feedback must be an integral part of the communication and training process.

Communication and training provide the workforce with a clear, concise, and repetitive message about the change process. Communication and training need to clearly transmit the vision and its implementation plan to the workforce. The workforce needs to understand why the vision is personally important for it. Without personalizing the vision, the workforce will not relate to the plan's implementation.

Communication and training are key to obtaining support to change the organization's existing culture. They set the stage for creating buy-in from the workforce. With effective two-way communication, the workforce becomes involved in the change and feels a sense of ownership in the change process. Training is a mechanism to start breaking down barriers to achieve buy-in. If the workers understand the process and why it is being changed, they will be more receptive to the change.

To understand the change, all methods of communication and training must be used. Communication and training evolve as the change process progresses and the leaders must employ the most effective methods for conveying the desired message to the workforce.

> "There is a difference between the messages delivered from staged settings, such as when a leader gives a welcoming speech to newcomers, and the messages received when that leader is observed informally. The informal messages are the more powerful teaching and coaching mechanism."[7]

Our observation is that in theory and in practice, training is indispensable. A consistent message about change has to reach the entire workforce. A comprehensive and aggressive training program is the only way this can be accomplished. Training is communicating the

"how" of change to the workforce. Training needs to address not only the new policies and procedures, but, in the early phases of change, must also teach the workforce about organizational change and the change process. If the workers understand the personal conflict associated with change they will be better prepared to implement it.

Leadership, vision and plan, and communication and training are the foundation for organizational change and must be present in every phase of change or the change will achieve limited success. The application of these foundations differs in each phase of change. For example, the role of communication in the early phase of an organizational change may be to communicate and achieve buy-in from the senior leadership on why the organization must change. Later, communication focuses on getting the workforce to buy-in to the need for change. Even later, communication to the workforce on the progress of the change is important. We will explain the role of each of these critical foundations as we unfold the phases of the BBK model for organizational change within the Department of Defense acquisition system.

The Four Phases of Change

In our opinion, organizations will always be in some phase of the change process. Mr. Bill Wiggenhorn, Motorola Senior Vice President of Training and Education and President of Motorola University, observed that in Motorola's 70-year history, the company has reinvented itself every 10 years. This change cycle was not planned. The trend was only obvious in retrospect.[8]

The BBK model presents four phases of organizational change: assessment, preparation, implementation, and institutionalization. These phases are sequential, but the boundaries between them are not always clearly defined; therefore, transition between the phases may be gradual, but organizational change must progress through all four phases. Like the vision that drives it, change is holistic. Success will not be achieved if the organization jumps too quickly from one phase to another.

Assessment Phase

Assessment is the formal evaluation of the organization. (Figure 4-4) In this phase, the senior leader must recognize the need for change and bring together a senior leadership team to drive change. This team develops the vision and plan and begins communicating them to the workforce.

Leadership in the Assessment Phase

Recognize the Need for Change

In business as well as government, the driving force behind any change is the recognition of the need for change. This is the primary focus of leadership in the assessment phase. This recognition can occur in two ways. In the first, the senior leader recognizes the need and initiates the change process. In the second, the senior leader may not be the first to see that change is necessary. Instead, the need may be recognized at a lower level in the organization. In that case, those seeing the need have the responsibility to convince the senior leader that change is necessary. It is only when the senior leader recognizes the need and becomes involved that the change process can begin.

Assemble Senior-Level Team

The change process needs to be the dominant issue on the senior leader's agenda throughout

the entire change process. However, a single individual, regardless of dedication, skill and charisma, cannot change a culture by him or herself. The senior leader must establish a leadership change team made up of senior-level leadership to focus and drive the initial change process. The leadership change team must communicate their commitment to the change clearly and at every opportunity.

> "Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles.[9]

The leadership change team's role is to focus their energy on defining the desired organization. They are chartered to develop and refine the vision to an understandable and communi-

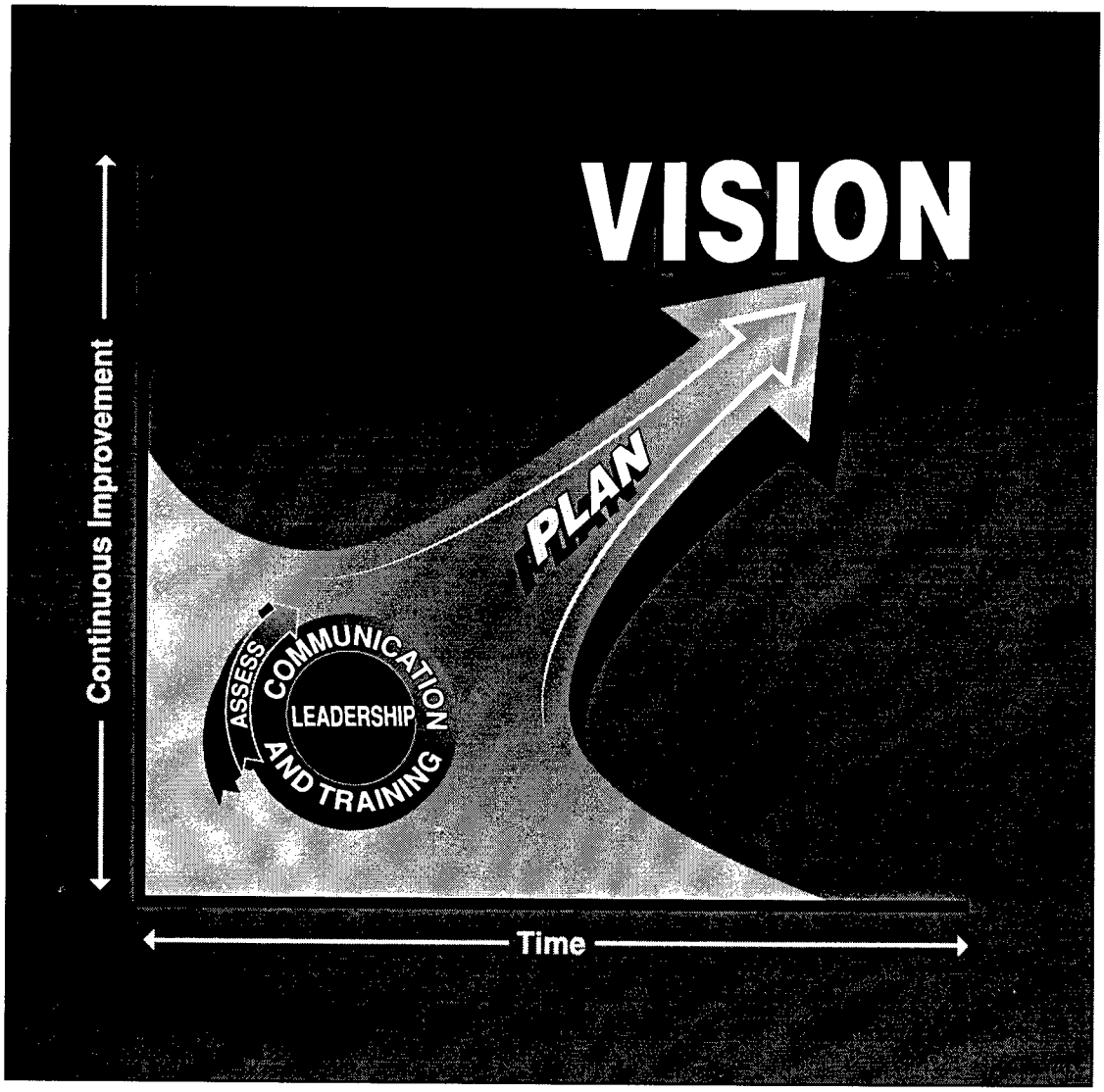

Figure 4-4. The Assessment Phase

cable statement. Over the course of the change process, the leadership change team assumes day-to-day implementation of the change process. However, the senior leader cannot abdicate the responsibility to lead the change process. The senior leader must chair the leadership change team and remain, in the eyes of the organization, the driver of the change process.

Team Building and Buy-in

The leadership change team must be composed of the senior leaders of all major elements of the organization. These senior leaders must be trained in how to implement change. Before they can develop and refine the vision for the organization, they must understand what a vision is and how to go about developing one. The senior leader must relay his initial vision for the organization to this team. This team then further develops and refines the vision.

Initially, not all members of the team may buy in to the need for change. An initial part of team building is to develop commitment from the team members. Some members may never subscribe to the need for change. These members, whether their opposition is readily apparent or subversive, must be identified. Initially, efforts must be made to obtain their buy-in, but if these efforts fail, they must be replaced not only as members of the team, but as members of the organization. Leaving those who cannot buy into the change in senior leadership positions will sabotage the change effort. Those leading the change must be prepared to deal with the personnel aspects of a significant cultural change. One barrier to change is the lack of support from personnel at any level because of fear of change itself.

Develop the Change Imperative

The senior leader must communicate the need for change to the leadership change team to foster their buy-in. The leadership change team must then refine this into a clear change imperative, which can be communicated to and understood by the workforce. The change imperative cannot just be dissatisfaction with the current culture. It must be dissatisfaction with the current culture aligned with a vision of the future state.

We agree that the closer the imperative is to a crisis, the easier it is to recognize and communicate the need for change. However, this sort of crisis is rarely evident in the Department of Defense, short, perhaps of war. This creates a challenge for the leadership change team. They must develop a clear change imperative that will motivate and inspire the workforce without the convenience of a crisis. It is harder to develop this imperative for change when the organization and its workforce are comfortable with the status quo. At Motorola, whose history shows a 10-year change cycle, Mr. Wiggenhorn observed that the change cycle should have been every seven to eight years, "but it is hard to change when you are successful."[10]

Vision and Plan in the Assessment Phase

Leadership Develops the Vision

The leadership change team needs to develop and refine the vision for the organization. Development of the vision will require an assessment of the organization as a whole. The vision defines the future state that the leadership change team envisions for the organization. It must be understandable to the workforce. If the vision is not perfectly clear to the leadership change team, it will be even less clear to those that have to implement it. Mr. Jack Smith, the

CEO of GM, said to his leadership team when they were developing their vision, "It will never be any clearer than it is in this room."[11]

The vision must be a holistic view of the organization in its future state. It defines the boundaries within which the plan will be developed. A boundary may be legal, ethical, policy based, or procedural. The plan must also address the interfaces between elements of the organization. The boundaries can remain the same, but the interfaces can be constantly changing.

Develop Top-Level Plan to Support the Vision

Once the vision is created, the leadership change team must develop a plan to direct the organization in its change effort. An understandable plan moderates the barrier of fear that is present in any organization that is undergoing change by allowing members of the organization to understand the change process. The plan addresses the actions that must be accomplished to achieve the vision. It is the roadmap to the future.

Translating the refined vision statement into an actual plan for implementation is difficult. The plan in the assessment phase is a strategic plan for the implementation of the vision. Although many organizations, including DoD, tend to gloss over the planning stage, the plan forms the basis for all actions for the next few years.

The plan must address all aspects of the anticipated organizational change. This includes organizational structure and policy changes, metrics to track change, methods of communication and training, and the empowerment required to execute the plan. At this point, the plan cannot address every initiative to be introduced as a part of the change process. The plan will become more detailed as the change process progresses down to the Service level. As the change process continues to reach down into the program executive office (PEO) and program levels, the specifics will become more focused and tailored to each individual organization.

Organizational structure changes must be considered during any cultural change, because the existing structure may provide a natural barrier to changing the current culture. The organizational structure must support the new processes. New methods for conducting business are less effective if they are forced upon an existing infrastructure. Organizational structure includes not only the physical layout of the organization, but also rewards and incentives, performance appraisals, and policies and procedures that may represent barriers to the change process. This is an obvious challenge for a leadership change team in the Department of Defense acquisition system due to the breadth of influence of other organizations upon the system. The plan must be realistic about what changes are desired, and should address the limitations of the plan to effect change outside the immediate control of the leadership change team. In the Department of Defense, the limitations include government imposed legal and legislative limits. The limits of what the system can change must be relayed to the workforce. The plan should identify and address these barriers.

The plan contains the metrics to measure progress of the change. The metrics will be refined as the change process matures, and must be evaluated for their currency to the change. The metrics must be carefully selected and kept to a minimum to ensure that they accurately reflect implementation of the change process. Excessive use of metrics can saturate the workforce with meaningless data collection. Metrics rolled up at a macro level may

not give insight into what is truly happening at the lower levels.

The plan must address how the change will be communicated to the workforce. Training during the early phases is at the macro level, but the strategic plan must address both short-term and long-term training requirements. What type of training is required to ensure that the change leaders are prepared to implement the plan? What type of training is required to prepare the workforce for change, and, just as important, what is the timing of this training? These are the obvious requirements the plan must address, but that are often overlooked or ignored, contributing to failure of the change process.

Communication and Training in the Assessment Phase

Senior Leader Communicate to Leadership Team

Early in the assessment phase, the senior leader must communicate with the leadership change team to establish a common language and understanding of the change. The senior leader also needs to communicate his or her vision to the team, giving the team a common basis for developing and refining a vision for the organization. In effect, this is a microcosm of the communication effort that will occur in later phases between the leadership change team and the organization as a whole.

Train the Senior Leadership Team on Change

The emphasis of training in the assessment phase is on training the leadership change team on the change process and team building so that they can effectively guide the change process. Similar to the communication effort, this training will later take place in the rest of the organization, when the change is carried out to the workforce. Senior leaders need to evaluate the actual leadership training requirements of those that are on the front lines of the change process.[12] The senior leader and the leadership change team need a clear assessment of the requirement to train managers at all levels to be leaders of change.

Communicate the Vision and Imperative to the Workforce—Get Initial Feedback

Once the early focus of communicating and training within the leadership change team is underway, that team itself must begin to communicate to and train the workforce. The very act of establishing a leadership change team will create rumors of change throughout the workforce. These rumors can be disruptive to the organization. Prior to the finalization of the development of the vision, the senior leader and leadership change team need to quickly develop a message of change to be carried out to the workforce, to educate the workforce that change is coming. The workforce needs to know it will be able to respond to and make suggestions for the change. This will begin the process of achieving buy-in of the workforce before "the well is poisoned." On completion of the initial vision, the change imperative must be communicated to the workforce by the senior leadership.

Communication at this phase must be frank and open within the leadership change team. But if the change initiative is to succeed, the leadership change team must also be up-front and honest with the workforce. This means that the communication with the workforce must be timely and personal, so that the workforce feels involved in the initiation of the change process. Personal communication methods should emphasize speeches, interviews, and satellite broadcasts by the leadership team, rather than articles, policy letters, and pamphlets. There must be a positive feedback loop between the

workforce and the leadership team. A positive feedback loop means that it is not sufficient to listen to the workforce. The leadership has to show the workforce that they are listening by responding to its concerns and suggestions.

Preparation Phase

In the preparation phase, the focus of the change starts to transition to the workforce as the pending change becomes more visible. (Figure 4-5) The leadership change team must begin carrying a detailed message out to the "chain of command" down to the lowest levels of the organization, so that the command structure can present a united front to the rest of the organization. Change leaders throughout the organization must be identified and trained. The change leaders and the workforce need information about the change to be part

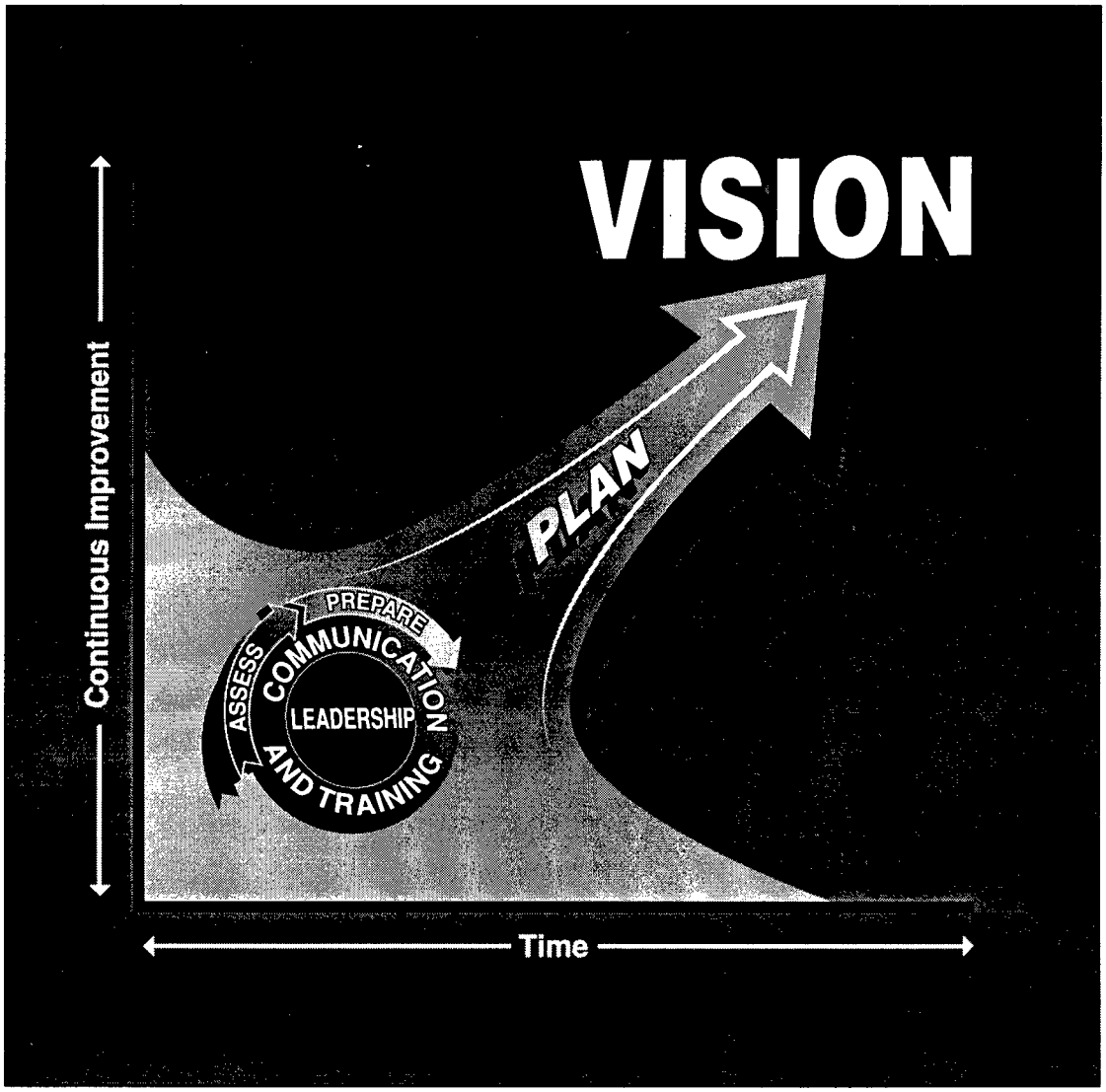

Figure 4-5. The Preparation Phase

of the change process. Change preparation therefore includes changing the organizational structures, training the change leaders and the workforce on the change processes, and achieving support from the workforce.

Leadership in the Preparation Phase

Engage the Workforce in the Change

A major part of the preparation phase is setting the stage for the actual change itself. Senior leadership must ensure that the message of the pending change is transmitted to all levels of the workforce. In the assessment phase, the leadership change team has been inwardly focused, developing a vision and plan and achieving buy-in of the team to support that plan. The leadership change team must now focus outward to engage the workforce in the change process.

The first step is to carry the work of the leadership change team down through the entire chain of command. The message must foster an understanding of the vision and the plan to the leadership in the field as well as personalizing the message for the workforce. The chain of command provides the link between the leadership change team and the workforce to ensure the message of change is transmitted and received with clarity. The chain of command involvement does not replace the need for personal, active communication directly from the leadership change team to the workforce, but should serve to enhance and reinforce the message of change and achieve commitment from the workforce.

Identify Change Leaders

Implementing change creates a challenge for leaders. Every individual within the chain of command is, by position, a formal change leader who must constantly push the message of change to the workers. However, implementing organizational change overlays additional workload on the daily demands of the leadership. Leaders have to incorporate the change into every aspect of their work. However, leaders cannot do it alone. The chain of command must identify formal or informal change leaders that believe in the message of change and can help carry the message to the workforce. These change leaders need to be trained on the change and how to recognize and overcome the conflicts that arise when implementing change. One could think of these individuals as the "honest brokers" of change within the organization. They help keep the leadership on track with pushing the change. All levels of change leaders need to be skilled in handling people and the change process during a cultural change.

Get Feedback on the Vision and Plan

Senior leadership must be receptive to feedback, both positive and negative, and use the feedback to further refine the vision and plan. The chain of command and the change leaders must carry feedback up to the leadership change team. Fast, positive steps to implement the feedback lets the workforce know that the chain of command is actively listening and involving the workforce in the change process.

Vision and Plan in the Preparation Phase

Refine Vision and Plan Based on Feedback

The vision and the plan must be pliable. The lower levels of the organization must be allowed to supply an uncensored flow of comments on the vision and the plan. Some of these comments are going to be driven by the fear of change, and will be an attempt to torpedo the

change process. But many of the comments will voice legitimate concerns about the change process. Each comment needs to be evaluated for the potential gem that is inside.

The vision and plan should be flexible enough to be modified prior to the start of implementation. The leadership change team should establish a mechanism to solicit formal feedback from the organizations and individuals that will be affected by the change process. This brings the chain of command and the workforce into the change process.

Take the Plan From Strategic to Tactical Level

The plan needs to be transitioned from a strategic plan into a tactical plan that will be implemented at multiple levels. The plan should be refined into a document that lays out the total change process. Details should include the changes in the organizational structure, metrics, removal of barriers, and a general plan for subsequent implementation of process changes. This information provides the workforce with a long-term picture of the path to the future.

The plan needs to address changes to the organizational structure that will be implemented to align the organization to support the change. This includes physical changes to the organization, realignment of the personnel system, and the removal of policy or regulations that inhibit the change process. Changes to the personnel system may include revisions of the performance appraisal, promotions, rewards and incentive systems to support implementation of the changes. Additionally, the plan must address the risk of failure. If the workforce is to assume more authority for decisions, the workforce needs to understand both the rewards for success and the tolerance for risk taking that may end in failure.

Selection of the metrics is crucial. Metrics must be carefully selected and limited in quantity. Metrics require measurement; measurement requires reporting or data collection. Therefore, the metrics selected must be worthwhile for those implementing the change. Leadership must evaluate each metric for the ability to communicate to the workforce progress in achieving that metric. A metric used only by senior levels of management is viewed as a "make work" exercise, and can be detrimental to the change effort. Metrics will be refined as the change process progresses, to ensure that the correct things are being measured at the correct point in the change process.

Recognition and removal of barriers and roadblocks is an important part of the plan. The plan must be objective enough to recognize the issues that are external and cannot be implemented within the scope of the organization. The plan should reflect how these external challenges will be handled. The limits and the plans to address these limitations must be communicated to the workforce.

Finally, the plan should identify for the workforce the time frame for change implementation. The workforce needs to have a general idea of the schedule for the change and must be kept informed of refinements to the implementation process. This allows the workforce to understand how the change is progressing.

Communication and Training in the Preparation Phase

Face-to-face Communication With the Workforce

Leadership must verbally communicate the vision and plan directly to the workforce. The message needs to be personalized for each layer

of the organization. Everyone interprets what they hear based upon their cultural background. Communication must break down these cultural mindsets and allow everyone to hear the same message. The task of the leadership is to communicate with the workforce so that it has the same understanding of the vision and plan as does the leadership.

Good, clear, concise communication early in the change process is critical to achieving buy-in from the workforce. The importance of communication cannot be over emphasized. Face-to-face methods of communication are the most effective, allowing an interactive dialog that ensures that the message is properly received. This may be difficult with an organization the size of the Department of Defense acquisition system. This makes the leadership change team and the chain of command critical to the communication of the change process. Senior leadership must personally carry the message to the workforce through the leadership change team and the chain of command. Ideally, a message should flow to the entire workforce in a matter of a few days.

Identify and Use "Push" Methods of Communication

The most effective methods of communication in the preparation phase are push methods, where the leaders drive the message to the workforce. Interactive push methods, where feedback can be instantaneous, are the most effective. These would include face-to-face conversations, interactive broadcasts, town hall meetings, and briefings using the formal and informal change leaders. Non-interactive push methods include videotapes, e-mail messages, policy letters, and satellite broadcasts. Pull methods are less effective, but should also be used to reinforce the message. Pull methods are those methods that require the workforce to actively seek the information, such as web site postings or magazine articles. All methods of communication should be used to ensure that the total workforce is informed of the process.

Train the Change Process

While the leadership must communicate the vision and plan to the workforce, the workforce must be trained on the change process itself. In the preparation phase, as a part of building a solid foundation for the implementation of the change, the focus of training is the change process itself. We have observed that those organizations that train their front line leaders and workforce on the change process are more successful in change implementation.

> "People are expected to change habits built up over years or decades with only five days of education. People are taught technical skills but not the social skills or attitudes needed to make the new arrangements work."[13]

Change leaders, in this phase, need to be trained to handle resistance to the change process. The leaders at the lowest level of the organization are on the front line of the battle to change the culture. These leaders need the tools to help implement a change and convert a non-believer into a believer.

Feedback Loop

The feedback loop gains importance as the change progresses. Once the leadership begins to prepare the workforce for change, the workforce will begin voicing its suggestions and concerns. A positive feedback loop demonstrates to the workforce that the leadership is acting on its concerns and suggestions. The feedback loop is critical to buy-in. The

workforce must see over time that it has been a part of the change process. If it is not, as soon as the leadership change team leaves, the change will die. This is especially important in the Department of Defense where the leadership is in a constant state of flux. This feedback loop must stay in place continuously during the change process.

Implementation Phase

Implementing change is the process of engaging the drive wheels of leadership, vision and the plan, communication and training to inspire the workforce to achieve the vision. (Figure 4-6) This phase is intensely interactive, as the leaders need to track the progress of the change. Leaders need to use the right metrics to monitor the change and ensure that the changes be-

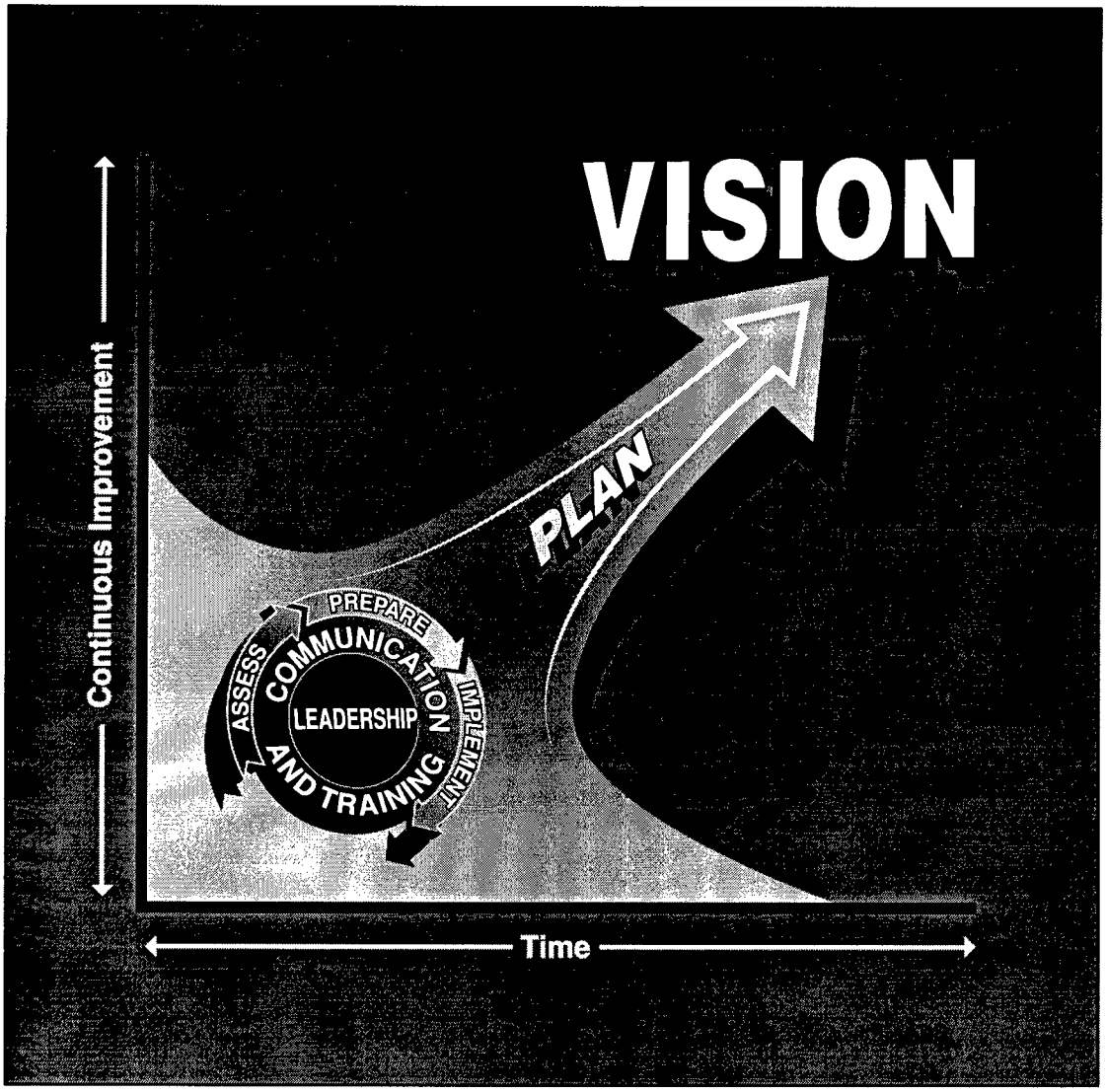

Figure 4-6. The Implementation Phase

ing implemented are having the desired effect on the organization. Two-way communication throughout the whole organization is important to allow identification of barriers and ensure implementation of the change. It is in this phase that the mechanics of the changed processes are taught to the workforce.

Leadership in the Implementation Phase

Leader Actions Must Reinforce the Message

> "What you do thunders so loudly, I cannot hear what you say to the contrary."
> *Ralph Waldo Emerson*

Prior to actual implementation, leadership has made great effort to communicate the vision and the plan to the workforce. Now the leaders are centered on the stage where the workforce will interpret all their actions. The change process must be foremost in the minds of the leadership. The leaders must use every opportunity to reinforce the message of reform and their personal commitment to the change. The change needs to be a part of everything the leaders say and do. Dissenters in the organization will grasp any actions by the leadership that are in contrast to the message of change and use that action to derail the change process. Senior leadership needs to actively seek and remove barriers to change. Barriers can be real or imagined, policy or personnel, but the leadership must listen to the workforce and aggressively remove the barriers.

Lower Levels of Leadership Heavily Involved in Change Actions

The implementation phase is a critical phase for front line managers in the change process. It is in this phase that the tactical plan is executed and the change occurs. The leadership and change leaders in the field are now in the process of implementing the changes. They are actively involved in the day-to-day processes involving change in every aspect of the job.

Empower the Workforce

In order to effect change, the workforce must be empowered. If leadership has communicated the vision and the plan to the workforce, empowerment allows the workforce to employ its energy and training in achieving the vision. Lack of or reduction in empowerment will raise suspicions concerning the sincerity of the leadership in the change process.

Vision and the Plan in the Implementation Phase

Execute Tactical Implementation Plan

During the implementation phase, the plan for change is refined and executed. It is in this stage that initiatives and directives are issued to make change happen. The groundwork has been laid; the workforce understands the long-range plan, the change process and the vision for the organization. As the organization transitions into the implementation phase, pilot programs, when feasible, are initiated. Pilot programs can serve as the leading edge of reform for change processes. The leadership carefully monitors the pilot programs to determine necessary changes to the implementation plan before these changes are executed in the rest of the organization. Each member of the organization needs to understand the status of the change and the progress made in relation to the plan. Each individual element within the organization needs to develop a plan of action for implementing the change.

Revalidate the Vision and Plan

As in any tactical situation, the environment changes quickly; therefore, it is important to

track the progress of the implementation effort. Leadership gathers information and compares the results against the metrics established in the preparation phase. The metrics must be assessed throughout the organization to determine if the processes are having the desired effect. Undesirable effects require adjustment to the execution of the plan, and, perhaps, an adjustment in tactics concerning how best to achieve the vision.

Employ Rewards and Incentives to Reinforce Change

Rewards and incentives must be in place to reinforce the change. We realize that the government does not have the same flexibility as commercial corporations in issuing monetary rewards to personnel. However, there are other rewards that provide incentives to the workforce. Some organizations, commercial and governmental, are using seemingly small rewards and incentives, such as having employees witness a test of the equipment they helped build. Other examples of effective rewards during the implementation phase include visits to the customer, visits to an operational base or post, riding in a tank, or seeing a live fire of a weapon. These actions help the workforce better understand the effect of the changes that are being implemented. Without a revision to the rewards system, the workers will revert to the old system that provides them the most rewards and incentives.

Communication and Training in the Implementation Phase

Senior Leadership Promotes the Change

Leadership must continue to use all means of communication to convey current information about the organizational change. Personal contact is the most effective, but timeliness is also important. Therefore, a balance must be struck between the two in selecting the method of communication. Mechanical means of communicating are faster but less reliable, meaning that the message may not be clearly delivered. Personal contact is slower but ensures a better understanding and acceptance. During this phase the communication channels must be filled with information on the reform process. Most of this information can be provided via print and electronic media, provided that appropriate training has occurred. However, major revisions to the plan or announcements concerning the total workforce should be made using personal contact.

Cross Fertilization of Successes and Failures

During this stage, successes and failures need to be shared. Processes developed at the field level must be shared, and there must be a communication system established between major product divisions expressly for the sharing of information. Throughout the implementation phase there will be numerous opportunities to develop organizational best practices, but without the cross-flow of information, these best practices will reside with the originators. The experiences gained from pilot programs must be made available to every worker. This needs to include a detailed account of the processes and procedures used during the pilot program. If the pilot program is used as an example of success, leadership needs to ensure that the same opportunity for use of the new processes and procedures is available to everyone. This may require changes in policy or regulation. If the procedures are not available to the "average" worker, the change process will lose credibility.

The flow of information should not be filtered. Not every program is a huge success. The value

associated with the attempt that ended in failure may be more precious than any success. Providing information on processes that failed will prevent the mistake from being repeated. Sharing of failure requires one of the most difficult changes in the Department of Defense culture. The new culture must allow for the failures that will occur with higher risk approaches. Without this change there will be little incentive to attempt new processes.

Train Workforce in Change Initiatives

All training associated with the implementation of the new processes and procedures must be completed quickly. Training courses should be pushed down into the workforce. Training is now focused on the long-term skills needed by the workforce. There must be a focused effort to ensure that the total workforce is trained as quickly as possible.

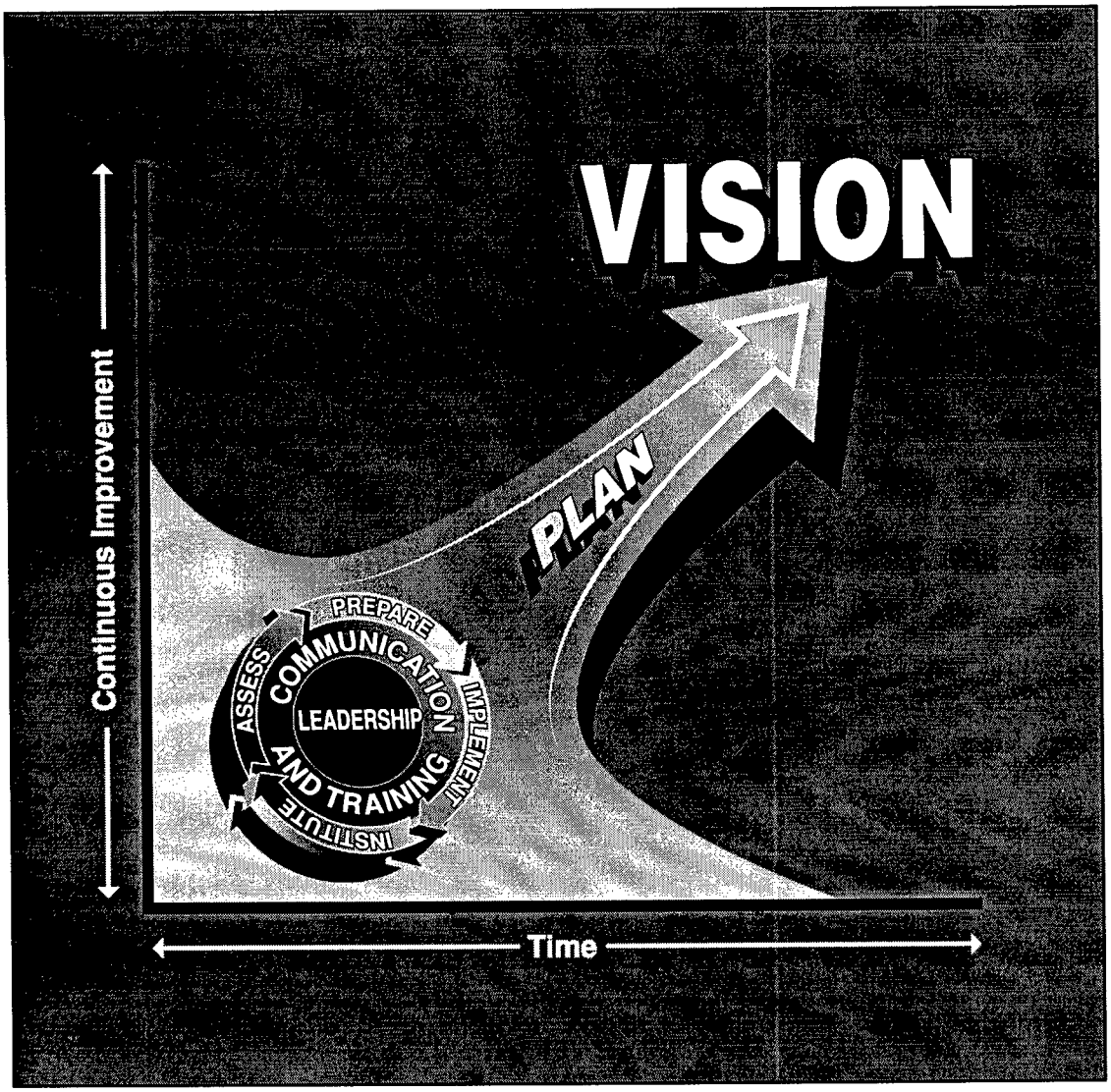

Figure 4-7. The Institutionalization Phase

Senior leadership should take an active role in the teaching process. In this phase, this means that the senior leadership must teach the change process to the next level of leadership. Those leaders then train their next leadership level, until the lowest levels of the organization are trained. It important to emphasize that merely presenting a lecture or question and answer session is not teaching. If leaders are going to talk about changes, they must know them well enough to teach them. It is also important to have active student participation. This provides the leaders a chance to learn from the students and to get uncensored feedback on how well the change is going.

The Institutionalization Phase

The institutionalization phase is the closest an organization will get to maintaining the status quo or, in Lewin's model, re-freezing the organization. (Figure 4-7) However, this re-freezing may only be a moment in time. The institutionalization phase is basically a self-assessment of the change process. Leaders must review the progress made to date and determine if the process and procedures that were implemented are having the desired effect. Feedback from the workforce is essential in this phase to determine corrections to the current course of action. Action needs to be taken to anchor the desirable changes in the culture, by solidifying the change through changes in policy or regulation, rewarding the cultural change through recognition or incentives, and publicizing and communicating the change to the total workforce. The feedback should provide the senior leadership the information to validate the changes against the current environment. This will move the leadership team to the next assessment phase to reinitiate the change process.

Leadership in the Institutionalization Phase

Reassessment of the Change Process

The focus of senior leadership continues to be the vision. Effort should be made to ensure that advancements are anchored so the old culture does not resurrect itself. However, leadership needs to continue the drive for change. Based on feedback from the workforce and review of the metrics, the leadership change team needs to reevaluate the current culture. The leadership change team should evaluate the accomplishments of the change to identify areas that have met the objectives, need additional fine-tuning or should be completely revised. The team may need to move forward to the assessment phase to evaluate the new environment and refine the vision. The leadership change team should also reevaluate their own team composition.

Vision and the Plan in the Institutionalization Phase

Refine the Metrics

The metrics are essential to evaluating the progress of change. It is important to determine whether the metrics still measure the right objectives. If the objectives of a change have been met, the organization may need to develop stretch metrics or reevaluate the current metrics. Some organizations tend to leave metrics in place long after they are no longer required. Organizations become so accustomed to reporting certain metrics that the reporting procedures become a standard way of doing business. Both the leaders receiving the metrics and those reporting the metrics should work together to determine if the metrics are still valid and beneficial.

Reevaluate the Vision and Plan

The organization as a whole needs to review the progress made towards the vision. Both feedback and metrics should be used to determine if the organization is still on track with the vision. Senior leadership needs to formally reevaluate the vision and the plan. Both the vision and the plan must be critically reviewed to determine if further adjustments are required.

The plan at all levels should be evaluated against its execution. Shortfalls should be identified to determine what actions are required. Lessons learned from what worked and what failed should be presented to the entire organization. Based on the current environment, leadership should update the plan.

Communication and Training in the Institutionalization Phase

Get Feedback from Workforce

Feedback is fundamental to determine the progress of the changes implemented. Strategies pursued to achieve the vision may not have had the desired effect and only feedback from the field and analysis of the metrics can provide an accurate status of the efforts. Leadership communication must be positive and reinforce the new culture. Leadership should use all possible means to get feedback from the workforce, including surveys, personal interviews, town hall meetings, or senior leaders informally talking with their workers. This feedback should be used at all levels to refine each organization's progress.

Continually Reinforce the Change/Continuously Train

Senior leadership should keep the workforce informed about how the organization did relative to the plan. Leadership needs to talk about the progress toward the vision and the execution of the implementation plan. They need to tell the workforce where the organization has been, where they are, and where they are gong in the change process. The leadership needs to show the progress against the metrics that measure the change. In effect, communication needs to keep the workforce focused on the change, at a time when many no longer feel the imperative for change. All available means of communication must be employed. Face to face communication should be the primary means, with other forms of communication used to reinforce the message.

The workforce needs to be rewarded for the effort expended in pursuit of the vision. All of the incentives, rewards, and new appraisal systems should be used as tools to reinforce the progress of the changes. The leadership should use every opportunity for recognition of the workforce for successful implementation of the changes. Recognition should be publicized and promoted throughout the organization to the maximum extent possible.

All training must formalize the new processes and procedures, and must reach every member of the workforce. The workforce needs to understand that the organization is on track to the vision and that there will be future revisions and refinement to the processes and procedures being taught. The training is targeted on institutionalizing the pursuit of the vision and not resting on the laurels of the change process to date. Training should be ongoing for the entire workforce. New members of an organization need to be trained in the specific skills required to implement the changes that the rest of their team has already acquired. The experienced members need to be trained to reinforce their leadership and change process skills and to learn any updates to the previous changes.

Sustaining an Organization that Accepts Change as a Culture

Vision is a future state, regardless of the time spent in the change process. This must be communicated to the workforce with endless passion so it is understood and accepted as a norm. One of the major differences between Eastern and Western culture is the way we look at the future. Western culture looks long-term and sees three to five years in the future, whereas Eastern culture tends to look beyond 100 years. A few companies have expanded views of the future and of organizational change.

> "We refer to ourselves as a 100 year car company. Some people took that literally and they are saying we have 93 years to go. No, it's a running 100 years, its always 100 years. It is symbolic to make people think long term."[14]
>
> *Donald Hudler*
> *Saturn Corporation*

Once a process has reached the institutionalization phase, the BBK model transitions forward into the assessment phase. The analogy is like a diamond being cut into the perfect gem. The diamond is cut, refined, and polished many times. An organization is constantly in a state of motion, constantly being refined by changes. Organizations should be striving for continuous improvement. Therefore, an organization can have various initiatives in different stages of introduction during an organizational change. However, moving back and forth between phases of a change could have a detrimental affect on the change process. It is important to remember that for a change to be institutionalized, all of the steps of this model must be followed.

Summary: The Plan is Critical

Throughout this chapter we have described the BBK model for implementing change in the Department of Defense acquisition system. Our research led us to the conclusion that the basic elements of all change models are the same, but that the models must be tailored to the unique needs of the organizations that are employing them. We believe that there are two major challenges faced by the Department of Defense that must be addressed in a model of change for that organization. One is the challenge of continual changes in senior leadership faced by the defense acquisition system and the Department of Defense; the other is the size and scope of the acquisition workforce. The key to overcoming these challenges lies with the plan.

Department of Defense, other governmental organizations, and large corporations all experience change in leaders; however, the Department of Defense must acknowledge that the leaders will change with each new administration and perhaps more frequently depending on personal situations. Additionally, while many of the organizations we studied are large, the Department of Defense and its acquisition workforce are among the largest. Therefore, the BBK model identifies the development of a plan as critical to change in the Department of Defense. The plan serves to guide the change process and communicate the change to the workforce.

Currently, the rollover of leaders puts the Department of Defense in a very tenuous change environment. Each new set of leaders brings changes to make their own exclusive impact on the system. When the leaders change, there is no strategic or tactical plan concerning why the organization was pursuing a change, or even how much progress has been made towards the

vision. The new leaders start all over again. We think this situation is a classic example of "two steps forward and one step back." The Department of Defense needs to break this cycle and can only accomplish this if they "plan the change," communicate it to the workforce, and stick with the plan.

Table 4-2 below summarizes the major tenants of the BBK organizational change model. The table identifies the three foundations of change and the shift in emphasis as the effort progresses through the four phases.

	ASSESMENT	PREPARE	IMPLEMENT	INSTITUTIONALIZE
LEADERSHIP	• Recognize the Need for Change • Assemble Senior-Level Team • Team Building and Buy-in • Develop the Change Imperative	• Engage the Workforce in the Change • Identify Change Leaders • Get Feedback on the Vision and Plan	• Leader Actions Must Reinforce the Message • Lower Levels of Leadership Heavily Involved in Change Actions • Empower the Workforce	• Reassessment of the Change Process
VISION AND PLAN	• Leadership Develops the Vision • Develop Top-Level Plan to Support the Vision	• Refine Vision and Plan Based on Feedback • Take the Plan From Strategic to Tactical Level	• Execute Tactical Implementation Plan • Revalidate the Vision and Plan • Employ Rewards and Incentives to Reinforce Change	• Refine the Metrics • Reevaluate the Vision and Plan
COMMUNICATION AND TRAINNG	• Senior Leader Communicate to Leadership Team • Train the Senior Leadership Team on Change • Communicate the Vision and Imperative to the Workforce — Get Initial Feedback	• Face-to-face Communication With the Workforce • Identify and Use "Push" Methods of Communication • Train the Change Process • Feedback Loop	• Senior Leadership Promotes the Change • Cross Fertilization of Successes and Failures • Train Workforce in Change Initiatives	• Get Feedback from Workforce • Continually Reinforce the Change/ Continuously Train

Table 4-2. Major Tenants of the BBK Organizational Change Model

ENDNOTES

1. Edgar H. Schein, *Organizational Culture and Leadership*, 2d ed., (San Francisco: Jossey-Bass, Inc., 1992), 5.

2. G.R. Sullivan and M. V. Harper, *Hope is not a Method*, (New York: Random House, 1996), 53.

3. Chain of Command is defined as the existing management structure of the organization.

4. H. Woodward and S. Buchholz, *Aftershock: Helping People Through Corporate Change*, (New York: John Wiley & Sons, Inc., 1987), 200.

5. J. Kotter, *Leading Change*, (Boston: Harvard Business School Press,1996), 98-99.

6. Ibid.

7. Schein, *Organizational Culture*, 241.

8. A. William Wiggenhorn, President, Motorola University, and Senior Vice President of Training and Education, Motorola, Inc., interview with authors, Schaumburg, IL, 21 April 1997.

9. Kotter, *Leading Change*, 25.

10. Wiggenhorn, interview with authors.

11. Robert Purcell, Jr., Executive Director, General Motors North American Operations Advanced Technology Vehicles, interview with author, Detroit, MI, 13 March 1997.

12. N. M. Tichy and M.A. Devanna, *The Transformational Leader: The Key to Global Competetiveness*, (New York: John Wiley & Sons, Inc., 1986), 179.

13. Kotter, *Leading Change*, 108.

14. Donald Hudler, President, Saturn Corporation, interview with authors, Detroit, MI, 30 April 1997.

5

CHANGE WITHIN THE DEPARTMENT OF DEFENSE ACQUISITION REFORM – THE ASSESSMENT PHASE

"The trouble with doing something right the first time is that nobody appreciates how difficult it was."

Unknown

Introduction

How can an organization remove the weight of an existing culture and become more responsive to a changing environment?

The preceding chapters provided background information on acquisition reform and the change process, and also presented our organizational change model for the Department of Defense acquisition system. In this chapter and the three that follow it, we will evaluate acquisition reform as an organizational change using the organizational change model presented in chapter 4. We will evaluate the acquisition reform process against the BBK model for change, indicating where the concepts of the model were or were not followed. While our assessment may at times appear critical, we acknowledge that the current reform effort has made significant strides in changing the acquisition system for the better.

> "Our task is not to fix the blame for the past, but to fix the course for the future."
>
> *President John F. Kennedy*

In the assessment phase of organizational change, the senior leader must recognize the need for change and convince the senior leadership to promote it actively and enthusiastically. The leadership must develop a vision for the organization and a plan to

support its attainment. The most senior leader, with his team, must communicate the vision to the workforce and obtain its buy-in to the need for change in the system. This phase of the change process was successful for the defense acquisition system, initiating one of the most promising acquisition system reform efforts in decades. Nonetheless, in this phase there were avoidable shortfalls, which, in our opinion, reduced the success of the reform effort in later phases.

In succeeding chapters, we focus our evaluation of the acquisition reform effort on those events that occurred within the Department of Defense, concentrating on the "flow down" of acquisition reform from the Under Secretary of Defense (Acquisition and Technology) [USD(A&T)] level, into the Services. However, since the assessment phase of the current acquisition reform effort was greatly influenced by events above that level, we will begin by looking at the stage that was set for this acquisition reform effort.

Setting the Stage for Acquisition Reform

In 1989, in the *Defense Management Report to the President*, then-Secretary of Defense Dick Chaney set forth a plan to "improve substantially the performance of the defense acquisition system" and "manage more effectively the Department of Defense and our defense resources."[1] Later, the *FY91 National Defense Authorization Act* mandated the creation of the Acquisition Law Advisory Panel, commonly known as the Section 800 Panel. This panel was given the charter not only to make recommendations, but also to draft statutory code to enable the system to change.

Leslie (Les) Aspin, Secretary of Defense from 1993 to 1994, had gained experience with the defense acquisition system while serving in Congress as the chairman of the House Armed Services Committee. As Secretary of Defense, he saw an opportunity to change the acquisition culture within the Department.

Mr. Gilbert F. Decker, the former Army Acquisition Executive, describes what happened next as "an unusual set of circumstances."[2] Secretary Aspin saw the need for change, and brought in Dr. William Perry as Deputy Secretary of Defense, making him a change leader to streamline the acquisition system. Secretary Aspin and then-Deputy Secretary of Defense Perry recognized the need for a team of senior leaders in critical positions to implement change within the defense acquisition community. Dr. Perry identified political appointment positions related to acquisition that would have to be in alignment in order to reform the system. These positions included the Defense Acquisition Executive [the Under Secretary of Defense (Acquisition and Technology)] and the three Service Acquisition Executives. Individuals appointed to those positions would likely hold office for only three to four years; thus, they could not take a year to gain sufficient understanding to promote required change.

Dr. Perry and Secretary Aspin went to Vice President Gore with their recommendation for establishing a change team. Vice President Gore agreed with their plan of acquisition reform and understood the need for a coordinated team to make the change happen and allowed Secretary Aspin and Dr. Perry to recommend a slate for these positions. While Vice President Gore did not guarantee approval of the recommended appointive slate, the opportunity to suggest the entire team was a large step forward. Dr. Perry proposed a team of candidates who had worked together over a long time period, and who agreed that the

defense acquisition system was in great need of change. When confirmed in their appointments, they created a team of key leaders with a shared vision for acquisition reform.

In 1994, Dr. Perry assumed the position of Secretary of Defense. Dr. Perry's succession was a smooth transition for the organizational change team he had helped create. In February 1994, Secretary Perry forwarded his paper "*Acquisition Reform, A Mandate for Change*" to the House Armed Services Committee and the Governmental Affairs Committee. This paper presented a vision and goals for change of the defense acquisition system. His mandate was based on the National Performance Review, the President's plan for economic development in the technology sector (*Technology for America's Economic Growth, A New Direction to Build Economic Strength*), the recommendations of the Section 800 Panel, and other studies of the acquisition system.[3] The *Mandate for Change* contained a broad approach for the desired changes in the acquisition system, detailing the progress that led up to the generation of the reform initiative.

The document describes the duties of the Deputy Under Secretary of Defense (Acquisition Reform) (DUSD(AR)), a position created at the time Secretary Aspin acceded to office and designed specifically to drive the acquisition reform effort in the Department of Defense. The DUSD(AR) was, in effect, a formal change leader for OSD. In 1994, this position was formally placed under the USD(A&T).[4] (See Chart 5-1.)

> "A Deputy Under Secretary for Defense for Acquisition Reform (DUSD(AR)) has been appointed to be the focal point for the development and implementation of a coherent and practical step-by-step plan for re-engineering each and every segment of the acquisition system. The DUSD(AR) has a small dedicated professional staff to lead and coordinate efforts to address the priority change areas identified by the Department's senior management. The Office of the DUSD(AR) will also follow-up to ensure implementation of recommended changes. The staff is purposely small to foster reliance on integrated decision teams made up of individuals who are actively involved in the day-to-day acquisition process, and who are in the best position to develop specific plans for change."[5]

Ms. Colleen Preston was the original appointee to the position of DUSD(AR). She also chaired a steering group, which was formed to: "make recommendations on proposed acquisition reform goals and objectives, further identify areas for change, assist in establishing priorities, designate experts from their activities to serve on process actions teams and working groups, make recommendations to the DUSD(AR) on issues that could not be resolved by the teams, coordinate proposed actions within their organizations; and ensure implementation of final plans of action within their organizations."[6]

The steering group membership, as described in the *Mandate for Change*, contains most of the senior leadership in the defense system "or individuals authorized to act on their behalf in representing the position of their organization"[7] (see Chart 5-1). To ensure a consistent effort, the DUSD(AR), through the steering group, coordinated efforts of the Department of Defense to implement acquisition reform. As described in the mandate, this steering group was to resemble a leadership change

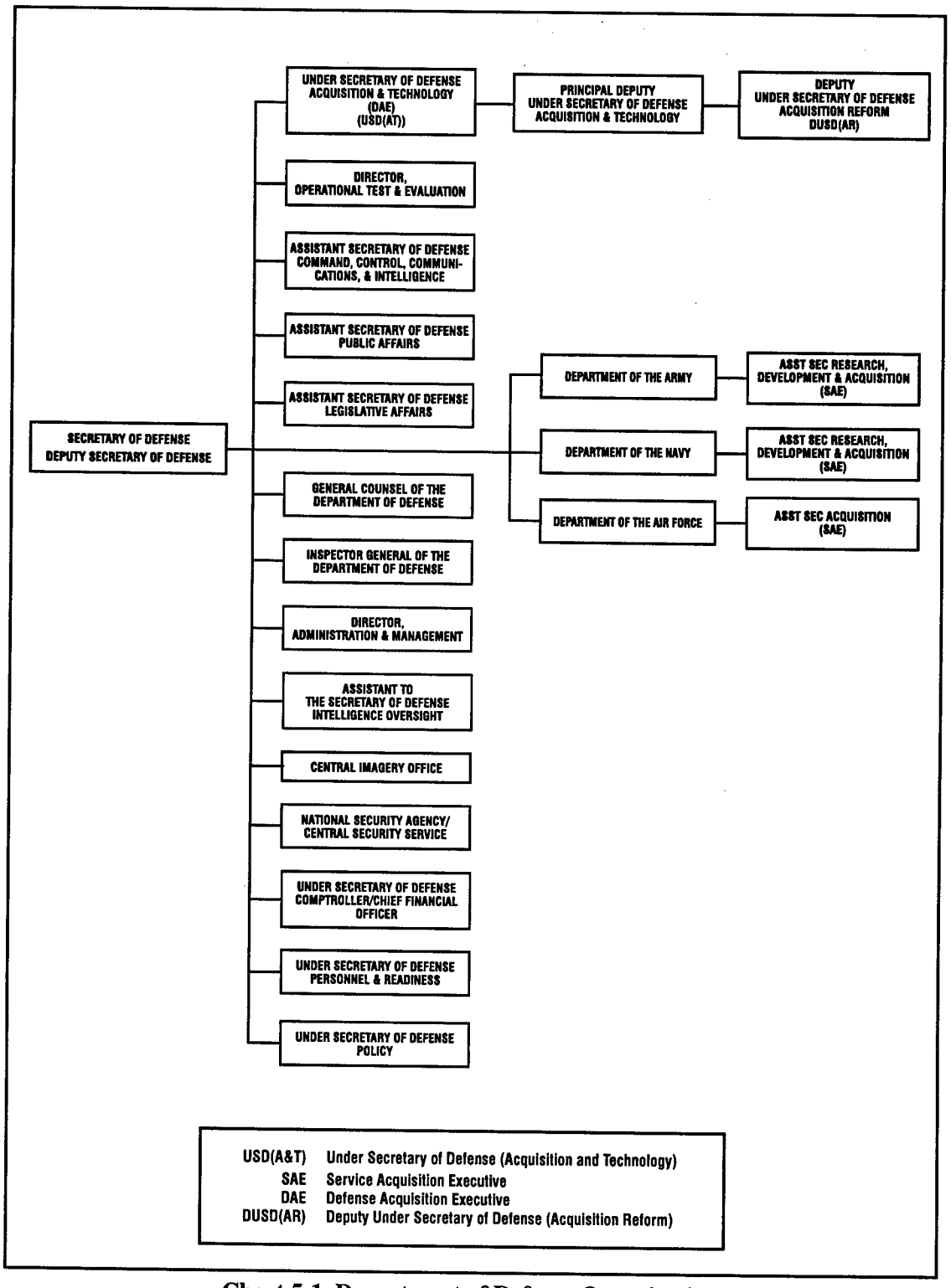

Chart 5-1. Department of Defense Organization

SENIOR STEERING GROUP FOR ACQUISITION REFORM
Vice Chairman of the Joint Chiefs of Staff
Department of Defense General Counsel
Department of Defense Comptroller
Director, Defense Research and Engineering
Director, Program Analysis and Evaluation
Assistant Secretary for Command, Control, Communications and Intelligence
Director of the Defense Contract Audit Agency
Department of Defense Inspector General
Directors of Defense Procurement and Acquisition Program Integration
Service Acquisition Executives
Director, Defense Logistics Agency

Chart 5-2. Senior Steering Group for Acquisition Reform

team for acquisition reform. It was to be made up of the senior leaders in the Department of Defense; but, according to one senior official, in actual practice this steering group was made up primarily of the "principal deputy"-level staff. In practice then, it was intended to be a means of immediate communication to everyone who was affected by the acquisition reform initiatives. As such, it was not a change team, but rather a coordination team that served to cut coordination time among the OSD staff from several months to two to three weeks.

In addition to the steering group, numerous other entities and agencies were invited to advise on acquisition reform. The individuals served on process action teams (PATs) and working groups that were intended to be "cross-functional, cross-Service and cross-agency"[8] teams, which would develop reengineering plans. These teams were to seek advice and participation of other federal agencies, congressional offices, and industry.

In March 1994, Secretary Perry attached the *Mandate for Change* to a letter to the leadership of the Department of Defense. In this letter, Secretary Perry requested the widest dissemination of this document, recognizing that "it is important that all know what direction I am charting for DoD so that you can shape your policies accordingly."[9] He asked for the leadership's continued support of the steering group and the efforts for acquisition reform.

While Ms. Preston and the Acquisition Reform Office were coordinating and developing reform initiatives and carrying the word of acquisition reform to the workforce, the team of senior leaders was being assembled in the defense acquisition system. In October 1994, Dr. Paul Kaminski joined the team as the Under Secretary of Defense (Acquisition and Technology) (USD(A&T)).

World events in the early 1990's created an environment ripe for change in the government. The fall of the Berlin Wall and the end of the

Cold War created an environment in which many Americans began questioning the need for a large military organization. It was in this environment that the new Administration in 1993 called for reform of governmental systems to increase their efficiency and save taxpayer money. As one of the largest spenders of taxpayer money the Department of Defense was expected to contribute a "peace dividend."

The new administration initiated an effort to reform the government by conducting the "National Performance Review," a six month review of all systems within the government. This review called for sweeping change in how the government conducts its daily business:

> "Our long-term goal is to change the very culture of the federal government.... A government that puts people first, puts its employees first, too. It empowers them, freeing them from mind-numbing rules and regulations. It delegates authority and responsibility. And it provides for them a clear sense of mission."
>
> *Vice President Al Gore*
> *Speech to National Performance Review Members*
> *May 24, 1993*

President Clinton placed Vice President Gore in charge of the National Performance Review. Vice President Gore tasked each of the Cabinet members to review their agency and propose changes to reform the culture of the government. The National Performance Review provided the government a vision at the macro level. In the cover letter presenting the report of the National Performance Review to the President of the United States, Vice President Gore speaks of the top-level vision:

> "It is your vision of a government that works for people, cleared of useless bureaucracy and waste and freed from red tape and senseless rules, that continues to be the catalyst for our efforts. We present this report to you confidant that it will provide an effective and innovative plan to make that vision a reality."[10]

The National Performance Review provided a top-level vision and plan for government entities to use in defining their own re-invention efforts. The plan sought to empower employees to make change:

> "First, we must give decision making power to those who do the work, pruning layer upon layer of managerial overgrowth."
>
> Second, we must hold every organization and individual accountable for clearly understood, feasible outcomes. Accountability for results will replace "command and control" as the way we manage government.
>
> Third, we must give federal employees better tools for the job—the training to handle their own work and to make decisions cooperatively, good information, and the skills to take advantage of modern computer and telecommunications technologies.
>
> Fourth, we must make federal offices a better place to work. Flexibility must extend not only to the definition of job tasks but also to those workplace rules and conditions that still convey the message that workers aren't trusted.

> Fifth, labor and management must forge a new partnership. Government must learn a lesson from business: Change will never happen unless unions and employers work together.
>
> Sixth, we must offer top-down support for bottom-up decisionmaking. Large private corporations that have answered the call for quality have succeeded only with the full backing of top management. Chief Executive Officers—from the White House to agency heads—must ensure that everyone understands that power will never flow through the old channels again."[11]

Vice President Gore communicated the reform process to the American people. He appeared on radio and television programs to tout the re-engineering effort. During one appearance on the David Letterman show, Vice President Gore spoke of the reform effort, using the government specification for an ashtray as an example of a government system gone astray. The nine-page specification for a government-procured ashtray specified the number and size of pieces into which an ashtray can break:

> "The specimen should break into a small number of irregular shaped pieces not greater in number than 35, and it must not dice." What does "dice" mean? The paragraph goes on to explain: "Any piece 1/4 inch (6.4 mm) or more on any three of its adjacent edges (excluding the thickness dimension) shall be included in the number counted. Smaller fragments shall not be counted."[12]

The Vice President's tasking to each Cabinet member to review their agency and propose changes provided the Secretary of Defense with a clear mandate to change the way the Department of Defense conducted business. But the Department of Defense had not been idle in defining necessary reforms for the acquisition system (and even implementing some major changes to the system). Previous administrations and defense secretaries had established the groundwork for reform of the acquisition system.

The Department of Defense leadership and the message conveyed by Vice President Gore were consistent. The environment was ripe for change in the way the government did business. In this environment, leadership above and within the Department of Defense set the stage for a major reform of the defense acquisition system. The reform goal was to save taxpayer money, reinvent government, strengthen the military, and improve the economy. This created a unique chance for those who saw the need to reform the defense acquisition system.

Leadership in the Assessment Phase

Thus the elements necessary to encourage and institutionalize change (the leadership foundation) were put in place during the assessment phase. There was a clear recognition of the need for change from the Secretary of Defense and the full support of the Administration. A handpicked senior leadership team with a common vision was leading the Department of Defense acquisition system. This team joined together in believing in the reform effort. The team members had a common background and knew each other through both professional and personal associations. Several of the team members had worked together in both government and private positions, and their shared desire to improve the acquisition process had helped

bring them onto the team. A program executive officer described the team:

> "You could clearly see that the leadership was in sync with each other. They all had the same objective. And not only did they have the same objectives, but they all had the same resolve to be sure it was implemented."[13]

Recognize the Need for Change

The *Mandate for Change* clearly defined the need for change and provided the Secretary of Defense a means of expressing that need to the senior leadership within the Department of Defense. This clear definition of the need for change was the primary influence in shaping the new acquisition reform effort.

Assemble Senior Level Team

In our opinion, the Deputy Secretary of Defense should have led the change of the defense acquisition system from the Secretary of Defense level. The acquisition system involves more than the acquisition workforce, and only the Secretary of Defense can bring together all the entities that influence defense acquisition. The leadership change team should have been the steering group, as it was originally described in the *Mandate for Change*, with senior OSD leaders directing and driving the change. However, from the start, according to a senior OSD official, the intended leader of change in the acquisition system was the USD(A&T).[14] This immediately limited the progress that could be made in acquisition reform.

Prior to the appointment of the handpicked acquisition leaders, the Deputy Secretary of Defense, then Dr. Perry, was the senior leader driving the change process. Dr. Perry worked closely with acquisition reform, while the USD(A&T), then Mr. John Duetsch, worked with the day-to-day operation of the acquisition system, rather than reform. Ms. Preston as USD(AR) informally reported directly to the Deputy Secretary of Defense and served as a change leader at that level. Thus, acquisition reform appeared to be driven from the top level of the Department of Defense. However, as the handpicked leaders were put into key acquisition leadership positions, the leadership of acquisition reform shifted to that of an acquisition system effort, led by the Under Secretary of Defense (Acquisition & Technology), downgrading the level of involvement.

While important memoranda and directives pertaining to the change went out under the Secretary of Defense's signature, and the Secretary of Defense continued to voice the need for change, the reform of the Department of Defense's acquisition system had shifted to an acquisition system effort. This changed the context and perceptions of the proposed reform.

The shift in reform effort leadership created a perception that the acquisition system was trying to reform itself. In the words of one Service-level staffer in the Pentagon: "Acquisition reform has to be a part of a bigger picture. You can't do acquisition reform just in the acquisition community—you have to restructure the total process including requirements and support."[15]

The leadership change team for an acquisition reform effort led from within the acquisition system should have included all the senior level leaders under the USD(A&T) whose organization impacted the reform effort. That would have ensured the involvement and commitment of the entire organization to the reform effort. In reality, by establishing a leadership change

team that consisted only of the USD(A&T) and the three Service Acquisition Executives, and not including all of the appropriate senior leaders, a major crack was created in the foundation for change.

By shifting the leadership of the acquisition reform effort to the USD(A&T), responsibility for making the change take place was at the same organizational level as the many other OSD functional organizations. The acquisition system had to negotiate changes in policy and procedures with these functional organizations, which were perceived as equal players in the game. In chapter 7, we will discuss further the perceptions of the acquisition workforce pertaining to the involvement and support of the rest of the Department of Defense for acquisition reform.

The *Mandate for Change* was used as a vehicle to put in place a team of senior leaders in key acquisition positions who believed in the need for change and were willing and able to work together to change the system. The leadership change team, consisting of Dr. Paul Kaminski and the three Service Acquisition Executives, had an unusual rapport. In the short-term, the creation of this leadership team helped overcome one of the biggest challenges the Department of Defense faced in setting and maintaining a course for change: the lack of leadership stability. In contrast to a commercial organization such as General Electric, (whose CEO Mr. Jack Welsh arrived in 1981 and is expected to stay at least until the year 2000) leadership at all levels of the Department of Defense is in a constant state of flux—the average tenure of defense executives is along the order of 18 months to three years.

This constant change in leadership creates a situation that tends to mitigate against easy implementation of organizational change. It allows those who are comfortable with the status quo to wait out leaders who desire to implement changes. Such individuals resist change, with the attitude that, "we were here when you got here, we'll be here when you leave." They know that soon, yet another personnel change will occur, creating a window of opportunity to go back to the old, comfortable way of doing business. To overcome this problem, a leadership change team in the Department of Defense must act quickly to decide upon a course of action, develop the vision and plan for change, and convince the organization that change is necessary and desirable. A change team was in place to do that job.

Team Building and Buy-in

Since the leadership change team had been selected because of their shared vision of and passion for change to the acquisition system, buy-in and team building were not a problem for them. This leadership change team presented the workforce with a strong, cohesive voice for change within the acquisition system. Our interviews and surveys indicate that the acquisition workforce viewed this leadership change team as having a common goal and working together.

By limiting the leadership change team to just these four individuals, an opportunity was lost to achieve buy-in throughout the acquisition and technology organization. In an organization as large as Department of Defense, there will always be individuals with differing opinions. This can create a healthy environment by providing constructive conflict. However, it can also undermine the change process. Several leaders within the acquisition and technology organization were identified to us as resistors of the change effort. One former OSD staffer, now a program manager, observed:

> "Senior leaders at OSD are saying the right things. Junior leaders at this level are doing the right thing. Action officers in OSD are the problem - and that's hard to say because I used to be one of them." [16]

Resistance to change in the acquisition system may have been natural on the part of Department of Defense organizations that interface with the acquisition community. Efforts to streamline the acquisition system often impact their organization's influence on the system. One program executive officer understands the resistance of individuals both inside and outside the acquisition community:

> "Our acquisition system is built on risk adversity. The system is built on check/ balances. We have trained the checkers to follow a set of rules. Now we are abolishing the rules. There is nothing to check against. There is a gut-level resistance to this change."[17]

Some credit many of those who resisted acquisition reform as resisting not so much because of a lack of buy-in, but because of caution. One OSD leader described resistance as reluctance to take risks to implement change: "Every time we tried to do anything, they were cautious" and wanted to take a safer, less risky approach to reform. In another case, a senior leader at the OSD level was asked to step in to bring on board an agency that was resisting a change. This senior leader declined to do so, sending a message that he too was resisting the change. The *Mandate for Change* states that "(t)he (current) system rewards those who follow the rules and avoid risk."[18] It appears to us that some OSD personnel were caught in the very trap that acquisition reform sought to eliminate.

Develop the Change Imperative

The change imperative had been developed at Secretary of Defense level before the leadership change team was established. This imperative was described in the *Mandate for Change* and provides several examples of problems within the old system and the reasons that the system must change. The document itself could be considered a statement of the change imperative for the Department of Defense acquisition system. The document points out that:

> "...DoD has been able to develop and acquire the best weapons and support systems in the world. DoD and contractor personnel accomplished this feat not because of the system, but in spite of it. And they did so at a price—both in terms of the sheer expense to the Nation and eroded public confidence in the DoD acquisition system. It is a price the nation can no longer afford to pay."[19]

The leadership change team accepted the stated need to change, and incorporated the reasons for change into many of their communications to the workforce.

Vision and Plan in the Assessment Phase

The vision and plan are essential to ensure that the entire organization understands the direction and intent of the organizational change process. The Department of Defense did not publish a vision or a plan for acquisition reform. The *Mandate for Change* served as leadership's guidance. The political environment, calling for change in the way the government as a whole did business, provided direction to the senior leadership during the

early phases of acquisition reform. At that point, the *Mandate for Change* substituted for a clearly stated vision and plan from the leadership change team. The impact of the lack of vision and plan from the change team was not seen until the later phases of the change process, when the reform effort was brought to the workforce.

Leadership Develops the Vision

Because the leadership change team was united in their understanding of the need for change, they were able to transmit a unified message and achieve a level of belief in that need throughout the workforce. However, they did not build upon that strength by developing and publishing a vision statement and subsequent plan for the reform process.

In the early stages of the acquisition reform process the *Mandate for Change* served as a document upon which the senior leadership team was built. It clearly expressed the Secretary of Defense's intent behind acquisition reform. The leadership change team, consisting of Dr. Kaminski and the Service Acquisition Executives understood this intent. Much of the communication to the workforce was based on the goals established in this document.

The *Mandate for Change* suggests a vision for acquisition reform, but never actually states one. When we asked for the Department of Defense level vision, we were told that one existed, but we were never actually shown one. OSD personnel told us that the vision was posted on the OSD acquisition reform homepage. If it was, we could not find it. We did find visions developed by each Service, but we never found a consolidated vision statement developed at OSD level. According to one senior official, OSD intended to publish a vision statement, but never did. Leadership expressed their interpretations of the reform vision in briefings and speeches. The implied vision had words to the effect that DoD would become: (the) "smartest, most efficient, most effective buyer of goods and services to meet the warfighter needs."[20] While these words expressed the vision for acquisition reform, the buzzwords "Better, Faster, Cheaper" became the unofficial vision. Picked up first by the Services, it soon was adopted as an unofficial vision for acquisition reform by OSD. While these words have a ring to them, they do not serve as a picture of how the organization will look in the future.

Develop Top-level Plan to Support the Vision

As with the vision, a plan for acquisition reform beyond the *Mandate for Change* was never formally developed at the OSD level. In the early phases of acquisition reform, the document served as an initial strategic level plan. This "plan" was in place when the leadership change team was formed.

The *Mandate For Change* served as a top-level planning document to give senior leadership voice to the acquisition reform effort. It was provided to the senior leadership of the Department of Defense, many of whom were represented on the steering troup. However, it is the only guidance that came out of the senior leadership. One of the initial actions of the leadership change team should have been to develop this document into a consolidated strategic plan for the reform effort, which would then have provided the acquisition workforce with consistent direction and stability for making their change effort.

The steering group chartered numerous process action teams (PATs) to review and provide recommendations for change to the total

acquisition system. The PATs were to focus in the following areas:

- Analyzing a current practice
- Identifying costs associated with that practice
- Identifying alternative approaches consistent with the principles of the new acquisition system
- Identifying and defining incentives to make changes to the new practice
- Defining and recommending the best options for addressing issues
- Developing any new legislative, regulatory, or administrative changes required to implement proposed options
- Developing measures of success for DoD use in tracking progress
- Developing specific implementation plans; including training of DoD personnel
- Developing a process for follow-up to ensure the changes have been institutionalized

The idea was that the recommendations would be reviewed and integrated into a course of action for changing the acquisition system. Although the PATs met and recommended many changes, their conclusions were never consolidated into a detailed plan for acquisition reform.

Although the reform effort was making great progress in achieving the support of the Congress, and in gaining public and workforce support, one area was receiving minimal attention: organizational structure had not been addressed.

Is it possible to change an organization without restructuring organizational alignments to implement those changes? It may be, but the desired outcome may often be different than anticipated. Commercial organizations have learned that one must structure an organization to facilitate changed operational procedure. For example, when General Motors decided to create the Saturn Corporation, they realized that to operate differently it would require a different kind of organizational structure to enable that operational methodology.

> "I think that if we had used traditional structure we would be no different or not very different than the rest of General Motors. That would force us in to different kinds of decision making. It would be a more functionally driven organization as opposed to horizontally based, where you have either teams or virtual teams that focus on the broader business objectives."[21]

Any top-level strategic plan for significant change must begin by addressing changes to the organizational structure that must be made to achieve the vision. Guidance for restructuring the organization must be in the initial strategic level plan produced by the leadership change team. The result of failure to treat organizational restructuring in support of the desired change is discussed in more detail in chapter 7.

Communication and Training in the Assessment Phase

Senior Leader Communicate to Leadership Team

In the assessment phase, the senior leader must communicate the vision for change and the need for change to the leadership change team, and obtain their support. Although we do note that the handpicked team had a strong communication network through weekly meetings, our research provided little insight into the communication processes used by senior leadership for this purpose. An additional problem was that many of the individuals who should have been a part of the leadership change team were not involved in the process at all.

Train the Senior Leadership Team on Change

In this early phase of change, the leadership change team must be educated on how to change an organization. This understanding helps them to guide the organization through change. We found that the members of the leadership change team, and many of the senior level executives on the OSD and Service staffs, were extremely knowledgeable about organizational change, but there were also individuals at that level who were obviously not conversant on the basics of organizational change. We feel an understanding of the organizational change process, while necessary at all levels of the organization, is especially necessary for the senior level leaders who must guide the organization through the change process. We were unable to gain insight into the actual training conducted for the senior executives although we found reference to the senior leadership having attended numerous off-sites and planning meetings.

Communicate the Vision and Imperative to the Workforce—Get Initial Feedback

Senior leadership took every opportunity to push acquisition reform. The message was to look forward to "coming attractions" that would make your duties easier, help you become more efficient, and streamline the acquisition process. The workforce received and believed the message: the workforce was ready for acquisition reform. Of course, there were (and still are) pockets of resistance throughout the workforce, but the foundation for major reform was there. At this stage the communication effort was good. There was a message sent that stated the goals and objectives for acquisition reform, but there was no vision of the future state of the organization that would help one plan for the future, nor was there a clearly stated course of action for getting there. In spite of this, the spirit of the change was understood by most of the workforce, and only a few recognized the lack of a true vision.

Even though a vision statement for acquisition reform was not published at the OSD level, our survey showed that 60 percent of the respondents felt the Department of Defense vision for acquisition reform had been adequately communicated to them. We credit this to the aggressive personal communication effort of the senior acquisition leaders. In our interviews, many acquisition personnel remarked on their basic understanding of the intent for acquisition reform, but confessed to never having seen a vision. The higher the level at which the individual was serving, the more confidence the individual had that they understood the vision and the more accurately the unpublished vision was expressed. This indicates some level of communication through the chain of command. At all levels, but increasingly at lower levels of the workforce,

people cite "Better, Faster, Cheaper" as the *vision for acquisition reform.* They are unable to state any more definitive vision.

Summary

The assessment phase of acquisition reform started strongly. The environment was ripe for change, creating a unique situation in which a senior leadership team was put in place with a common goal of reforming the acquisition system. The leadership team understood the need for reform of the system. The team shared a common vision for change, with the support of the leadership of the Department of Defense and the Administration.

Soon after this team was put in place, the pressures of the system began to impact their ability to implement the changes they envisioned. We feel that the reform process started to be hindered by resistance to change because of weakness in two critical foundations to change: leadership and vision with a plan. While the handpicked leaders formed a tight coalition striving for reform of the system, the senior leader should have been at the Secretary of Defense level. Even at the USD(A&T) level, the leadership change team should have been expanded to the senior leaders within that entire organization. Second, while the *Mandate for Change* provided for a strong initial buy-in of the leadership change team, it was never developed into a holistic future vision for reform, nor was a strategic-level plan developed and presented to guide the organization into the change process.

ENDNOTES

1. Letter (of transmittal), Secretary of Defense Perry to President Clinton, Subject: Letter of Transmittal for the Defense Management Report to the President, 12 June 1989.

2. Gilbert F. Decker, Army Acquisition Executive, interview with authors, The Pentagon, 10 March 1997.

3. William J. Perry, Secretary of Defense, "Acquisition Reform, A Mandate for Change", 9 February 1994. Note: This document can be found in the Defense Acqusition Deskbook reference library, DoD Documents section, in the "List of Mandatory Documents." The Defense Acquisition Deskbook can be accessed on line at http://www.deskbook.osd.mil.

4. This places the DUSD(AR) position several layers below the Secretary of Defense.

5. Perry, "Mandate for Change," 14.

6. Ibid.

7. Ibid.

8. Ibid., 15.

9. Letter, Secretary of Defense Perry to multiple recipients, Subject: Acquisition Reform, 15 March 94.

10. Letter, Vice President Gore to President Clinton, Subject: Cover letter to The 1993 Report of the National Performance Review "From Red Tape to Results: Creating a Government that Works Better and Costs Less," 7 September 1993.

11. Albert Gore, Vice President, 1993 Report of the National Performance Review "From Red Tape to Results: Creating a Government that Works Better and Costs Less," 7 September 1993, chapter 3. Note: This document is available on the National Performance Review website at http//www.npr.gov.

12. Gore, 1993 Report of the National Performance Review, chapter 1, 21.

13. Program executive officer, interview with author (DSMC non-attribution policy).

14. Interview with author (DSMC non-attribution policy).

15. Interview with author (DSMC non-attribution policy).

16. Interview with author (DSMC non-attribution policy).

17. Interview with author (DSMC non-attribution policy).

18. Perry, "Mandate for Change," 7.

19. Ibid., 8.

20. Interview with author (DSMC non-attribution policy).

21. Donald Hudler, President, Saturn Corporation, interview with authors, Detroit, MI, 30 April 1997.

6

CHANGE WITHIN THE DEPARTMENT OF DEFENSE ACQUISITION REFORM – THE PREPARATION PHASE

"Those who fail to change, fail."
"Yesterday's change is today's status quo."
Norman Augustine

Introduction

In the preparation phase, emphasis is placed on ensuring that the organization will be ready for change. Senior leadership needs to communicate the why and how of the organizational change and become oriented to preparing the workforce to enthusiastically receive anticipated changes. As the probable effect of pending changes becomes more visible, the workforce needs to become better informed about the changes so it can become an active proponent for them. Preparing an organization for change must include: (1) identifying the organizational structure necessary to support the change; (2) training the change leaders and workforce on the change processes; and, (3) winning enthusiastic support from the workforce.

Since the Department of Defense's goal was to operate more like commercial businesses, the Department needed to enlist the support of the private sector. As a first step, the government had to redefine its relationships with industry; to move away from an existing adversarial relationship, and to encourage industry to be a partner for the future. Through the process action teams (PATs), government and industry joined together to exchange ideas on streamlining the acquisition system. Input from the PATs provided critical knowledge necessary for devising policy and legislative change proposals. These initiatives resulted in

two major legislative actions: the Federal Acquisition Improvement Act, passed in 1993, and the Federal Acquisition Streamlining Act (FASA), passed in 1994. In conjunction with these legislative changes, the Department was planning for internal policy changes that would be necessary to implement the newly legislated processes. Policy change focused on four major items among the many suggested initiatives to streamline the acquisition system: (1) elimination of government specifications and standards; (2) replacing technical specifications with performance specifications: (3) encouraging broad use of integrated product teams (IPTs); and (4) implementing the concept of Cost As an Independent Variable (CAIV). In addition to revisions of law, the Department of Defense ordered a complete review of DoD 5000.2 and its associated documents in anticipation of completely rewriting them, and chartered a panels to review the 800-series documents.

The leadership change team and other Department of Defense senior leaders were intensely proactive in leading the change process. During this phase, through the direct attention of the leadership change team, the plan for change implementation should be transitioning from a relatively brief and simple strategic plan to a more complex and detailed tactical plan.

Leadership in the Preparation Phase

Engage the Workforce in the Change

> "This is about people. Not processes, programs, etc. If you want to change the culture, you have to get the leaders redirected; get the people redirected."[1]

Senior leadership was very aggressive during the preparation phase. They pursued a multi-pronged attack, building a team of change leaders, communicating the need for change to the workforce, preparing suitable policy and administrative changes, and working with Congress to achieve legislative change.

Although the workforce was aware of the progress made at the congressional level (it saw the passage of the Federal Acquisition Improvement Act and the Federal Acquisition Streamlining Act), field-level organizations had little information about either the leadership change team planning efforts or the work of each Service's acquisition reform office. The Department of Defense's Acquisition Reform Office was working through the Services to distribute the message on reform, but the same message was not reaching the workforce. The workforce understood the general intent of acquisition reform, but saw no comprehensive plan for the reform process. Each Service and its sub-components were working to achieve a vision that reflected their perception of the OSD vision for acquisition reform, but the only unfiltered message the workforce received was through policy letters and public presentations by individual members of the Department of Defense leadership. This individualized view of the reform effort created a communication barrier that shielded the workforce from crucial messages originating from leaders at the highest levels of the Department of Defense.

Identify Change Leaders

Change leaders are essential to help all levels of leadership and those who work with them stay on track with the change process. At each level, leaders must identify those individuals who will act as change leaders to help them convey the message of change to their organization. At all times, leaders must remain in close touch with the change process and enforce the workforce perception that they

remain the leaders of the change movement. At higher levels, change leaders can be designated formally and given the function of developing change in the organization. At lower levels, the change leaders may be individuals recognized among their peers as leaders: individuals who, in addition to their regular duties, must now help the organization stay on track with the change process.

The DUSD(AR) position was created as a change leader for acquisition reform, chairing the steering group and drafting actions that would implement reform initiatives. This effectively established a full-time change leader whose sole function was to drive acquisition reform. But while this helped press on the reform process, it somewhat distanced the senior leadership from the daily drive for change. In the eyes of many in the acquisition workforce, the most visible leader of change was Ms. Colleen Preston, the DUSD(AR). To the acquisition community, Ms. Preston became "the symbol of acquisition reform"[2] and the primary messenger of the reform process at the Department of Defense level.

Change Leaders at Service Level

The Service-level workforce understood that the service acquisition executive led its Service's reform effort, but its ability to recognize the reform leadership chain stopped there. Although each Service either established its own reform office or charged an individual with the role of change leader, the information was not always widely disseminated to the workforce. While conducting our research, in one service acquisition executive staff it took more than five contacts (phone calls or personal interviews) to identify the office charged with being the change leader. This experience was typical, and identification of the change office became more difficult the further from their headquarters (and the Pentagon) an organization was positioned. This meant that because there was no local individual to carry the change to the workforce, the only change leaders the workforce recognized were at very senior levels. We do not mean to imply that there were no change leaders in the field. We do believe, however, that field change leaders were leaders because of their program's status and their personal drive to improve the acquisition process, rather than being a recognized part of the reform effort.

Change leaders exist at all levels. One of the most innovative program managers we met was a civilian whom we would describe as a true change leader. Several years ago, his PEO "invited him to do something different." He was told "we want you to be part of a team [to find and change things the things you can]. It's acquisition reform—write your own ticket."[3]

Be Open to Feedback on the Vision and Plan

The leadership actively solicited acquisition reform input from the workers. But such input generally came in the form of identification of specific change initiatives that could be implemented. The process action teams and the working groups formed by the PATs tried to foster more involvement by workers in the field concerning the details of how change might best be made. But while information on initiatives that could be implemented was requested, little feedback was requested on the vision and plan for acquisition reform.

An article by Ms. Colleen Preston, originally published in the *Acquisition Review Quarterly* in the Spring of 1994, and republished in June 1994 in *Phalanx, the Bulletin of Military Operations Research*, gives an example of requests for feedback in the preparation phase. In this article Ms. Preston addresses the

formation and purpose of the PATs and a summary of why the acquisition system must be reformed. The article concludes with a section titled, "How Can You Participate?":

> "We know there are a lot of people in the acquisition system with terrific ideas about how to change the process. Some of you have been successful in implementing these initiatives in your organizations. We need to hear about your ideas and proposals, along with concrete plans for implementing them.... I encourage you to provide any information of this nature, including comments you have about the plans for acquisition reform, with or without attribution, to my office."[4]

Vision and the Plan in the Preparation Phase

Refine Vision and Plan Based on Feedback

The interactive process for the refinement of the vision and plan is key to the BBK model. A problem that we identified during our research was the lack of a vision with a clear focus of the future and a formal strategic plan for acquisition reform. The vision of an acquisition process that produced better systems, in a compressed timeframe, and at a lower cost for the warfighter was marketed to the workforce as "Better, Faster, Cheaper." The buzzword version of the vision quickly became the norm. "Better, Faster, Cheaper" became the rallying cry for acquisition reform. This buzzword vision fails in a basic sense to define the real reform objectives: Better, Faster, Cheaper... than what? And how? The workforce needs to know this in order to understand where acquisition reform is heading.

Take the Plan From Strategic to Tactical Level

The number and kinds of activities being pursued by the leadership confused the workforce. The workforce had a strong belief that the leadership was taking the reform in the proper direction, but the change process and the overall focus of the change effort were not clear to them. The *Mandate for Change* established Dr. Perry's vision for the reform process. This document presented a high-level strategic plan, which the Department was able to use to effect legislation and make some necessary policy changes. However, the Department never developed this document into an executable strategic plan with time lines for achieving change, the specific processes that were going to be changed, or new processes that would be implemented. The OSD Acquisition Reform Office developed several detailed plans, but they were never released. Therefore, early in this phase, the Services couldn't produce a tactical plan for the workforce to follow. As a result, the leadership and the workforce began to lose touch with one another about many aspects of acquisition reform.

OSD failed to provide the focus of acquisition reform. OSD initiated a lot of movement, but no clearly defined direction. As a result, the Services moved more quickly than the rest of OSD in readying their organizations for reform.[5] Each Service developed a strategy and focus, but at this stage, none had published plans that could be distributed to the workforce. The Services used several processes to try to effect change in their organizations. All of the Services made extensive use of traveling briefing teams to carry their reform message to the workforce, but these "roadshows" did not provide the long-term, focused visibility on reform that the workforce required. In 1994, the Air Force, sensing that the acquisition

reform process was already "bogged down,"[6] made extensive use of the "lightening bolts" to refocus itself and quicken the pace of acquisition reform implementation. The "lightening bolts" was a list of specific goals—a "to do" list—that the Air Force would implement to streamline the acquisition system. However, the lightening bolt process was a short-term measure and not a real solution to the lack of a comprehensive plan. The workforce did not understand the trip it was starting and did not have a clear vision of where it was heading.

Communication and Training in the Preparation Phase

Face-to-face Communication to the Workforce

Senior leadership and leadership throughout the Services were trying to carry the message of reform to the lower organizational levels. However, much senior leadership time was focused on developing the tools needed to implement change. The focus was directed towards Capitol Hill and internal to the Pentagon, not to the workforce in general. During this time frame there was a limit to the resources that could be devoted to communicating the messages about reform outside of the Beltway, although the leaders tried to communicate formal presentations at symposiums, conferences, and town hall meetings. With the exception of town hall meetings, these environments were not targeted directly at the workforce, nor did they provide an opportunity to interact with the presenter. The message varied, and the leadership did not craft a message specifically for the acquisition workforce.

There were efforts from the senior leadership to ensure communication directly to the workforce. For example, Dr. Kaminski was in the process of establishing a contract with the program managers, which defined both his and their responsibility for the management of the programs. This process was designed to allow program managers to have a direct interface with the defense acquisition executive. Additionally, Dr. Kaminski wanted to ensure that the workforce understood his concept of integrated product teams.

> "I drafted for the Secretary (Perry) a major policy level memorandum on IPTs (Integrated Product Teams) which he signed. Then I called together in a session at the large auditorium at DSMC (Defense Systems Management College) all the senior OSD (Office of the Secretary of Defense) staff who supervise the DAB (Defense Acquisition Board) process, all the participants. I also invited all the ACAT 1D program managers in the Department. I believe this was the first time we have ever gathered them all together at one meeting. I wanted to have my staff hear the message on how I wanted this work in the presence of the ACAT 1D Program Managers who were going to be affected by it. So that everyone was on the same sheet of music. We took the time to explain the concept in detail, answer questions."[7]

Identify and Use "Push" Methods of Communication

The OSD Acquisition Reform Office realized that they must push the message out to the workforce and identified tools to do this. They wanted to conduct roadshows, give speeches, distribute informational letters, e-mail, and newsletters, and make video broadcasts to carry the message. Several of the services did conduct roadshows and hold town hall meet-

ings to spread the word on the pending reform. The Army was repeatedly identified as having been "the best" in conducting these activities because of their presentations tailored specifically for the organizations they were visiting. The Air Force service acquisition executive was killed in a plane crash while traveling to one such presentation. In any case, these presentations were conducted by the Services. OSD, which also needed to be seen as promoting the message of change, did little directly with the workforce.

The OSD Acquisition Reform Office started transmitting e-mail to the Services intending that the Services forward it to their entire organization. In selecting this means of communication, OSD "realized information would go through a bulletin board manager who may or may not use it."[8] In fact, the Services did not always transmit OSD's messages: rather, they re-wrote them to conform to the Service's own reform message.[9] Personalized e-mail from the USD(A&T) directly to the workforce, transmitted to the Services for distribution, may have yielded better results. Each of the Services successfully uses this type of distribution to send holiday, safety, and other important information directly from the Service chief to the workforce.

The Acquisition Reform Office initiated a newsletter on the reform process. They intended monthly publication. However, projected monthly publication dates were never met and the newsletter revised its publication target to every quarter. It still missed its publication dates. Even when the newsletter was published, it was produced in small amounts that precluded its distribution to the total workforce.[10] One of the Services had a similar situation. It developed and published a pamphlet explaining the Service vision and goals but only produced 5,000 copies. During our interview process, we found that less than 10 percent of the interviewees from that Service had seen the pamphlet.

Train the Change Process

Teaching organizations (such as DSMC and the Service's schools for instruction of acquisition professionals) were trying to keep abreast of the pace of change. Even though OSD and Service leadership recognized that continuous education and training were required to maintain an effective acquisition workforce, the system was only teaching what had actually been implemented through the change process, rather than the process of change or the leadership skills required to implement it. Educating the leaders and the workforce on organizational change and what it is about prepares the organization for imminent changes.

Education and training about the change process - how organizations change - is critical to the reform process. Ms. Alex Bennett, Deputy Director of the United States Navy Office of Acquisition Reform, states "We should be teaching change in every course we teach."[11] The Department needed to train personnel to be receptive to the reforms that were going to occur over the next several years and how to handle the stresses likely to be associated with those changes. The Department did train senior-level personnel on team building and understanding the change process, but the amount and intensity of training diminished at the lower levels of the organization. In the words of one senior Service-level executive:

> "I think some barriers are that not a lot of people understand acquisition reform. Acquisition is a complex, hard business. There are enormous numbers

of skaters in process. They like to skate around on the surface; they have no concept of what is below the surface."[12]

Feedback Loop

Communication inside the Washington, D.C., Beltway was effective. The leadership change team was able to communicate among themselves and they were able to communicate effectively within the Pentagon and on Capitol Hill. This successful communication effort allowed the leaders to make some major strides in changing both statutes and policies. However, communication to the workforce as a whole was beginning to lag. There was no formal feedback loop. Communication to the workforce would be improved later in the reform effort with the use of satellite broadcasts, "acquisition reform days," home pages on the Internet, e-mail, and Internet chat rooms. We found, however, that the workforce generally feels that while it has had vehicles to use in voicing its concerns, it often received no response. In the words of one worker, who praised the Army's use of roadshows and acquisition reform workshops, "the problem is the questions we raise that never get addressed."[13] It is not enough for the workforce to be listened to; it wants answers.

Summary

The preparation phase may have been the stage when the acquisition reform process began to be compromised. During the assessment phase, the foundations of change appeared to be established and a firm course for the reform process charted. However, the pressures experienced during the preparation phase started to unravel the planning and create faults in the foundations.

In this report we have tried to steer clear of the individual Pentagon power struggles that were occurring on a daily basis throughout the conduct of the reform effort. However, these power struggles acted like roots that grew into the foundation for change—roots that would eventually diminish the level of reform that was achieved. We believe that the power struggles became a critical dynamic in the change process mainly because there was no documented, detailed change plan. Without such a plan the "career Department players" could show progress while resisting the full impact of the change process: there were no clear benchmarks against which to measure their efforts.

We believe that the lack of an integrated, comprehensive strategic and tactical plan became the Achilles Heel of the reform. The workforce began to feel disconnected with the change process, which in turn frustrated it, in that it was unenlightened about the future of the reform effort.

ENDNOTES

1. Interview with author (DSMC non-attribution policy).
2. Program manager, interview with authors (DSMC non-attribution policy).
3. Interview with author (DSMC non-attribution policy).
4. C.A. Preston, "Acquisition Reform - Making It a Reality" *Phalanx, the Bulletin of Military Operations Research* 27 (2) (June 1994): 16.
5. Interview with author (DSMC non-attribution policy).
6. J. Kitfield,"Lightning Bolts," *Air Force Magazine* (April 1997): 60.
7. Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition and Technology), interview with authors, The Pentagon, 7 April 1997.
8. OSD staff member, interview with authors (DSMC non-attribution policy).
9. Interview with author (DSMC non-attribution policy).
10. Interview with author (DSMC non-attribution policy).
11. Alex Bennett, Navy Acquisition Reform Office, interview with authors, Crystal City, VA, 10 January 1997.
12. Senior-level Service executive, interview with authors (DSMC non-attribution policy).
13. Deputy program manager, interview with author (DSMC non-attribution policy).

7

CHANGE WITHIN THE DEPARTMENT OF DEFENSE ACQUISITION REFORM – THE IMPLEMENTATION PHASE

"We can lick gravity, but sometimes the paperwork is overwhelming."

Wernher von Braun

Introduction

This chapter examines the implementation phase of acquisition reform, the action phase where the workforce implements the initiatives. Here, the drive wheels of leadership, vision and plan, communication, and training are engaged to inspire the workforce in its effort to achieve the vision. While leaders at all levels must continue to carry the message of change to the workforce, the lower-level change leaders have primary responsibility for making the change take place in the implementation phase.

The workforce should receive training on the specific changes that will be implemented. Leaders at all levels must develop and establish an appropriate set of metrics for assessing how well change is being implemented so they can adjust their actions accordingly. The metrics must be specific and relevant to each organization. The workforce will be watching closely to see that what the leadership says matches what it does. The individuals and organizational entities that resist the change must be identified and converted through communication and training. Two-way communication throughout the organization is an important mechanism for removing barriers, and, properly used, can bring about continuous refinement to the implementation process.

The Department of Defense made considerable progress towards its streamlining goals

for the acquisition system in the implementation phase of acquisition reform. Pilot programs were introduced, and the successes they achieved helped spread the new concepts throughout the acquisition system. Legislative barriers were repealed, easing some of the most restrictive rules that had governed the defense acquisition system. As more and more initiatives met with success, the workforce began to believe that change was beneficial to the way it did business. As time went on, however, the workforce lost its focus on what constituted acquisition reform, and as a consequence the pace of reform began to slow.

Leadership in the Implementation Phase

Leader Actions Must Reinforce the Message

The senior leadership of the acquisition workforce at OSD and Service level were active in spreading the message of change to the workforce. In addition, senior leadership outside the acquisition workforce occasionally added their voices in support of acquisition reform. This helped reinforce the workforce's sense of purpose and the desirability of the ultimate goals.

Although the message of reform that senior leadership provided to the workforce was consistent, there were breakdowns between the lower levels of the workforce and the senior leaders. This caused the workforce to question the support of the Department of Defense for acquisition reform and the ability of leaders within the acquisition workforce to make the necessary changes.

Organizations outside of the USD(A&T) organization, such as Comptroller, Contracting, General Counsel, and Directorate of Operational Test and Evaluation (DOT&E), have vital roles in the acquisition process, yet were seen as less than supportive of acquisition reform. Acquisition leaders and workers from all the Services told us that these organizations had created barriers to the full implementation of the change process.

Within the acquisition workforce, workers generally viewed program executive officers and program managers as being as supportive of acquisition reform. Resistance to change was perceived as characteristic of mid-level managers in program and functional areas. The definition of middle management changed depending upon the individual being interviewed: it ranged from OSD, or to a lesser extent, Service staffs, to personnel in many of the functional organizations—logistics, legal, contracts—to deputy program managers or program executive office staffs. The workforce realized that it was being asked to implement change in the acquisition system but perceived that the functional areas that fed the acquisition system were unchanged.

Acquisition personnel perceived the functional support areas as fearful of the impact of the reform initiatives. This was particularly evident in the implementation of IPTs. As one former functional leader, now a program manager, described it:

> "When you were growing up in a matrix organization and you worked your way from an engineering level to a matrix leadership level, you have a lot of people under you that you can say 'these are my people' and you don't feel that way when you become a competency leader, because you deploy those people out of your sight. So you lose power. You have that fear of losing control over people."[1]

Resistance within the acquisition system was often close to the workers. One PEO staff

member describes a deputy program manager in his organization:

> "There are some people who are outspoken critics—more civilians than military. Deputy program manager [program name] is an outspoken critic. He bad mouths acquisition reform to his staff."[2]

The active involvement of the entire workforce is one of the most important ingredients of successful change. Leaders must identify "resisters" and convert them into "advocates of change." Leaders can accomplish this in a number of ways—educating everyone about the changes, initiating interpersonal contact among the change leaders and the workforce in general, and demonstrating by example that the changed processes work. However, individuals who continue to be barriers to change must be removed from the change process or the momentum of change will be lost. The corporate environment routinely removes people when they obstruct management initiatives. The failure of leadership to remove resisters from the organizations sends to the workforce an inconsistent message about the importance of the change.

The inability of government agencies in general, and the Department of Defense in particular, to hire and fire as necessary to support organizational change is a major impediment to doing business more like business. One program executive officer listed the personnel system among the things he would modify to change the acquisition system. When faced with a resister who could not be brought into alignment with the vision for change, his solution was to send the individual for extensive long-term training. Had he been able to, he would have fired this individual and hired or promoted someone who would adapt to the new way of doing business. [3]

When senior leaders carry the "message of change" to the workforce but are unable to remove barriers to change, the workforce recognizes inconsistency between what is being asked of it and what it has the capability to do. The workforce may perceive that if these barriers are not removed, change will not take root; and soon, things will be back to "business as usual."

Lower Levels of Leadership Heavily Involved in Change Actions

In large organizations such as the defense acquisition system, leadership at all levels is critical to implementing change. Without buy-in at the levels of the program executive office, program manager, and the informal change leaders within a program, it is difficult for change to take root in the workforce. Informal change leaders within organizations are extremely helpful in getting change implemented. In our interviews, we found numerous examples of the importance of the efforts of these key people in "making things happen." We found that in many of the programs that were actively working to implement changes, the higher-level change leaders were knowledgeable about both change processes and the specifics of the changes that were being implemented. Books, consultants, and previous or current bosses who were themselves knowledgeable about such processes were the change leaders' primary source of information on organizational change.

It is the lower-level leadership, however, that has the most immediate and pronounced influence over the workforce during the implementation phase. Change leaders at this level must understand and wholeheartedly accept the

changes and devote their efforts to the successful introduction of change into their organizations. We found that lower-level leaders had more difficulty learning about the specifics of change initiatives. Although many of these leaders told us they had formal or informal change leaders in their organization with the mission of keeping the organization focused on acquisition reform, they did not feel that they had a mentor to provide first-level training on change. They had to rely upon their interpretation of policy letters and long-term training, such as that provided at the Defense System Management College. We did note, however, that when leaders had knowledge of change processes, were provided training on the change itself, and understood why the change was necessary, their success in implementing change increased. In many cases, these leaders, even more than senior leaders, were faced with the challenge of doing two jobs at once: their usual duties and working to implement change. In our interviews, many lower-level leaders said that because of their heavy normal workload, they lacked the time to gather information about acquisition reform.

The implementation of IPTs in the Air Force F-22 program and the Army Paladin program provide good examples of lower-level leaders heavily involved in change. These programs have seen many successes in improving quality, reducing schedule, and cutting cost.

- The F-22 program office is on the cutting edge of training government and contractor project personnel in the advantages of establishing jointly staffed teams. The program manager includes government and contractor personnel on the team to ensure that all points of view are recognized and that all of the necessary expertise is available for the program's decision-making activities.
- At Paladin, the program executive officer and the program manager recognized that the team approach was the most effective way to execute the program. Their active involvement in providing team training for their personnel included furnishing the tools to make teams work.[4] They made certain that everyone, including the contractor, participated in the team process.

Another example of the importance of lower-level leader involvement was found in one of the IPT pilot programs. This program initially struggled with the teaming process. Introduction of the IPT concept confused the program personnel, and their uncertainty about the change required and their ultimate position in the organization caused internal conflict. One of the informal change leaders recognized the seriousness of the situation. Realizing that the organization felt out of touch with what was going on, he lobbied for an off-site session to develop a mission, vision, and charter for the team. This leader insisted that the program manager, who had been too wrapped up in day-to-day operations to find time to address these issues, meet with the entire team to attempt to understand and alleviate their concerns as best he could. This is an instance where an informal leader had a better feel for what was happening within the organization and was able to determine which actions were needed and when they might best be taken.

Empower the Workforce

Acquisition reform has abolished many rules and regulations, allowing program leadership a greater ability to make decisions that affect their programs. The successes of acquisition reform notwithstanding, much of the workforce does not yet feel empowered to effect acquisition reform. This feeling of a lack of empowerment may arise from a lack of buy-

in from organizations external to the acquisition system coupled with failure to change the internal acquisition organizational structures. This leaves the workforce confused about its level of empowerment. Additionally, the oversight to which the workforce is subjected exacerbates these feelings.

> "What does 'empowering' mean? Power means 'control, authority, dominion.' The prefix em- means 'to put on to' or 'to cover with.' Empowering then, is passing on authority and responsibility. As we refer to it here, empowering occurs when power goes to employees who then experience a sense of ownership and control over their jobs. Empowered individuals know that their jobs belong to them. Given a say in how things are done, employees feel more responsible. When they feel responsible, they show more initiative in their work, get more done, and enjoy the work more."[5]

In his book, *Leading Change*, John Kotter lists five steps employers can take to empower employees to effect change:[6]

- Communicate a sensible vision to employees
- Make structures compatible with the vision
- Provide the training employees need
- Align information and personnel systems to the vision
- Confront supervisors who undercut needed change

However, he also relays an anecdote in which a young employee points out that "most [of that company's] managers have been taught by five to thirty-five years of experience that their job is to make decisions, not empower others."[7] Empowering employees is a challenge, as many managers do not understand empowerment:

> "Structures, systems, lack of training, or supervisors are allowed to disempower employees who want to help implement the vision—predictable, given how little most managers have learned about empowerment."[8]

Empowerment plays an important role in the current acquisition reform effort:

- First, in the acquisition reform effort, as in any organizational change, the senior leadership must empower the workforce to make the changes. It is in this context that we use empowerment of the workforce in our model. Whatever the organizational change is, the workforce must feel enabled to generate it.

- Second, empowerment of the workforce was a major goal of this acquisition reform effort. The senior leadership wanted to empower the program managers to run their programs. One respondent to our survey described his view of acquisition reform: "AR [acquisition reform] is empowerment to apply common sense that in the past wasn't allowed in many cases because of so many restrictive rules and regulations."[9]

Many of the program managers with whom we spoke expressed frustration with the significant impact agencies external to the acquisition community have on the program manager's ability to execute their program in the manner they feel is best. Program managers often see the Comptroller function and the

resulting lack of control over their program budget as barriers to true empowerment. While it is recognized that the Comptroller organizations have a job to do, many see them as working against the empowerment of the program manager.

Empowerment of the workforce is a key issue in implementing acquisition reform, yet many of the program managers interviewed felt that there was still too much oversight. The reduction in workforce without a corresponding reduction in oversight also sends a conflicting message about empowerment:

> "There is still too much oversight riding the backs of the program manager... it feels as if there are ten people overseeing the work of one. Too many IG's, too many hearings, briefings, data calls, milestones, admirals and generals. The PM work must continue despite the above and with a reduced staff."[10]

Excessive oversight leads the workforce to question its empowerment to make changes:

> "If reducing the oversight on and reporting from the contractor will allow him to better perform his work, why is this principle not also applicable on the government side? If so, the next "mother lode to be mined" for improved government operations is the reduction in congressional, Service Headquarters, and Service Command Headquarters staffs. The principle should be simple: hire competence and hold accountable."[11]

The workforce does not feel that OSD and Service staffs have taken their fair share of cuts. A lead engineer in a program office dryly observed:

> "People are at the point now when they are working their tails off - how much more can we reduce? Does [Service] and OSD staff take their fair share of cuts? When I drove past the Pentagon parking last week it still looked pretty full to me."[12]

Our findings on lack of empowerment are supported by a survey conducted in 1996 by OSD. This survey showed that the workforce does not believe it is adequately empowered. The workforce feels it is still being "second guessed" and constrained by upper-level management.[13] This perception of lack of empowerment undermines the acquisition reform effort.

Vision and the Plan in the Implementation Phase

Execute Tactical Implementation Plan

As was noted earlier, the Department of Defense never published an acquisition reform implementation plan. The stated implementation strategy was to change a lot of things at the same time, and several plans were drafted, but none was ever published to guide the Services or the workforce through acquisition reform. The acquisition workforce did not understand how it should bring the desired objectives to pass or how success would be measured in the implementation phase. As a result, many in the workforce feel that acquisition reform was "far more rhetoric than substance."[14] One government contractor described the multitude of ever changing reform initiatives as "airline magazine syndrome: initiative of the month."[15]

Lack of a clearly defined vision from OSD frustrated the Services when they were developing their particular visions and plans. Each

Service developed its own acquisition reform vision and implementation plan. One Service's senior change leader explained that when they were working on the vision, it would have helped if they had a vision and plan from the Department of Defense. "You don't want too much higher-level involvement because it is up to the Services to implement, but there should have been a vision and a strategic plan of which way to go, provided by OSD."[16] As it was, each Service developed a vision and plan reflecting their own interpretation of acquisition reform.

To change an organization as large as the Department of Defense acquisition system in a consistent manner, the Services and their subordinate organizations need to be aligned to a common vision. A comprehensive plan should address the organizational structure, personnel structure, pilot programs, and other major changes that will be introduced to the workforce, along with a timeline for these introductions. Lack of such alignment demonstrates to the workforce a communication shortfall at the top of the Department of Defense, and results in confusion about how acquisition reform is progressing.

The organizational structure must reflect the changes to be made. In the prior phase, specific changes in both the DoD and Service organizational structures should have been identified. In the implementation phase, the organization implements the plan by eliminating or realigning positions within the entire organization to support change: organizational realignment is considered a primary symbol of change. If the organization is not aligned to reflect change, the workforce receives conflicting signals and can become confused. Leadership may be telling everyone to change, but the organizational structure remains the same. This became a problem for some organizations when they began to implement IPTs.

Secretary of Defense Perry issued a policy memorandum on May 10,1995, on the use of IPTs.

> "...After consideration of these recommendations, I am directing a fundamental change in the way the Department acquires goods and services. The concepts of IPPD and IPTs shall be applied throughout the acquisition process to the maximum extent practicable."[17]

For some organizations, this policy statement reinforced the way they were already doing business. For others who were still working in functional organizations, it created confusion and fear of the unknown because although they were supposed to operate in teams, the organizational structure was functionally oriented. This raised questions about who would have authority over whom.

While some organizations had comprehensive plans for training IPT members, many organizations did not. They followed the policy and formed IPTs but found that the organizations did not know how to function in an IPT mode. Thus, the IPT looked like a stovepiped functional organization. People we interviewed from all three Services stated that "if the IPT must continue to answer the same kinds of questions to the same kinds of functional organizations, you have really accomplished nothing more than a reorganization of the program offices."[18] For true change to occur the functional organizations must be dismantled and the IPTs empowered to accomplish the mission. The program offices were implementing teams, but the Service and OSD staffs had the same oversight mission, functional orien-

tation, and data requirements as they did prior to the reform.

Perhaps because acquisition reform was being pushed during a period of downsizing, personnel issues also surfaced as IPTs were being implemented. In some organizations, where the old functionally organized entities were attempting to establish an IPT alignment, many individuals were serving on multiple IPTs. When acquisition reform failed to reduce oversight, many acquisition workers felt their workloads had substantially increased because of the additional IPT workloads. Most of the people we interviewed felt that IPTs require more rather than fewer personnel.

Another issue in executing the tactical plan is the use of pilot programs. Pilot programs can be used to test new initiatives prior to installing them across the entire organization. Publicizing pilot program successes can overcome resistance to change by creating converts to the change process.

The Department of Defense often uses pilot programs to test new initiatives. When the successes of these programs are transmitted to the workforce, however, the message the workforce receives may not be the one the leadership intended. We found that in many cases, rather than showing the workforce how well a change initiative might work, the workforce tended to focus in on the "high cover"[19] given to some of these programs. Examples of high cover include when the program manager of a pilot program has extraordinary access directly to the most senior executives or when a pilot program budget is protected from cuts experienced by other programs. The perception of protection for pilot programs has caused some cynicism about "success stories" in the acquisition workforce:

> "CAIV is a bunch of crap. 'BS.' We've done that for years. They give us a budget and we work within that budget. One of the travesties is that we never deliver to the fleet. Engineers want to keep improving, so when they ran the show nothing got delivered. Engineers wanted to build the greatest mousetrap without regard to cost. Held week-long sessions to teach contractor and government engineers about cost. Learned to build things without raising cost. Anybody in his right mind who doesn't do CAIV is not doing business. F-18 isn't doing CAIV. They need more money, they come get it from us."[20]

Revalidate the Vision and Plan

Numerous initiatives were introduced under the umbrella of acquisition reform, but the workforce did not always understand the relationship between the initiative and the overall reform effort. Our interviews and survey reveal that the workforce generally feels directionless about how to implement acquisition reform. The lack of a road map—a plan —to tie together the initiatives caused workforce uncertainty about where acquisition reform was heading. In the implementation phase, while acquisition reform was winning many battles, the workforce was becoming lost in the fog of war. Acquisition reform began to suffer the fate of so many of the changes attempted in the past: it was becoming a "buzzword." In the words of one program manager:

> "Some one else will come in with another buzzword. [The] top thinks they have a consolidated acquisition reform, but they don't."[21]

In the implementation phase, as change initiatives are introduced, the workforce undergoes considerable change in its work environment. Senior leadership must revalidate the vision and the plan to ensure that changes are taking the organization in the desired direction. The Assistant Secretary of Army Research and Development & Acquisition (ASARDA) conducted such a reassessment. According to Dr. Kenneth Oscar, now acting Assistant Secretary of the Army (RD&A), ASARDA recognized the need to revise the Army's acquisition reform vision and undertook to revalidate the vision and make necessary revisions in their implementation plan. The initial plan had been life cycle driven, with initiatives listed under each part of the life cycle. During revalidation, they found that the plan needed to be de-linked from the initiatives because people were blindly following new initiatives just as they had followed old ones. "We didn't want them to do that."[22] Once the vision was restated, it was published together with the strategic plan and each program manager was tasked to develop an acquisition reform plan to follow the restated Army vision.

Employ Rewards and Incentives to Reinforce Change

In acquisition reform, the rewards and incentives to encourage and enforce workforce implementation of change initiatives were not aligned with the changes themselves. New procedures and processes were layered on top of the old rewards and incentives structure. Acquisition reform was asking workers to take more responsibility and risk, but not providing them with a safety net in the event something went wrong, or rewards for having taken the risk if it produced the anticipated results. As a result, acquisition reform is viewed by many as all stick and no carrot. A senior OSD staffer admitted that CAIV was introduced with no incentives and one major disincentive: "OSD won't be happy if you don't use CAIV... CAIV is a lot of hard work. Alone, it is a disincentive. You have to do things you weren't doing before. Alone, that adds more work."[23]

A major difference between the private sector and the government is the ability to give monetary awards to the workers. Our interviews revealed, however, that businesses do not view monetary rewards as a primary form of incentive for employees in organizational change. One organization that uses monetary rewards also tries to leverage non-monetary rewards. They allow teams to make presentations, giving them visibility and a sense of importance. Two awards, the "Take a Shot Award," for people who take risks but fail, and the "NIHBWEDIA Award" (Not Invented Here, But We Did It Anyway), which encourages people seek out and use best practices, directly support the behavioral changes the organization desires. Another organization gives their top 22 (out of 6,000) performing teams 12 minutes with the CEO.[24] This company also brings in customers to talk to team members and lets the teams use the equipment they develop as a part of their rewards and incentives program.

Rewards and incentives do not have to give the worker a personal financial gain. Many of the acquisition workers we spoke to are committed to their program and do not expect personal gain. Often, they would like to see their program benefit. One program manager saw only the big programs being rewarded for implementing reform:

> "F-18 E/F is getting a lot of publicity. But the small teams are not seeing the benefits enough to say they are reaping the rewards from it. [Program name] is a good example. They are fighting just to keep their head above

water because of lack of user support. It's easy if you have a large waterfall of cash rolling through. All of the team ought to see what benefits are being gained by what they are doing. And I haven't seen that yet for the small teams."[25]

In most Department of Defense organizations, IPTs were introduced without having made appropriate change (including appraisals, rewards and incentives associated with the use of teams) to the organizational structure. Many IPT leaders do not do the performance appraisals for their team members. Team members are rewarded individually. One IPT leader described this problem:

> "Performance awards are given to an individual team member based on their individual performance appraisal. A team award would be a better approach, but there is too much resistance from the establishment."[26]

Establishing a good reward system is not easy but is instrumental in successful organizational change. In the words of one CEO:

> "Recognizing people is a constant challenge, sometimes just taking the time out, picking up phone saying thank you, sending personal note. It can come in a lot of different ways. We try and get the attitude baked into the culture that lets us recognize good work. And yet we don't want to create a culture that we just say thanks for doing what you are supposed to be doing. We try to use it as way to motivate people to do even more."[27]

Communication and Training in the Implementation Phase

Several of the corporations we interviewed felt that the DoD is the best in the world at empowering and training personnel. We agree with them when training for combat or training in well established processes are concerned. But the pace of the acquisition reform process has effectively overwhelmed the DoD training apparatus. Communication about acquisition reform was often neither timely nor effective through the acquisition system. A pull-oriented system left it up to individuals in the field to track down, read, comprehend, and implement many policies.

The most effective means of communicating a change of this magnitude is personal contact. Numerous corporations that we interviewed stressed the importance of getting word to the workforce as soon as possible. Some of the techniques used were satellite broadcasts, closed circuit TV, and chat rooms on the Internet. (One corporate senior executive went so far as to publish his work and home phone number and invite people to call if they had a question.) DoD is now using many of these same techniques to reach more of the workforce, with some success.

Senior Leadership Promotes the Change

The workforce often saw acquisition system senior leadership speaking about acquisition reform. Dr. Kaminski and the Service acquisition executives were regularly interviewed for acquisition related Defense and Service level publications. These senior leaders made numerous personal appearances before the workforce. Leadership conducted acquisition reform standdown days, town hall meetings, presentations, roadshows, interviews, and site visits to field organizations. Despite these ef-

forts, many of the initiatives still met with resistance.

We found numerous examples where the senior leadership's direct communication to the workforce helped overcome resistance of the workforce:

> "IPTs were not uniformly implemented across [name of organization]. Some folks thought that because they were a lower-level (ACAT III) program, they would never be checked. People thought if they dragged their feet, the winds would change and they would never have to do IPTs. That feeling is now changing. On Acquisition Standdown (Acceleration) Day, [the Service acquisition executive] talked to them and that convinced many people who were resisting that it wasn't going to go away."[28]

Senior leaders outside the acquisition system can and should promote acquisition reform to the workforce. One acquisition workforce member was so impressed by an appearance by Secretary of the Army Togo West addressing the Tank-automotive and Armaments Command on January 10, 1997, that he sent us a video of the presentation. In his remarks to the audience, Secretary West reiterated the Army vision for acquisition reform and provided a synopsis of progress to date in many areas of reform.

It is hard to get a message out when the senior leadership isn't sure what the message needs to be. One OSD appointee, heavily involved in the acquisition reform effort, wasn't quite sure what CAIV really meant. The leadership will not be able to reinforce to the workforce an initiative that is not clear enough for the leadership to understand. A PEO staff member observed that "the guidance put out (on CAIV) sounded like 'design to cost,' while the leadership was talking CAIV."[29]

Acknowledging that it is difficult to get information to the field, the DoD Acquisition Reform Office (ARO) tried many different means of communicating acquisition reform to the workforce. The ARO established their own World Wide Web site to keep the workforce informed of the most current changes. Additionally, they put together a group at Wright-Patterson Air Force Base to create Deskbook, a tool to help the total workforce. The ARO developed several metrics to track the use of both the web site and Deskbook. These metrics included the number of web hits and the number of Deskbook copies distributed. While these metrics provide interesting data, they are not true measures of the use of the information. A better measure would be the amount of time the user actually spends at the site, what information they access, and whether they use one of the hotlinks from the site to access another reform related sites.

The ARO web site raises additional issues. The site has a perfect opportunity to inform the workforce on the vision of acquisition reform and the implementation plan. Displaying this information at the DoD level would allow the workforce to see how its activities are aligned with the reform effort and perhaps with the mission of their organization, but neither a vision for reform nor an implementation plan is displayed at the site.

Among the biggest issues with the web site approach is the wide variety of acquisition reform information available. We conducted an unrestricted Internet search (seeking all responses) on "acquisition reform," which identified 355,041 possible sites. Narrowing the search to "DoD acquisition reform" yields

1,140 sites, but "Air Force Acquisition Reform" builds the list to 3,129. Using another search engine, a restricted search (seeking only those responses containing a specific string of characters) confined to the string "DoD acquisition reform" and "Defense Acquisition reform" still yielded 19 sites. While an Internet user can identify 15 to 20 sites to use on a regular basis, it is unclear who the "webmaster" is for acquisition reform. In addition, our research reveals that the acquisition workforce does not have time to actively seek out information on acquisition reform. Those who need it most have the least time to gather and read information. Even tools that are delivered to the door of the acquisition workforce—magazines such as Program Manager and Army RD&A —often get shuffled aside in favor of more important daily issues. A Service level staffer observed that "people out there are too busy. [Getting information] has to be easy. People shouldn't have to think to get to the information. It should be there when you turn on the home page or e-mail."[30]

Based upon our interviews and survey data, the Deskbook and web sites are still more of a curiosity than a tool. Many in the acquisition workforce have not been trained to conduct web searches. In some cases, personnel "surfing the web" are viewed as being unproductive. Taking adequate advantage of the today's powerful information tools requires education and training on their use, and acceptance by management of such use for productive information gathering.

We spoke with 23 Colonel/Captain and Lieutenant Colonel/Commander level program/product managers. Of those, only three use the Internet on a regular basis. Some have an individual in their program management organization that enjoys searching the web and calls interesting information to their attention. Yet others use the web only when they have a specific question they are trying to research. The sporadic use of these forms of communication brings into question their value as a primary means to provide the workforce with acquisition reform information.

In some cases the nature of the relationship between the DoD and the Services caused workforce confusion and uncertainty. Generally, DoD issues guidance that the Services have some latitude in implementing. Such was the case with the implementation of military specifications and standards reform. OSD issued a directive to eliminate military specifications and standards where "practicable." While the Air Force and Navy implemented this reform in accordance with the Department of Defense guidelines, the Army disallowed the use of any military specifications and standards unless a waiver was granted for their use. The Army, however, discouraged waivers. In some cases, lower-level Army leaders created an even more restrictive atmosphere for the change than had the Army. One Army organization told its workforce not to even attempt to request waivers for the use of military specifications. As a result, a program manager could read the OSD directive, see that it was less restrictive than the implementation by his Service, which was in turn less restrictive than the implementation within his PEO. In some cases, program managers were required to remove military specifications from existing contracts. This resulted in increased frustration and workload for the workforce and increased costs for programs. Rather than feeling empowered, some program managers felt that specifications and standards reform was telling them how to do business. This was inconsistent with the stated objective of empowering program managers. A GS-14 Procurement/Production Specialist in a program office expressed this feeling:

> "Dictating that all specifications and standards were gone was as bad as dictating that you would use them."[31]

The dichotomous message about military specifications and standards reform was not lost on the workforce. While there was much thought behind the decisions at OSD and Service level, the workforce did not understand the drastic steps that were taken. This gave ammunition to those who took issue with the reform. Combined with the lack of a safety net and confusing metrics—both to be discussed later—the conflicting message has caused specifications and standards reform to be less well institutionalized throughout the acquisition community than the top level leadership may believe.

Cross Fertilization of Successes and Failures

It is a part of human nature for people to be skeptical about change. Spreading the word about successes can help overcome the workforce's natural resistance to change. One Navy program manager learned early the power of success when IPTs were introduced in his organization:

> "We found that at first people would not take time off work to attend the training. They would not show up, or go and sign in, then leave. We had to force—order—people to go and stay. It was not until the first few teams were successfully through the training that the word got out and people got enthusiastic about the training."[32]

We found that the workforce does not necessarily follow the Service acquisition executive; individuals follow their peers who were successful with the Service acquisition executive. That is, they find someone who was successful in implementing a change and then make sure they do the exact same thing. There was not a good system in place to carry the success stories to the workforce, making exchange of the best ideas difficult.

While OSD and the Services attempted to use examples of success to try to promote acquisition reform, we could not find an example of a failure being promoted to provide lessons learned and demonstrate senior leadership support of risk taking. In the commercial sector, we found several companies that share the knowledge gained from a failed process. For example, Motorola relies on analyzing failures as well as successes for lessons learned. They publicly reward those who take risks and fail - carefully distinguishing them from those who make repeated inappropriate decisions and fail. A senior OSD official said that USD(A&T) actively sought an example of risk taking that was not successful, but could not find one. They wanted to use such an example so that the workforce could see that it was okay to take risks, even if it ends in failure.

The lack of such examples is not lost on the acquisition workforce. In our interviews and surveys, we found that the workforce was extremely interested in finding out about both successes and failures of the reform process. Most of the individuals interviewed were familiar with pilot program and commercial practice successes, but they were also interested in what did not work.

Why are failures not being identified and provided as lessons learned? Our research leads us to believe that it is due to a misalignment of the organizational structures to the goals for acquisition reform. An empowered program manager is willing to take risks and fail. A program manager who knows that a failure may result in a nick on his efficiency report that leads to the early end of a bright career may

not be so willing to take a big risk. During one of the distinguished visitors sessions at the executive program managers course (EPMC) at DSMC, an EPMC student queried a senior OSD official about the lack of information on acquisition reform processes or procedures that had failed. The reply? The senior OSD official said that they were not aware of any failures and it wasn't his job to learn about failures. If there were failures, they should be resolved long before they get to his level, and he didn't want to hear about them. Unsurprisingly, this senior official's name came up several times as an example of a passive resister at the OSD level.

We found many program managers who were willing to take risks. One program manager told us of innovative and not-exactly-by-the-book risks he had taken to streamline his program. He had experienced failures and had been "caught" breaking the rules. However, his program executive officer backed him, recognizing that the program manager had been attempting to apply common sense to a situation where common sense was not part of the rules. As a result, the other program managers in the organization recognize the PEO as a leader who supports taking risks in aid of acquisition streamlining.

Train Workforce in Change Initiatives

Each of the three initiatives we used as benchmarks were introduced with different levels of training to the workforce. IPTs had the most overall training. Specifications and standards reform had a solid introduction to the workforce, but little formal training, while CAIV was intended to "trickle down" into use. Exploring these examples shows the effect training has on implementation and why we place such importance on training in our change model.

IPT Initiative: IPTs were not entirely new to the workforce. Many organizations had applied the team concept in the past or had implemented teaming before it was directed by OSD. As such, the use of teams gained greater acceptance in the workforce. IPTs were introduced with great fanfare. Several organizations implemented comprehensive training programs to teach members of the organization what an IPT is and how it works. Program offices like the F-22 and the C-17 had conducted IPT training prior to the publication of the DoD policy on teams. These organizations developed guidebooks for team members, as did the Department of Defense. When the DoD IPT policy was implemented, DoD left training of the processes and leadership training to the Services and their field organizations. At the beginning of the implementation phase, there were numerous organizations that took the lead in training their personnel. However, we found less follow-up training for new personnel or new leaders of IPTs.

MILSPECS and Standards: Military specifications and standards reform was implemented by decree. This was effective for ensuring that the policy took immediate affect, but caught many organizations unprepared. The office that maintained the standards was eliminated, removing the "safety nets." The field was given no replacement for the military specifications. Although commercial standards were always available for use in government contracts, military specifications overshadowed their use.

The policy memorandum on military specifications and standards issued by Secretary Perry on June 29,1994, forced people to change. Organizations needed to change immediately to performance based specifications. Without a training package for guidance, however, the workforce was unsure of how to proceed, and there was confusion about how to write a per-

formance specification. A PEO staff member responsible for the implementation specifications and standards reform in his organization pointed out that the organization was told to eliminate specifications and standards "but really didn't know what to use instead of military specifications."[33] The field organizations had to experiment with writing performance specifications that would be approved by headquarters. In many cases, the first package that was approved by headquarters became the new standard. Program executive officers set up teams to determine how to write a good performance specification. We found this in every Service. Since the initial implementation, classes have been organized and many organizations are figuring out the new standard, but there has been a lot of "muddling through" in many organizations in every Service. More up-front guidance would have saved the workforce time and reduced stress associated with this implementation.

CAIV: CAIV is probably the most misunderstood of the three benchmarks. CAIV was implemented with a policy letter directing the field organizations to, in the words of a senior OSD executive, "trickle down" CAIV to the workforce. In the field this had varying degrees of success. The pilot programs and the large programs, which had direct access and support from senior leadership, understood and were applying the CAIV concept. As we moved to the smaller programs, however, the understanding of how to implement CAIV rapidly diminished. One of the Service's senior staff members explained to us that he felt that DoD had set policy on CAIV, then turned around and asked the Services to implement its use. He felt that there had been no clear definition of CAIV, and the workforce did not have a good understanding of the concept. In his view, CAIV was a good theory, but there was no clear strategy on how to implement it.[34]

These comments were echoed at all levels in all organizations throughout the interview process. It is hard to support a change at any level of leadership if there is no clear understanding of what the change is and how it should be implemented.

During our research, the number of senior-level managers in industry who taught their employees and who personally contacted their workforce impressed us. At the outset, we want to draw a clear distinction between giving a presentation or lecture and actually providing instructions to a class. The most successful changes occurred in organizations where the leadership was involved in the training and the personal delivery of the message of change. Corporations like General Electric, Saturn, and Lockheed-Martin have CEOs and presidents who interact with the workforce.

We asked the survey respondents and interview subjects to identify their top three sources of information on acquisition reform from a list provided. Table 7-1 provides the results of the survey responses. These responses and our interviews reveal a workforce too busy to actively seek information on acquisition reform. The results reinforce our opinion on the importance of a training program for the introduction of acquisition reform initiatives. As the survey results indicate, communicating reform adequately to the acquisition workforce is a tremendous challenge.

We found wide variability in the participation of field offices in Department of Defense and Service communication and training efforts. For every organization that fully embraced a training effort such as Acquisition Reform Day, there was another that barely recognized that the training was taking place. One program executive officer made Acquisition Reform Day #2 on May 20, 1997, a comprehensive

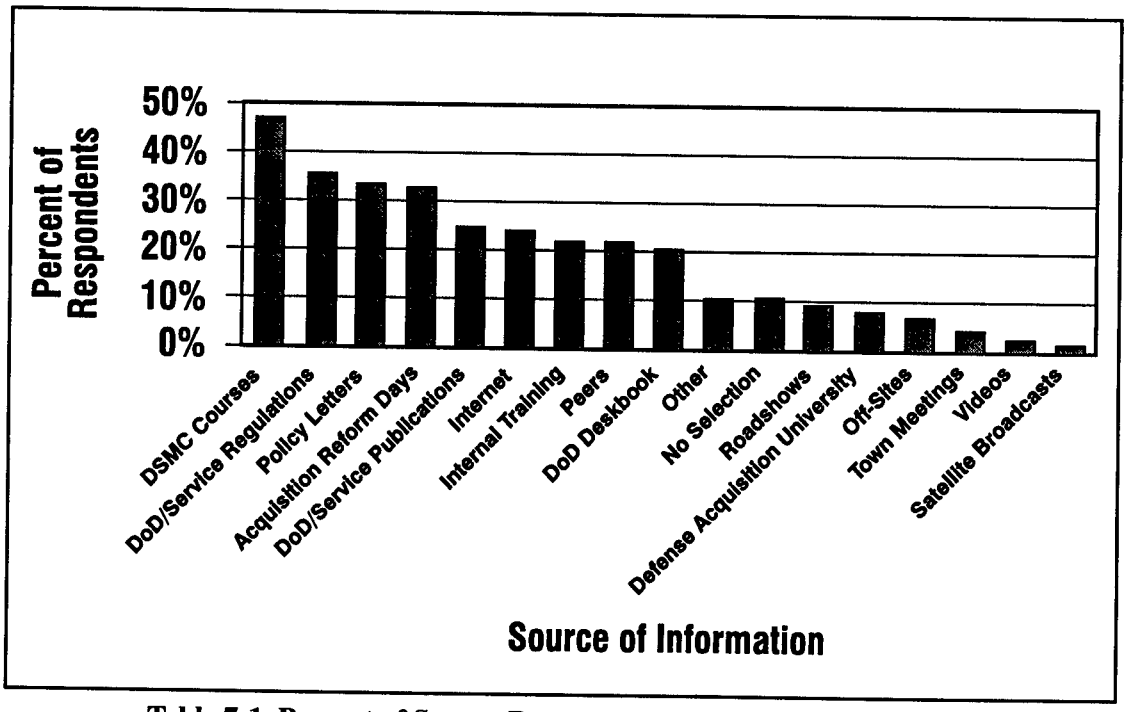

Table 7-1. Percent of Survey Respondents Selecting Source as One of Their Top Three Sources of Information on Acquisition Reform

day to revitalize the teaming effort in his organization. The industry counterparts and functional organizations joined the PEO personnel in a day of training and workshops to update and revitalize their teaming processes. Colorful posters placed throughout the PEO offices advertised the training weeks in advance and travel was not approved for that day. By contrast, in another PEO office a 45-minute tape was played continually in the cafeteria and workers were told to drop by to view the tape. Leadership made no effort to ensure that their personnel complied.

Summary

The implementation phase achieved great progress in shaping a streamlined acquisition system. Lack of an acquisition reform plan, however, left the workforce confused about what the reform was and where it was heading. We feel that had the workforce been given a road map for acquisition reform against which it could chart identifiable progress, the change could have been more focused and more successful. While some organizations quickly adopted the initiatives of acquisition reform, the method of implementation left many muddling through, unsure of where the reform process was heading.

ENDNOTES

1. Interview with authors (DSMC non-attribution policy).

2. Interview with authors (DSMC non-attribution policy).

3. Program executive officer, interview with authors (DSMC non-attribution policy).

4. MG Michitsch, PEO GCSS, interview with authors, Picatinney Arsenal, NJ, 11 March 1997; Carroll Gagnon, PM PALADIN, interview with authors, The Pentagon, 14 March 1997; John D. Kotlanger, Customer Support Manager, United Defense LP Paladin Production Division, interview with authors, Letterkenny Arsenal, PA, 27 February 1997.

5. R. S. Wellins, *Empowered Teams: Creating Self-dirceted Work Groups that Improve Quality, Productivity, and Participation*, (San Francisco: Jossey-Bass, Inc., 1991), 22.

6. J. Kotter, *Leading Change*, (Boston: Harvard Business School Press, 1996), 115.

7. Ibid., 107.

8. Ibid., 29.

9. PEO Conference attendee response on authors' survey.

10. Intermediate Systems Acquisition Course student response on authors' survey.

11. APMC student response on authors' survey.

12. Interview with authors (DSMC non-attribution policy).

13. OSD Acquisition Reform Feedback Brief, 20 November 1996.

14. PEO Conference attendee comments on authors' survey.

15. Interview with authors (DSMC non-attribution policy).

16. Interview with authors (DSMC non-attribution policy).

17. Memorandum, Secretary of Defense Perry to multiple recipients, Subject: Use of Integrated Product and Process Development and Integrated Product Teams in DoD Acquisition, 10 May 1995.

18. Deputy program manager, interview with authors (DSMC non-attribution policy).

19. Senior leadership providing protection from budget cuts, hand selected personnel, special training, and removal of any other barriers to which other program managers would be subject.

20. Program manager, interview with authors (DSMC non-attribution policy).

21. Interview with authors (DSMC non-attribution policy).

22. Kenneth Oscar, Deputy Assistant Secretary (Army) for Procurement, interview with authors, The Pentagon, 18 March 97.

23. SES-level OSD staffer, interview with authors (DSMC non-attribution policy).

24. This organization found that they had to train their top leaders to be there as a reward for the teams. They spend time teaching their senior executives how to talk to the workforce.

25. Interview with authors (DSMC non-attribution policy).

26. Interview with authors (DSMC non-attribution policy).

27. Interview with authors (DSMC non-attribution policy).

28. Interview with authors (DSMC non-attribution policy).

29. Interview with authors (DSMC non-attribution policy).

30. Interview with authors (DSMC non-attribution policy).

31. Interview with authors (DSMC non-attribution policy).

32. Interview with authors (DSMC non-attribution policy).

33. Interview with authors (DSMC non-attribution policy).

34. Senior Executive Service level Service staff member, interview with authors (DSMC non-attribution policy).

8

CHANGE WITHIN THE DEPARTMENT OF DEFENSE ACQUISITION REFORM – THE INSTITUTIONALIZATION PHASE

"There will come a time when you believe everything is finished. That will be the beginning."

Louis L'Amour

Introduction

This chapter examines the institutionalization phase of acquisition reform. We use our benchmarks of integrated product teams (IPTs), military specifications and standards reform, and Cost As an Independent Variable (CAIV) to assess the progress made by the reform effort. Evaluation during this phase may determine that the organization is ready to move forward to the assessment phase to start the process all over again.

In the institutionalization phase, the gains from previous phases are anchored. Ideally, it is in this phase that the DoD leadership conducts a critical, realistic system evaluation from top to bottom to determine what went right and what needs more work. Leaders must review progress made and determine if the new process and procedures, as they are implemented, are having the desired effect. Leaders take action to anchor the desirable changes in the culture by (1) solidifying the change through changes in policy or regulation, (2) rewarding the successful cultural changes through recognition or incentives, and (3) publicizing and communicating those changes to the workforce. Lessons learned should be used when charting the course for the next set of

changes. Valuable insights are gained, and significant effort expended to achieve what has been accomplished. Failure to use knowledge provided through these experiences wastes valuable resources for which the organization has already paid.

Leadership in the Institutionalization Phase

Reassessment of the Change Process

Senior leadership must keep an open mind and be receptive to feedback about what has or has not been accomplished. There must be no "sacred cows" or "pet projects" to be protected. The senior leadership should meet formally to completely review where the reform process has been, where it is now, and where it should be going. Tables 1 and 2 provide a good example of how a company in the commercial sector created a process to review their progress.[1]

One senior company executive explained to us that management in his company believes that it is very important for the senior executives to be quite explicit about their plans or there will be hundreds of different interpretations of what they desired.[2] It is important to note that many of the companies we interviewed included off-site meetings in their plans to review progress. Typical objectives of these meetings were to review the company's status before the last modification of their vision, their current status, and possible alternative future directions, based on the vision for change and the current environment.

The Department of Defense has been actively reviewing its performance in acquisition reform. The Services have conducted numerous surveys and collected data to measure the progress of the reform effort. Without a formal plan above the Service level, however, there is nothing against which to compare the progress. The senior leadership has used a less

Organizational Capability

	Roles and Responsibilities				Systems, Processes, and Structure	Norms and Value	People	
Issues	Decision Making	Vehicle and Development Process	Support Staffs (e.g. Financial, Personnel)	Rewards and Accountability	Organizational Structure	Leadership/ Management Style	Internal Communication	Core Competencies
Pre-Vision	Individual at Top	Shared Ownership	Stand Alone Functional Focus	Individual Results	Divisional Autonomy	Hierarchical and Conflict Avoidance	Uncoordinated/ Closely Held	Outsource Core
Vision	Senior Leadership Team	General Manger is Tie Breaker	Integrated Process Focus	"Goals Equal Commitment"	Selected Templates	Visible, Fact Based Leadership	Open Communication (Downward Focus)	Rebuild Technical Core ("Build Depth")
Alternatives	Delegation	Program Manager Liaison	Coordination vs. Direction — Change Agents	Aggressive Management of Performance	Strategy Drives Structure	Trust — Unified Leadership with a Shared Vision	Open/Two-Way — Constancy of Purpose	Core Value Chain — Acquired and Retained Knowledge — Build Breadth

Table 8-1. Organizational Capability

Business Strategy

Issues	Fundamental Direction	Product	Marketing	Manufacturing	Productivity
Pre-Vision	Increase Market Share	Full Market Portfolio (More Is Better)	Mutiple Trends with Limited Coordination	Economies of Scale/Dedicated Facilities	Imcremental Improvement
After Vision	Profitability Throughout Business Cycle	Rationalize Portfolio Bests in Class	Reduce Overlap and Internal Competition	Lean World Class	World Class Efficiency (Like U.S. Competitors)
Alternatives	Fix Deficiencies Creating Advantage Global Market	Selective Segment Dominance	De-emphasize Make Brand/Promote Name Brand	Agile	World Class Efficiency (Like World Competitiors)

Table 8-2. Business Strategy

structured approach than industry to discuss and review the status of acquisition reform, employing briefings and informal meetings to discuss feedback on progress. The Office of the Under Secretary of Defense (Acquisition & Technology) has formally reviewed the military specification and standards reform, and published a booklet, "Results of the First Two Years," detailing the progress made.[3] Throughout the acquisition reform effort, the leadership has intensively sought feedback. The next step for leadership should be to analyze the feedback and assess results achieved against the current environment to help formulate any necessary adjustments to align the course of change with the vision. The in-depth review processes used in some corporations could form a model for DoD to use in evaluating its progress.

The institutionalization phase is also a reassessment of leadership change team commitment. It is essential that all of the senior team members continue to support the changes being institutionalized. The Department of Defense experiences more frequent senior leadership team changes than does industry. This presents a challenge for the DoD. Each change in team membership essentially forms a new team, which must then repeat the team development process. The senior leadership needs to operate as an effective team in order to build a consensus on the necessary changes.

The team that has been in place for the past four years has made substantial gains in acquisition reform. The leadership team (most critical to success) is changing, as Secretaries Perry (SECDEF), Dr. Kaminski (USD(A&T)), Mr. Decker (AAE) and Ms. Preston (DUSD(AR)) leave their positions to pursue other opportunities. The question is what will happen to the acquisition reform movement now?

Throughout our research, the workforce commented on how much has been accomplished over the last four years. Most caveat their comment by noting that reform has taken place without the full support of middle management. Dr. Kaminski and his team also acknowledge the lack of support of middle managers. Dr. Kaminski referred to this as an "hour glass effect," with support for acquisition reform at the top and the bottom of the organization but

middle management reluctance to become involved in the reform process.[4] The workforce is concerned that the loss of the reform leaders will result in the return to the previous status quo.

Notwithstanding Secretary Cohen's stated support for continuing acquisition reform, action must be taken quickly to insert a focused team that can continue on with the reform process. Change leaders at all levels must be developed and empowered to continue the reform process that has been started. The team that Dr. Perry assembled has begun to move the acquisition system through a cultural change, but a change in culture takes more than four years, and can in fact take ten years to a lifetime. The senior leadership needs to anchor the changes made to date and continue to drive towards the vision, but the new leadership must re-establish the momentum. Secretary Cohen needs to build the new leadership team while the acting leaders are still in place. His team should move forward into the assessment phase of our model, to determine the current environment and develop a vision and a plan to go forward.

Vision and the Plan

Refine the Metrics

Every part of this phase involves evaluation of what has been attempted and the tools used to implement changes. The metrics used to evaluate the process must themselves be evaluated. Metrics will be ineffective if they measure the wrong things, or if they are being used to measure parameters that are no longer useful. Metrics need to be simple, kept to a minimum, and, most importantly, useful to the people who are implementing the changes. Texas Instruments (Defense) believes that metrics should be "local, friendly, and dirty." "Local" means that the people should have easy access to the metrics. "Friendly" means that they should be easily understood by anyone who looks at them. "Dirty" means that the paper the metrics are written on should be dirty, showing that people are actually using them, not just appeasing their boss. TI Defense uses only four key metrics: defects, cycle time, training and on time delivery. They have created a culture in which the metrics can be questioned by anyone in the organization at anytime.[5] Metrics that no longer serve a purpose become work for the people who have to generate them and job security for those who analyze them. They provide no worthwhile purpose for the organization.

There are many examples of metrics used by different organizations. Just because a metric works well for one organization does not mean it will be of any value to another organization. DoD often uses metrics that are used in industry. The rationale for this is that since they work well in industry, or one particular program within the government, they can be considered a "best practice" that is transferable to all other DoD programs. For example, a metric that was being used to measure progress on the military specification and standards reform was the number of specifications that were eliminated or converted to performance specifications. This metric was measuring nothing useful in terms of the acquisition process. A better metric might have been a measurement of the cost savings or product quality achieved by using a performance specification.

Reevaluate the Vision and Plan

After the organization has reassessed its status, it needs to look at the vision and the plan. The vision may not be valid based on the current environment. If that is the case, the organization should move to the assessment phase to examine the current situation and determine the direction in which it needs to move. Lead-

ership may determine that the vision and the plan need only minor modifications. Many in industry use the Malcolm Baldrige Award Program as the basis for reviewing their organization, the vision, and the plan. Texas Instruments incorporates this into an annual review, which they refer to as TI BEST (Business Excellence Standard). This is an in-depth review of the entire organization to determine if the organization is still in line with its vision and plan. Regardless of the process used, organizations must formally reevaluate their process measured against their vision and plan.

All three of the Services have been through the process of reevaluating their vision. Initially, without guidance from OSD level, all three of the Services were unsure of the direction in which they were heading. Independently, they went through the process of developing a vision and plan for acquisition reform. They have since reevaluated these visions and agreed upon a new direction based on the current environment and the feedback they have received from OSD. To focus the entire workforce, however, this should be a unified effort with OSD charting the course, rather than each of the Services looking for their own footholds.

Any time the organization's leadership changes, the new leadership must evaluate the vision to ensure it reflects their view. In the civilian world, where leadership is generally more stable than in the Department of Defense, the reevaluation of the vision and plan in the institutionalization phase is a guard against getting comfortable with the status quo. In the Department of Defense, with the constant change in key leaders, the reevaluation takes on added meaning. It is natural for new leaders to want to make their mark on the organization. But this has created a situation in the Department of Defense where people expect radical changes in direction every time there is a change in leadership. Reevaluation of the current vision and plan may result in a smoother transition for the workforce.

It is important for the new Secretary of Defense to communicate his vision and work with the workforce to refine it. Since there never was a clearly stated vision from OSD, one will have to be developed. This moves the change process forward to the assessment phase of our model, requiring a restart of the change process. Developing the vision can take some time. At Texas Instruments (Defense), the process to develop the vision took almost a year. It began at the top then worked through the organization as the vision was refined. Senior leadership and lower-level leadership were involved throughout the process.

Changes in leadership can be smooth when there is a plan that is understood and is being implemented throughout the organization. But if the plan and vision are known only to a few senior leaders in the organization, changes in leadership are likely to create greater disruption, as it is unlikely that there will be a full transfer of knowledge about the change. Ideally, major changes in leadership will occur during the institutionalization phase, allowing a natural progression into another cycle of change through a reevaluation of the existing vision and plan.

Communication and Training in the Institutionalization Phase

Get Feedback from Workforce

The need for two-way communication cannot be over emphasized. Feedback is an essential part of this phase. The senior leadership must look for open and honest feedback on how acquisition reform has been doing. All types

of feedback should be encouraged. DoD has been aggressively soliciting feedback from the workforce, to the point where many in the acquisition workforce feel they have been "surveyed to death."

Feedback must be collected through methods other than surveys. While surveys allow collection of feedback from large numbers of people, other methods may provide more revealing information on progress of the reform effort. Personal interviews are one of the best ways to find out how the workforce feels. In our interview process, we discovered that after about 20 interviews, the trends become obvious. If people feel they can speak without retribution, they will be fairly candid. One Service acquisition executive tries to hold regular informal luncheons with different program managers. This informal feedback process is similar to that used by several of the senior executives from industry who use every opportunity to meet informally and talk with their people. As mentioned earlier, one executive even gave out his home phone number, and several other executives we met have direct access through e-mail to the boss.

Communication must be two-way. People will be willing to give their honest feedback if they think that someone is listening to them and will take action. OSD and the Services have compiled and published data on the issues presented by the workforce, but such feedback requires continuous, ongoing, intense communication. We found that many in the workforce feel that their concerns are not being addressed since they have not seen responses to their concerns. Often the workforce and leadership talk past each other. For communication to be effective, each side must actively listen and respond directly to the issues raised. The workforce needs to know the general content of the feedback and the actions that will be taken in response to the feedback. If this is not communicated clearly, openness and honesty will be lost, and future attempts to solicit feedback will be less successful. Personal communication from the senior leaders closest to the workforce is the most effective way of getting useful feedback.

Feedback cannot be filtered. Often the information passed up the chain is purged of anything that may appear to be controversial, or "not exactly what the boss is looking for." For example, several OSD and senior-level Service officials observed that military specifications and standards reform appeared to be institutionalized, as they had not seen any requests for waivers in several months. They seemed unaware of the frustrations that still existed about this reform effort at PEO and program levels, where requesting waivers was actively discouraged.

Continuously Reinforce the Change/Continuously Train

Training is one of the major highlights of our model. Training should be an ongoing process that does not end after the basics have been taught. The specific initiatives should be taught to all of the members of the organization, with follow-up and reinforcement training planned. This may seem obvious, but in surveys conducted by OSD, the workforce listed training as one of its top concerns. Our research indicates that training remains a major issue.

In the institutionalization phase everyone possible should be trained on the new initiative. Once the change has gained momentum, that momentum must be sustained. Ongoing training provides continuous momentum to refine the process. One area in which the acquisition reform effort needs to improve is follow-up training. Of the organizations that conducted

initial IPT training, very few conducted follow-up training, even for teams in which many of the original members had been transferred. New team members most often received their training "on-the-job." In many of the organizations that we visited, we were surprised to find that although they were using IPTs, not everyone had been trained to work in a team. Each time new members are assigned to an IPT, the team must repeat the team building process, as new members create new dynamics. This can be done quickly if there are only one or two new members who are formally trained in and understand the IPT process. One worker in a program office explained to us that they were taught that they must use IPTs, but they were not taught how to use them. The organization conducted a newcomer brief in which incoming personnel were told about teams, but no training on teams was provided. New team members had to learn by doing.

Educating the workforce on any new initiative (such as teams) should be only the beginning. If pilot programs were used to introduce new initiatives, they must also be used to transfer the knowledge of how to implement and successfully use the new initiatives. We saw numerous examples of successful pilot programs in the Services. There are various web sites that spell out the successes of pilot programs, but we could not find good consolidated information on how to apply the lessons learned to other programs. Often, successful programs are inundated with requests for information from other programs. The frustration this causes was evident in the remarks of one senior officer who worked in a pilot program:

> "We get people like you all the time asking about what we did. We don't have time to talk to you, besides what's in it for us?"[6]

Which brings up a good point: if there are no incentives (or disincentives) to translating the knowledge of lessons learned, it is unreasonable to expect people who are already overworked to take on additional duties of educating others in how they achieved their success. As mentioned earlier in this report, General Electric CEO Jack Welch has created a culture where people with good ideas and successes are required to transfer the knowledge. GE uses their Leadership Development Center to help individuals or group of individuals to develop courses to teach the rest of the organization.[7] Cross-fertilization of lessons learned in acquisition reform remains a challenge for the Department of Defense.

Another important kind of education that needs to be conducted is leadership and organizational behavior training on the implementation of change. Many of the major companies like IBM, GE, Motorola, and GM have their own internal "colleges" or "universities" for training leaders. Training in organizational change is a major mission of these institutions, which provide just-in-time leadership training tailored for each specific level of leadership. As people move up to more senior leadership positions they are trained on leadership and how to handle the organizational behavior aspects of leading changes. In these companies, education is an ongoing process in career progression.

Summary

The acquisition workforce believes in the need for reform, but it has lost the focus of the current acquisition reform effort. The workforce can be re-focused by further empowering it to make changes, providing it with a plan for change, and providing the tools to execute that plan.

"Never tell people how to do things. Tell them what you want to achieve, and they will surprise you with their ingenuity."

General George S. Patton, 1944

ENDNOTES

1. Permission has been granted by the company that developed this table for its use here. The company requested that the table be modified to a generic version to avoid publishing company-sensitive information and that their company not be identified in association with the tables.

2. Interview with authors (DSMC non-attribution policy).

3. W. B. Bergmann, II, "MILSPEC Reform, Results of the First Two Years," Office of the Under Secretary of Defense for Acquisition & Technology (June 1996.

4. Paul Kaminski, USD(A&T), interview with authors, The Pentagon, 7 May 1997.

5. James Tew, Texas Instruments, interview with authors, Lewiston, Texas, 17 February 1997.

6. Senior officer at the Captain (Navy)/Colonel (Army/Air Force) level, interview with authors (DSMC non-attribution policy).

7. Stephen Kerr, General Electric, interview with authors, Crotonville, New York, February 1997.

9

CHANGE WITHIN THE DEPARTMENT OF DEFENSE ACQUISITION REFORM

SUMMARY AND RECOMMENDATIONS

"What we're trying to do is to create a large number of changes, simultaneously, in the federal government. Because if you just change one thing without changing some of the other things that need to be changed, we won't get anywhere. We can bring the quality revolution, for example, into the federal workforce as well as it could possibly be done, and if we didn't fix some of the other problems, it wouldn't amount to much. We could fix the personnel system, but if we didn't fix the budgetary system and the procurement system, then we would still be mired in a lot of the difficulties that we encounter today. We are trying to do a lot of things at the same time."

Vice President Al Gore
Town Hall Meeting,
Department of Veterans Affairs
August 4, 1993

Introduction

This chapter summarizes our observations and the facts presented in preceding chapters about how the Department of Defense implemented the changes to the acquisition process under the umbrella of acquisition reform.

In this summary, we also asked ourselves what would we do differently, if we were in the position of trying to change the Department of Defense acquisition system and had we been given 20/20 forward vision at the outset of the change process. The answer to this question is presented in our recommendations for reform.

Summary

While attempting to change a culture as large as the Department of Defense's acquisition system is an enormous undertaking, much progress has been made during the latest reform effort. These positive steps were accomplished as a result of hard work and acceptance of risk on the part of leadership and the workforce. However, the progress made needs to be maintained, and we believe additional steps are needed.

We have learned a lot from the last change effort. We observed a number of change processes that we believe could have been better executed, including the leadership function, development of the overall DoD vision and plan, and communication to and training of the workforce.

In our opinion, all of the elements necessary to build a strong foundation were available at the beginning of the reform process. Due to the heavy workload of the Secretary of Defense and Under Secretary of Defense (Acquisition and Technology), the progress of change has ebbed and flowed depending on the time the leadership had available to devote to the change process. The Deputy Under Secretary of Defense (Acquisition Reform) assumed the major workload of the reform process but had neither the personnel nor the hierarchical position to reform the Department of Defense acquisition system single-handedly. In addition, DoD as a whole did not provide the clarity of vision and the level of plan required to keep the workforce engaged in a coordinated reform effort. This lack of engagement made the change process "non-personal" to the workforce. We saw the Department of Defense acquisition system's middle management create a roadblock to the flow of information and guidance during the reform process. Middle management was never totally engaged in or committed to the reform process. This condition may have been caused by lack of training in the process of change itself. People tend to fear what they don't understand and a change of culture is a threat to their personal environment.

We witnessed a drop in enthusiasm for reform as the workforce started to question the commitment to the reform effort. The impression of lack of commitment was generated because the workforce saw the roadblocks that still remained in place, such as the fiction of having created change when in fact: (1) functional organizations were left intact within the Department; (2) organizational structures were overlaid one on top of another rather than abolishing organizations which were dysfunctional to the changing system; (3) no real incentives were developed to reward risk taking; and (4) the metrics used to evaluate the changes were meaningless to the workforce.

These roadblocks provide a valuable lesson and must be addressed before initiating the next change cycle. The adage applies that those who fail to learn from past mistakes are destined to repeat them. The reform of the acquisition system cannot absorb many false starts before the workforce disengages itself from the change process.

The recent reform process has provided us with many positive examples, which should be re-

peated in the next cycle of change. Foremost among them is the proven effectiveness of a unified team of senior leaders devising methodology to jump start a reform process that affected every member of the workforce. Because a change cycle lasts longer than a single Presidential term, it is critical to initiate the change process as early as possible in a change of administration. We observed how the ability to communicate the change imperative to those in the field could help the workforce acknowledge that reform was required and create an environment receptive to change. Not only is the workforce ready for additional change, but the public and Congress are supportive of the change process. We envision this environment of support existing for the foreseeable future, providing continued opportunity for the Department of Defense to further reform its acquisition system.

Recommendations

We called the final question we asked during our interview process the "King for a Day" question: "What advice would you give the new leaders in the Department of Defense for implementing change?" The following recommendation draw on the responses to this question and our own observations and experiences in studying the acquisition reform effort.

Execute the Reform from the Correct Level

Every change leader in the commercial sector was explicit in stating that change must be implemented from the correct organizational level. Several companies we interviewed expressed frustration with their change efforts arising from the fact that the change leader had neither the position nor the authority to make the organizational change happen. The Department of Defense will experience the same roadblock to change unless the change leader is assigned to the Office of the Secretary of Defense, through the Deputy Secretary of Defense. This would place the change leader for the reform (the DUSD(AR)) reporting one level above all the functional organizations affected by the change. That level of placement would allow the change leader to effect reform that will encompass the entire organization.

Acquisition reform must encompass the entire Department of Defense organization. We need to distinguish reform of the entire DoD acquisition system from reform of the acquisition system encompassed within USD(A&T) organization. We assert that Defense acquisition cannot be reformed through efforts made solely internal to the USD(A&T) acquisition system. Too many of the parameters that need to be changed to streamline the system are external to that system. Therefore, the reform process must be led from a position with the authority to implement Defense system wide changes.

Develop a Vision and a Plan

We need to stress several aspects of our model that were validated in the interview process. The organization needs a vision and a plan that the workforce can understand and believe in. A plan is absolutely essential, especially when change is carried out in an environment that experiences constant changes in leadership. The change cycle is longer than the tenure of the leadership and the change movement loses momentum with each change of administration. However, changes in leadership are less traumatic if there is a plan that is executable, flexible, and most important, published and understood by the workforce. If a plan is closely or solely held by the leader, and the workforce does not accept or understand the process, then the vision and the plan dies with

the change of leadership. Death of a vision and plan occurs too frequently in governmental organizations. This causes the workforce to retreat into the old culture, or worse yet, never get involved in the reform effort because it has already seen the epitaph of the new reform on the headstone of past efforts. Leaders need to develop a plan that will allow the continuance or refinement of ongoing reform efforts, thereby avoiding a workforce retrenchment. A good, solid plan can be passed from administration to administration, allowing a smooth transition by adjusting the vision and plan, and keeping the workforce involved.

Communicate and Train

The next cycle of reform needs to target the process of communication and training as an area for improvement. The latest communication and training efforts, which include satellite broadcasts, Internet chat rooms, and direct calls to senior leadership, are charting the correct course for two-way communication, but these efforts need further expansion. There needs to be a channel of communication that is not driven by the leader. In other words, the workforce needs to be able to initiate the communication process through a particular, well-identified communication channel. Additionally, the leaders need to make a concentrated effort to keep the workforce informed and involved in the change process. The workforce was lost during the recent reform effort because leadership focused their message inside the Beltway rather than communicating it to the individuals trying to implement the changes. From the workforce perspective, the reform took on a political agenda, and as a result the workforce distanced itself from the reform. The reform needs to have personal meaning for the workforce. Individuals need to know what is in it for them, how it will make their jobs better, or how it will improve their quality of life. This personal aspect of the reform was not carried to the workforce. This could have been accomplished through communication of the vision and plan, and improved training. The workforce needs training in the new processes as well as guidance on how to handle the change process from a personal perspective. Additionally, change leaders throughout the Department of Defense need to be better trained on the change process and how to implement change. These same change leaders also need training in leadership skills to enable them to include the personnel aspect of change.

Follow Through

This may be the most important recommendation. The acquisition workforce is somewhat callous concerning any reform effort initiated by a new administration. The workforce has seen numerous reform efforts started, only to watch them die on the vine as the administration or the leadership within the administration changes. This history makes the initiation of any change very difficult. The workforce needs to know that the reform will not stop because of a change in an administration or leadership. If the Department of Defense is to reform its acquisition system, the reform must be accomplished across several administrations. This must be recognized by the senior leadership in the Department of Defense (especially the non-political appointees who will have to carry the torch from one administration to the next), and by Congress. Both must plan for a change process that may not give them immediate results, but is in the best interest of the reform process. The reform and the workforce need to travel through the complete change cycle before the culture of the organization will change.

Conclusion

While the Department of Defense has made great strides in reform of the defense acquisition system, there is still much work to be done. The acquisition workforce wants reform and is receptive to change, but feels directionless in the current acquisition reform effort. The knowledge, enthusiasm, and dedication of the defense workers to whom we talked consistently impressed us. They believe there are processes that require change, and they have ideas on how to implement change in their organizations to improve defense acquisition. We found that while great strides have been made, a few simple principles of organizational change have not been applied, thereby diluting the reform effort. Following a basic model for change, such as that presented in this report, will enhance the effectiveness of the Department of Defense acquisition reform efforts.