

NAVY'S ORGANIZATIONAL TRANSFORMATION: SUBSTANTIATIVE CHANGE OR JUST MORE MANAGEMENT HYPE?

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USAWC STRATEGY RESEARCH PROJECT

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ABSTRACT

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This paper explores organizational change and transformation within the Naval Aviation Enterprise of the United States Navy. Fueled by Defense Secretary Donald Rumsfeld's drive to modernize the bureaucracy within DoD and driven by the 2005 Base Realignment and Closure (BRAC), DoD sought to streamline and improve its organizations and processes. Correspondingly, the U.S. Navy set out to transform, recapitalize and modernize itself for the future while simultaneously meeting current wartime and operations readiness requirements. This paper examines the Navy's ongoing organizational transformation, evaluates the impact of the latest BRAC initiatives on the implementation of the Fleet Readiness Center (FRC) Concept and concludes with an evaluation of the FRC Concept progress and prospects for success.

NAVY'S ORGANIZATIONAL TRANSFORMATION: SUBSTANTIATIVE CHANGE OR JUST MORE MANAGEMENT HYPE?

It is imperative to develop, nurture, and engage strategic thinkers' at all levels-critical, creative, broad-gauged visionaries with the intellect to dissect the status quo.....

—Gregory D. Foster
Industrial College of the Armed Forces

In Mid-July 2001, Secretary of Defense, Donald Rumsfeld declared another round of Base Realignment and Closure (BRAC) would take place in 2005.¹ Leading into this announcement were four other rounds of base closures (1988, 1991, 1993 and 1995) resulting in 97 major installation closures and associated realignments. These previous closures eliminated approximately 20 percent of the Department of Defense (DoD) capacity and produced approximately \$16.7 billion in savings.² The Naval Aviation Enterprise was dramatically downsized during the 1993 BRAC when it lost three major Naval Aviation Depot installations located in: Alameda, California; Norfolk, Virginia; and Pensacola, Florida.³ Nearly 12,000 men and women were displaced, retired early or became unemployed through reduction in force (RIF) measures. Three Naval Aviation Depots at San Diego, California; Jacksonville, Florida; and Cherry Point, North Carolina survived these BRAC rounds and aviation sustainment activities were consolidated at these depots. These three activities now employ more than 10,000 men and women and are significant contributors to the local communities...both in their economic contributions and also across all community, social and local government arenas.

Notwithstanding DoD's intent to gain economies and efficiencies through the consolidation and streamlining of DoD installations, many states and communities

formed committees and hired lobbyist's to justify and fight for their bases. While local politicians viewed the pending BRAC closures as a catastrophic threat to their local and state economies, the Pentagon viewed the BRAC strategy as necessary and critical to improving both the efficiency and effectiveness of the DoD.⁴ Generally, past BRAC closures were tied to capacity-reduction exercises and cost savings. However, the 2005 BRAC was designed around Secretary of Defense Donald Rumsfeld grand strategy for "transforming the Defense Department by rationalizing our infrastructure with our defense strategy."⁵ Secretary Rumsfeld made the creation of joint bases a main focus of his strategy. The intent was to force the Services into combining and sharing similar facilities and functions while reducing unneeded redundancy across DoD. He articulated this strategy in his seminal "Bureaucracy to Battlefield" speech delivered at the DoD Acquisition and Logistics Excellence Week Kickoff Conference. During his speech, he declared that our most dangerous enemy was not some external threat but rather a bloated and inefficient Pentagon bureaucracy. The speech and his announced reform efforts were not directed at any of the hard-working DoD employees but rather at the perceived redundant organizations and inefficient and ponderous processes. He described the Pentagon as a place where money disappears as a result of gridlock and where innovation is stifled as a result of outmoded and inefficient processes creating an unmovable and inflexible institution. He referred to his announced efforts to transfer resources (money and personnel) from the pentagon "bureaucracy" to the "battlefield" as a matter of national security. In an era, where dollars are tight and the future is uncertain, the department needs every dime to modernize and transform the U.S. military. His speech was a plea to the men and

women of the Department of Defense, within and outside the Pentagon, to help him transform DoD.⁶ Correspondingly, Secretary Rumsfeld became the driving force around organizational reform within DoD. No one doubted that Mr. Rumsfeld would see his transformation vision through. According to Paul Wolfowitz, Mr. Rumsfeld has a long standing reputation for driving change from the top, which dates back to the late 1970's.⁷

On 15 November 2002, Defense Secretary Donald Rumsfeld sent a memorandum to the secretaries of the military departments cajoling them to use the 2005 BRAC as a means to reconfigure the current infrastructure into a more effective and efficient organization with a focus on improving operational capacity for both war fighting capability and peacetime support. Secretary Rumsfeld's intent was to apply the resources gained from this reorganization to fund future capabilities.⁸ By closing and consolidating facilities it no longer requires, the Pentagon estimated it would save about \$49 billion over the next 20 years that could alternatively fund additional warfighting personnel and equipment it needs.⁹

In 2003, the Chief of Naval Operations responded by publishing the Sea Power 21 strategy for the Navy.¹⁰ Consistent with Rumsfeld's organizational transformation, one of the major aspects of Sea Power 21 was a focus on generating sufficient resources to recapitalize the Navy through savings gained with organizational and process reforms. The Naval Air Systems Command (NAVAIR) Commander, responded by bringing together the major stakeholders in the maintenance and supply business through the establishment of the Naval Aviation Enterprise (NAE). The vision of the NAE is "to champion the efficient delivery of the right force with the right readiness,

efficiently, at the right time... today and in the future.”¹¹ The enterprise established the organizational future vision that would be implemented through the 2005 BRAC process. Fundamental to the transformation was the development of the Fleet Readiness Center (FRC) concept. The confluence of the introduction of an enterprise management approach, the *AIRSpeed* implementation measures and the BRAC-driven consolidation and streamlining of aviation intermediate and depot maintenance would drive the largest organizational transformation that the Navy has seen in 50 years. Mr. John Johns, the acting Commander of the FRC, marked the ‘standup’ of the FRC during a plank holder ceremony held on April 9, 2008.¹²

In retrospect, the Navy began devising its organizational change strategy in late 2003. Not only was the Navy focused on supporting the global war on terrorism, but they had undertaken an initiative to change a culture of consumption to one of cost wise readiness.¹³ In 2003, the Naval Air Systems Command (NAVAIR) and the Chief of Naval Air Forces (CNAF), made the decision to reengineer the Navy sites by creating a culture of cost-wise readiness using the management approaches of ‘theory of constraints,’ lean and six sigma. The enterprise coined this business process reengineering venture – ‘*AIRSpeed*.’ *AIRSpeed* is the integration of the following three process-oriented methodologies:

- Theory of Constraints (TOC) is a holistic systems management approach developed by Dr. Eliyahu M. Goldratt.¹⁴ The philosophy focuses management attention on a limited number of governing ‘constraints’ that prevent the ‘system’ from producing or achieving more of its performance objective. The philosophy spotlights the entire process, identifies the most constraining

factor and then develops an intervention strategy that, because of the importance of the limiting constraint, improves the whole system, not just a portion of the system.¹⁵

- Lean focuses on streamlining processes to improve throughput while eliminating waste and redundancies throughout the system. The intent is to gain efficiencies across all portions of the process by reducing inventory, duration of activities, amount of effort per task, used space, and manpower.¹⁶
- Six sigma is a data-driven methodology, which strives to eliminate defects and to reduce the variability in processes.¹⁷

When combined and aligned in *AIRSpeed* these three approaches provide a single comprehensive methodology for managing the Naval Air Enterprise by focusing on the most important limiting factors (TOC), efficiencies in the overall process (lean), and the quality/effectiveness of the process/product (six sigma).

AIRSpeed is thus an overall enterprise approach for continuous process improvement which aligns and optimizes Navy maintenance and supply activities to end-user demand (operations). To facilitate management reforms and organizational improvements, the enterprise established multi-functional implementation teams to redesign the sustainment, repair and replenishment processes. These teams were given guidance to cross-over all organizational boundaries, break down any parochial barriers and examine the full range of repair and maintenance activities starting at the detection of a problem at the flightline to the return of the aircraft for tasking. Again the focus was on the entire system and its corresponding component sub-processes.

Navy Base Realignment and Closure (BRAC) Concept

The Fleet Readiness Center concept was proposed and submitted through the Industrial Joint Cross Services Group, which was a sub-element of the BRAC Commission. The concept was approved and published in the 2005 Defense Base Closure and Realignment Commission Report to the President.¹⁸ The report called for the realignment and closure of eighteen Navy sites. According to cost projections, the transformation will save \$1.0 billion dollars over the Future Year Defense Plan (FYDP) for alternative use by the Navy leadership, such as the increased funding for recapitalization of the force. Achieving these transformation goals is paramount in that the policy-makers in the Pentagon have already begun to re-program the forecasted savings.

The Fleet Readiness Centers encompass six geographic centers of excellence with eleven attendant sites. Significantly, the BRAC report did not make any reference to establishing or realigning the two existing headquarters overseeing the separate depot maintenance (Naval Air Depots (NADEPs)) and intermediate maintenance (Continental United States (CONUS) aircraft intermediate maintenance departments (AIMDs)) activities. The BRAC guidance provided very broad instruction on consolidation but left much of the detailed planning to the services and really only addressed the operational sites. For example, the BRAC law mandates the establishment of six Fleet Readiness Centers and provides specific guidance for each center such as:

Realign Naval Air Station Oceana, VA, by disestablishing the Aircraft Intermediate Maintenance Department Oceana, the Naval Air Depot Cherry Point Detachment, and the Naval Air Depot Jacksonville Detachment; establishing Fleet Readiness Center Mid Atlantic, Naval Air Station, VA; and transferring all intermediate maintenance workload and

capacity to Fleet Readiness Center Mid Atlantic, Naval Air Station Oceana, VA.¹⁹

Implementing this consolidation required a broad range of considerations beyond consolidation of organizations and people. One of the biggest challenges of consolidating the depot and intermediate maintenance organizations was overcoming the incompatibility of the two communities' cultures and norms and integrating them under one command. The intermediate level maintenance community is manned predominantly with military personnel. The cultures and norms of this community reflect a very structured and control-centric military environment. Conversely, the depot level maintenance community is civilian-centric. The cultures and norms of this community are that of a more flexible and adaptive work environment that decentralizes authority and empowers and holds its employees responsible for achieving results with limited detailed guidance. The third challenge was resolving the management roles and likely consolidation of the two heretofore distinct and separate headquarters overseeing these previously separate, but now consolidated, maintenance activities.

The consolidated depot and intermediate level organizations provides shore based off-flightline maintenance with three major roles: "1) provide components, engines, aircraft, and services to produce the required flight line readiness, 2) provide equipment upgrades to meet increasing capability requirements, and 3) provide naval supply inventory supply shelf stock components."²⁰

In January 2007, the Naval Aviation Enterprise Board of Directors approved the concept of operations that had been developed by the Naval Air Systems Command's (NAVAIR's), Commander for Naval Aviation Depots (NADEP's). This concept of operations effectively implements the BRAC 2005 mandates.²¹ To monitor

Functional Areas	Options	Approved Process	Implemented	Deviation Result
Command and Control	1) Align with Chief Naval Air Forces (CNAF) 2) Align with Naval Air Systems Command (NAVAIR) 3) Hybrid approach	1) Align with CNAF 2) NAVAIR retains technical authority	1) Aligned to CNAF, with an addu relationship to NAVAIR 2) NAVAIR retained technical authority	Completely different alignment. As a result, all of the other business models had to be revamped.
Financial	Manage under a single financial system -Navy Working Capital Fund (NWCF) - Mission Funded - Hybrid	Transform financials under NWCF or Mission Funded	A hybrid process that is still managed by the three separate entities	No single manager and multiple processes exist
Total Force Management	Integration of military, civilian and contract workforce	A full time manager on the COMFRC staff that manages human capital	A full time manager on the staff, but the workforce continues to be aligned to three separate entities	Added a layer of bureaucracy and created multiple bosses
Supply Support	1) Move point of sale transaction to the squadron 2) Capture the expense of the component when it is removed from the aircraft 3) Leave the point of sale where it is	Move the point of sale transaction to the squadron	Point of sale remained in the original location	No change was made to the point of sale, relocated the Depot level artisans to the field sites
Maintenance	Move the aircraft brokering process to COMFRC	Develop a protocol that details the brokering process	Recommendation implemented	
Information Technology	1) Leave existing tools in place and manage manual processes 2) Make major modifications to the enterprise solution	1) Participate in the requirements determination process for Navy Enterprise Resource Planning (ERP) 2) Interface existing tools to support single process initiatives	Recommendation implemented	

Table 1: FRC Cross-Functional Team Management Assessments²²

implementation and ensure effective cross-organizational integration of consolidation activities, a series of cross-functional teams were established to synchronize the existing off-flight line maintenance infrastructure. Table 1 depicts the operational and functional areas and how they met the stated design criteria:

According to the organizational design concept, the FRC will operate within the NAE as a subordinate command to CNAF with a dotted line representing additional duty (ADDU) to NAVAIR. The FRC relationship is illustrated in Figure 1:

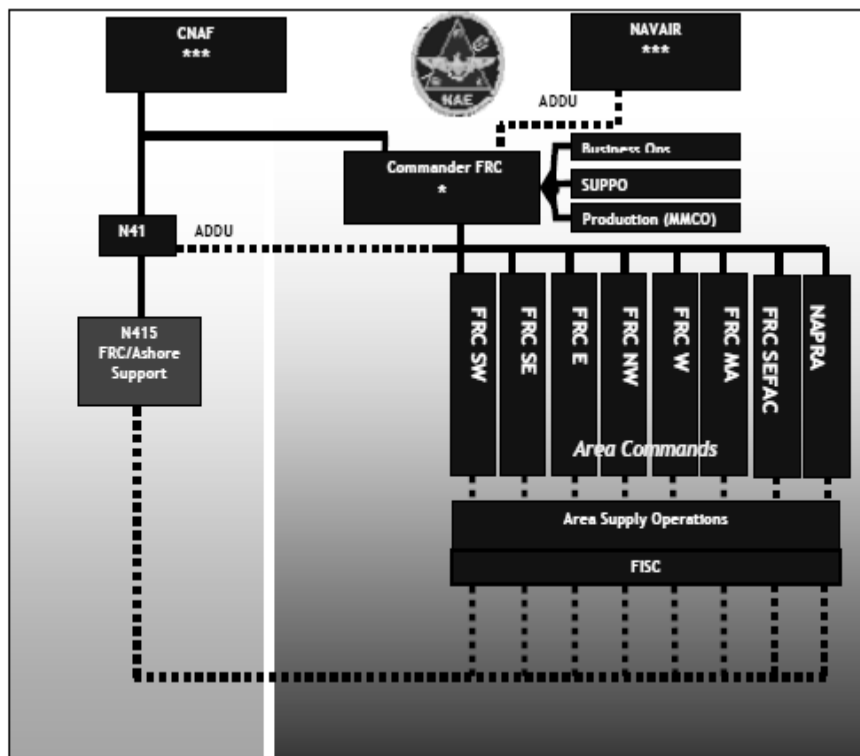


Figure 1: FRC Organizational Concept and Command Relationships²³

Overall Impact of Divergence

Out of the six functional areas that were proposed, three of those resulted in significant deviations (see Table 1). These deviations have led to increased bureaucracy, conflicting or inefficient processes and disjointed oversight. Although

many of the associated negative consequences have been mitigated by the continuous intervention of managers and employees in their efforts to provide support to the warfighter, the deviations have diluted and constrained the transformation change efforts. The challenge for the transformation will be to continue the organizational change momentum to overcome these emerging barriers and continue to improve performance.

John P. Kotter in his book *Leading Change* provides a useful framework for examining both the Navy's strategy for implementing the organizational transformation to Fleet Readiness Centers and the emerging deviations.

Applying Kotter's Change Model

According to Kotter,²⁴ successful transformations fail because of eight common errors each of which can be overcome by aggressive and focused multi-stage management steps. Most important, Kotter emphasizes that successful transformations require inspired leadership and competent management that provides purpose, direction and motivation for the entire organization and that can detect and respond to emerging barriers and problems. He proposes eight steps required to *lead* change:

- 1) Create a sense of urgency to motivate the organization and overcome complacency and resistance to change.
- 2) Establish a powerful change management team to guide the change effort.
- 3) Create a compelling vision and associated implementation strategy.
- 4) Effectively communicate the change vision, goals and objectives.

5) Empower broad-based action by granting employees the authority and encouraging the exercise of initiative to implement the strategy and overcome unforeseen obstacles.

6) Measure progress and generate and advertise short term successes.

7) Consolidate progress and use it to generate more change.

8) Anchor new required norms, values and approaches into the organizational culture.

The Naval Aviation Enterprise change management effort reflects Kotter's steps in varying degrees:

1) Create a sense of urgency. The previous BRAC closures provided a clear example of the consequences of resistance to change. Those organizations that failed to achieve economies and efficiencies and relied on stovepiped parochial interests and institutional inertia to resist streamlining and reforms found themselves the target for subsequent BRAC rounds. For instance, during the 1993 BRAC round the Navy had closed three other sites which resulted in the loss of nearly 12,000 jobs. Management was also acutely aware that the Air Force was proposing that they be made the sole aviation maintenance provider for all services. The Navy recognized that they were going to have to make a compelling case to preserve naval aviation maintenance and gain economies and efficiencies across all maintenance activities. According to Kotter, creating a sense of urgency is imperative to securing the required cooperation of the entire organization.²⁵

2) Establish a powerful change management team. Once the BRAC 2005 recommendations were approved, Navy leadership began to build the Commander,

Fleet Readiness Center (COMFRC) organization with full time managers and employees. Implementing the BRAC mandates would be their primary area of concentration over the next several years. Kotter emphasizes that there is no one leader that can make large change efforts successful with large numbers of people involved. Successful change efforts occur when a team of managers and subject matter experts (SMEs) work together and continuously monitor and re-energize change efforts during execution.²⁶ Inherent in developing an effective guiding coalition is to also aggressively eliminate those who surface as opposition to the change efforts. Generally, the higher the level of organizational reform, the more difficult it is to gain support from leaders whose organization is targeted for consolidation, reduction or reduced resourcing. The change management team must be powerful enough to overcome efforts to overtly or covertly block reforms for parochial or political reasons. As indicated in Table 1, powerful stakeholders were able to force deviations to the original concept which diluted the change effort.

3) Create a compelling vision and strategy. A vision was developed and circulated from the onset. The following FRC primary function statement was approved by the Naval Aviation Enterprise board of directors:

The primary function of the Fleet Readiness Centers is to produce relevant quality airframes, engines, components, and services to meet the NAE's aircraft ready for tasking (RFT) entitlements at improved efficiency and reduced cost. To perform to entitlement requirements, FRC provides integrated off-flight line repair, in-service industrial scheduled inspections/modifications, and deployable Sea Operational Detachments.²⁷

Kotter tells us that urgency and a strong guiding coalition are necessary but insufficient conditions for major change. Vision plays a key role in producing useful change by helping to direct, align, and inspire actions on the part of large numbers of

people. Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all.²⁸

The primary function statement was published in the concept of operations.²⁹ Unfortunately, the strategy changed in the middle of implementation, which created confusion and frustration because many of the supporting plans had to be modified.³⁰ When senior leadership changed, the strategy changed which had a negative impact on the transformation. Also, there is currently no established overarching strategy for COMFRC. What exist are many different organizations with oversight responsibility providing multiple layers of different visions - all of which are guiding the same activities. Kotter's strategy tells us that a single vision provides a strong foundation and a unifying path for achieving a successful transformation.³¹ An excellent example is the NAE's strategy that transformed five warfare enterprises into a consolidated enterprise with a single fleet driven metric.³² Unfortunately, the lack of a clear capstone vision and strategy and multiple attendant visions leads to a diluted and confusing message. Additionally, although many personnel initially participated in numerous kick-off events, there has been little done to continue wide-spread communications of the intent of the transformation throughout the organization. This is despite major reorganizational changes that involved a high degree of personnel turbulence.

4) Effectively communicate the change vision, goals and objectives. The strategy was communicated through an implementation management plan that was published January 18, 2008.³³ Senior leaders in both maintenance activities were identified as change agents in specific functional areas. It was these individuals'

responsibility to ensure the vision and strategies were communicated throughout the workforce and ensure the performance metrics were being utilized to measure progress. It was also their responsibility to ensure the identified metrics were being used to measure, report and achieve the BRAC targets successfully. Kotter advises us that each employee will receive 2,300,000 words or numbers in total communications in a three month period. Therefore, he asserts that keeping the communication simple will reduce the amount of time and energy required by change agents to deliver the message. Likewise, Kotter also recommends leaders devise a simple message which is more likely to achieve success than a complicated one that inundates an already overloaded communications stream.³⁴ Additionally, in order for an organizational strategy to be effective, the organization must form a guiding coalition with the right mix of executives; ones that have strong positional power, extensive expertise and possess high credibility. These coalition members must also possess superb leadership and expert management skills. Combining trust and a common goal shared by managers and employees creates a powerful team that can drive change.³⁵ In the case of this transformation, not all members of the guiding coalition possessed the requisite skills and experience and thus failed to engender widespread trust and confidence in the prospects for the successful implementation of the concept.³⁶ In addition, the coalition did not appear to foster the two-communications of shared goals and objectives. The team members at headquarters routinely failed to share critical management information and rarely solicited ideas from team members in the field. This undermined the transformation efforts. According to Ms. Carol Eaton, Acting Executive Director, FRC Mid-Atlantic:

“when headquarters fails to involve the affected field activities in information gathering and sharing, key issues are often either overlooked or don’t received the proper amount of attention. This behavior fosters the ‘us versus them’ vice ‘team’ mentality and adds road blocks to transition. The sharing and soliciting of information is essential to a smooth transition and fosters ownership/buy-in of the transition process and final implementation.”³⁷

5) Empower broad-based action. This proved to be a bit more challenging than the first four steps. The high visibility of the organizational transformation and the predisposition of military bureaucracies towards micro-management impaired decentralization. Any deviation from the published strategy required prior approval. In the beginning, decisions were rendered quickly. However, as time went on, it took longer and longer to receive the required approvals. Consequently, many of the team members chose to live with inefficiencies rather than ‘fight the bureaucracy’ to get the required approval for corrective actions. Thus, the broad-based empowerment referred to by Kotter as being essential for major transformations was impeded by higher headquarters’ perceived need to ‘manage’ vice ‘lead’ and ultimately impeded the change effort. To successfully empower employees, you must do more than talk about it. It must be followed by what you do such as supporting, praising, and rewarding employees who exercise initiative in adapting the strategy; allowing employees the freedom to fail when exercising that initiative; and developing measures for monitoring successful organizational outcomes - NOT strict compliance to some activity schedule. To overcome the organizational cultural impediments to decentralization, the Navy should have developed a specific implementation approach that required managers and employees to receive training on empowerment and also hold the leaders throughout

the organization accountable for implementing empowerment measures in both name and spirit.³⁸

6) Measure progress and celebrate short term successes. The organizational transformation required a wide range of complex tasks spread over a 5 year planning period and will likely stretch into a decade of required adjustments. The concept required a multiple phased approach with firm MILESTONES for progress. Kotter addresses the importance of providing positive organizational feedback by advertising and rewarding short-term successes. In some respects, this was achieved by rewarding key players with monetary awards. This approach motivated team members and helped them to maintain the momentum to continue the change process. Generally, however, there was limited cross-organizational high visibility, well-attended events designed to advertise short term successes using relevant and unambiguous performance attainment measures directly related to the change effort. These short-term achievement goals needed to be developed in advance, disseminated, and tracked. They cannot be left to chance or made-up and artificially addressed for publicity purposes only. The visible results should lead logically into the future transformational vision. While the formation and activation of the FRC regional centers were used to advertise 'progress', the associated improvements in efficiencies and effectiveness were generally undersold.³⁹ This data was available and much more compelling than the mere reorganization of headquarters and commands. Moreover, there was an absence of short-term progress reporting on the higher level headquarters organizational design. As reflected in Table 1, the alignment of FRCs under CNAF with a dotted management line (which eventually muddled into a weakened Addu

relationship with NAVAIR retaining technical authority over the FRCs) diluted unity of command and effort. Kotter specifies that this step, together with the previous five, are essential for building institutional momentum to generate and sustain the change effort through to completion.⁴⁰

7) Consolidate progress and use it to generate more change. This measure requires periodic and comprehensive assessments of the transformation. Progress must be consolidated by examining all processes, sub-organizations, and procedures to ensure that they are all compatible with a morphing and adapting strategy.

Inconsistencies must be reconciled with an adaption of the system and/or a revision of the vision and strategy. Correspondingly, difficult human resource changes must be made to keep or put the transformation on track. This includes changing leaders who resist the change efforts, modifying hiring and promotion criteria, instituting training and development programs, etc. For the FRC BRAC initiative, functional areas that were unintentionally not addressed were included as those areas became apparent.

However, major new management initiatives, for the most part, were not pursued.

Because of the hierarchical nature of the military oversight, the concept of operation took on an authoritative role in and of itself. More attention was focused on compliance with the concept than critical assessment and re-evaluation of the concept's provisions and associated monitoring criteria. Conversely, the turbulence in military leadership caused by its personnel rotation policies both disrupts continuity but also allows for periodic reviews to update and modify the transformational plan...sometimes with justified changes and sometimes making changes for change-sake. With the FRC BRAC transformation approaching the end of its current implementation planning period

(30 September 2010), the entire program is likely primed for a comprehensive consolidation of gains that could address those deviations highlighted in Table 1 and possibly re-energize the transformation, articulate a revised vision, improve measures of success, adjust the concept of operations and appoint newly inspired leaders and new guiding coalition.⁴¹

8) Anchor new required norms, values and approaches into the organizational culture. Kotter recognizes this as the most challenging and most important step for sustaining organizational change. Due to the nature of cultures, invariably cultural change occurs last.⁴² Aligning the culture with the new organizational reforms requires a deliberate strategy to imbed and reinforce associated enabling cultural norms and values. New approaches have to be broadly discussed, inherent performance payoffs advertised and then clearly recognized and adopted by both the leadership and the rank and file. Changes have to be internalized to become “how we do business around here.” In many respects, the cross-functional implementation management teams and detailed monitoring procedures have helped advertise the corresponding unification of the off-flightline maintenance activities and demonstrated the advantages of repairing components closer to the flight line faster and cheaper. This is a positive step towards imbedding the associated “quick response” and “fix forward” norms and values into the new regional FRCs. Making everyone responsible for improving both the effectiveness (improved aircraft readiness) and efficiency (decreased manpower, time-to-repair and cost) has clearly helped internalize the associated cultural norms. Correspondingly, the Naval Aviation adoption of a single Fleet-driven measure of success (Fleet Ready-For-Tasking (FRT) at a reduced cost)⁴³

helps align and reinforce the cultures of both the maintenance and supply activities within the FRC organizational transformation. Despite these highly effective actions, additional measures internalizing rewards and sanctions for employee and manager supporting behaviors and a more transparent means of enforcing compliance could improve the alignment of the cultures of both the disparate Intermediate and Depot maintenance organizations within the unified FRCs.

The deviations highlighted in Table 1, are indicators of problems in implementing the transformation and, in most cases, preventing the optimization of the FRC D-I Maintenance consolidation. Kotter's approach recognizes the underlying factors driving these deviations and generally calls for inspired and forceful *leadership* as the solution to overcoming these barriers. However, Deborah Stone provides a useful model that also helps to frame the emergence of these impediments and better informs senior leaders in how best to overcome them.

Use of the Polis Model to help Overcome Emerging Political Barriers to Change Efforts

Before the Presidents committee was completed with the BRAC recommendations, the Navy had several senior level decision makers engage in the process. These managers would ultimately share the consequences of those decisions. The Department of Defense decision making apparatus is primarily based upon the rational decision model with its origins founded in the Planning, Programming, Budgeting and Execution (PPBE) Process. The rational model uses four basic steps: 1) identify goals; 2) develop alternative ways of achieving the goals, 3) compare and assess the alternatives, and 4) select the 'best' alternative based upon comparative advantages and disadvantages according to logical criteria. The most common

approach to the rational decision model is cost-benefit analysis, risk-benefit analysis, and decision analysis.⁴⁴

However, as with most large organizations with well-established bureaucracies, DoD decision making is profoundly influenced by internal and external political factors that distort rational decision making and change efforts. According to Stone, nearly every step in the rational model is used for other 'political' purposes and thus can weaken or even derail change efforts. For instance the proclamation of goals can be used as a way of gathering political support from ones colleagues.⁴⁵ Stone believes that individuals who advocate for the rational decision model overlook the political pressures that can ultimately lead to a decision that does not optimize the concept or strategy end result. The polis model on the other hand, assumes that the problem and the associated influences are in a constant state of flux and are motivated by organizational and self interests. The following Table provides a side-by-side comparison of the rational-analytical model and the polis model developed by Deborah Stone.

	Rational-Analytical Model	Polis Model
1	State precise goals	State goals vaguely and modify them as the political landscape changes
2	Hold fast to the goals during the problem period	Ignore undesirable alternatives
3	Ascertain as many alternatives as feasible	Identify your alternative as the sole feasible option
4	Develop well-defined courses of action	Concentrate on positive features of your course of action
5	Assess the costs and benefits of each course of action	Intermingle courses of actions and do not generate negative opposition
6	Opt for courses of action that exploits overall interests defined by the goals	Make your preferred case look the best by emphasizing chosen courses of action
7	N/A	Select courses of action that minimizes the number of unhappy constituents. Portray your decision as the best for stakeholders

Table 2: Comparison of the Rational-Analytical Model versus Polis Model⁴⁶

The rational-analytical model assumes that the problem being analyzed remains somewhat fixed throughout the decision-making process and ultimately into the implementation phase. The polis model recognizes that politics are a major driver and that the decision maker must continuously consider and update problem framing and alternative responses strategies based upon political dynamics and other associated agendas. In the polis model, statements of goals are really statements of desire and are used to gather information on the political viability or, as previously mentioned, to garner political support from other stakeholders. In this light, vagueness is better than precision. Being vague allows potential supporters to 'read in' their own interests as well as leaves a decision maker with 'wiggle room' for later clarification or avoidance.⁴⁷

The polis model purports that supporting data can be interpreted, distorted or misapplied to justify or refute almost any alternative according to the self-interests of the stakeholders. As a result, the outcome of a proposal is ultimately determined by the political influences of the stakeholders and not any associated objective supporting data. Although policymakers begin the decision making process by using the rational-analytical model, our democratic and bureaucratic processes drive the policy makers into the polis framework. Correspondingly, as a result of political influences of powerful stakeholders, not all of the original FRC transformation criteria were implemented during the transformation. Consequently, the Navy senior leadership apparently made modifications to the original headquarters framework in order to retain oversight and organizational authority and to retain or increase manpower and overall budgetary authority. This was at the cost of gaining unity of effort and optimizing potential economies and efficiencies at the higher organizational levels. This diversion of

interests and perspectives generated deviations in the execution of the FRC transformation.

How Bureaucracies Respond to Reduction in Resources and Downsizing

Every bureaucracy responds differently to transformation efforts that portend a reduction of resources and downsizing. A portion of the response depends on the type of business being transformed. For example, Fairris argues that transformations in production environments generally reduces the working conditions of employees at the lowest production level and achieves minimal productivity improvements.⁴⁸ In other words, economies and efficiencies are attempted to be gained by reducing the resources at the lowest working level by trying to do the same or more with less. Managers seldom begin by reducing the overhead or supporting management staff. If anything, these management resources become even more important, from their perspective, for them to successfully implement the required organizational downsizing. Similarly, Stevenson argues that managers respond to pressures for change by creating additional organizational structure despite increasing personnel, facilities and administrative expenses of that structure. The bureaucracy naturally responds to performance challenges with more bureaucracy.

Managers respond to pressures for change by adding structures, regardless of increases in administrative cost and complexity, because bureaucratic structure is the legitimate socially prescribed vehicle to accomplish bureaucratic goals. This implies that attempts at major changes in public bureaucracies may lead to more bureaucratic structure and increased costs of administration.⁴⁹

The Fleet Readiness Center transformation reflects both of these consequences. However, to date there is no evidence that the transformation has decreased the lower level working conditions or productivity of the workers. In fact, labor productivity has

increased quite substantially since the FRC transformation began. This has been tracked through several measures of performance of the combined D-I maintenance activities. Performance data is reported monthly and cost savings are progressing steadily towards the targeted \$1.0 billion that the Navy is to produce to achieve the estimated BRAC savings.⁵⁰

However, the FRC transformation has increased the higher level overhead bureaucracy and has actually complicated oversight responsibilities. What used to be a staff of approximately 60 employees within the Commander, Naval Aviation Depots, has now grown to over 150 employees within the Commander, Fleet Readiness Centers. In addition, the headquarters staff resident within the Chief of Naval Forces remains in existence. This has complicated and diffused oversight and reporting.⁵¹

Recommendations

The Naval enterprise transformation began with the Navy's adoption of modern business practices in 2000. The Naval Aviation Systems Command (NAVAIR) combined three management approaches (TOC, Lean and Six Sigma) under the AIRSpeed initiative in 2002 and applied these modern business practices to depot level maintenance activities. As discussed above, these management initiatives have subsequently been applied to the BRAC mandated re-organization and consolidation of depot and intermediate level activities under the FRC concept. Overall, the FRC transformation has progressed well, however, much more needs to be accomplished. In pursuing the FRC transformation through a wide range of innovative management approaches, the Navy has gained valuable experience with each and has also learned much about the interdependencies and synchronization of the methodologies. Thus, the setbacks have educated as much as the successes. "Just as stability can inform our

understanding of change and transformation, recognizing failure helps us gain deeper insights into success.”⁵² The real value of these deviations lies in their application to follow-on transformation efforts including the development of a revised vision and strategy and the publication of a new concept of operations. This follow-on transformation effort should be developed through the following:

- Conduct a comprehensive review of the current BRAC mandated re-organization before it expires on 30 September 2010.
- Establish another more powerful guiding coalition with the decision authority at the three-star level. Those of the guiding coalition should be held accountable for the completion of any and all transformation action measures. This will eliminate impediments for consolidation and ensure unity of command is achieved.
- Develop and conduct a robust training program for the formation of highly effective cross-functional implementation teams and selected change agents. These change agents would be experts in AIRSpeed process improvement methodology.⁵³
- Develop and implement a comprehensive set of cross-fleet metrics that tracks progress in streamlining management and decentralizing execution.
- Compile an action plan that directly addresses the deviations in the three functional areas of command and control, financial and total force management. One of the limiting factors for effecting reforms in these three areas is the political influence of internal and external stakeholders that have differing views of what changes need to be made. Correspondingly, building consensus within and between these stakeholders on a revised headquarters organizational command and control concept would be an important first step in formulating an effective follow-on action plan.

Conclusion

Leading effective organizational change efforts is a demanding but a quintessential strategic leadership challenge. Driven by limited resources, increasing costs, and external mandates the Navy employed an innovative set of management measures to transform its off-flightline maintenance support. While significant progress has been made, much remains to be accomplished. As noted above, Kotter's eight step process and Stone's polis model provide useful frameworks for understanding and leading transformational change within DoD in general and the Navy in particular. Together they help identify and explain the deviations from the FRC concept of operations listed in Table 1 and also help frame the way ahead for a new organizational transformation concept.

Endnotes

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¹⁵ Focused Performance, "What is Theory of Constraints?" <http://www.focusedperformance.com/toc01.html> (accessed October 18, 2009).

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²⁰ Naval Aviation Fleet Readiness Centers, *Concept of Operations*, (Patuxent River, MD: Fleet Readiness Center, 2007), 7.

²¹ Ibid., 2.

²² Naval Aviation Enterprise System Concept of Operations, (Patuxent River, MD: Fleet Readiness Center, 2006), 10-12.

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²⁴ John P. Kotter, *Leading Change* (Harvard Business School Press, Boston, Massachusetts, 1996), 21.

²⁵ Ibid., 36.

²⁶ Ibid., 57.

²⁷ Naval Aviation Fleet Readiness Centers Concept of Operations, January 17, 2006, 4.

²⁸ Kotter, *Leading Change*, 82.

²⁹ Naval Aviation Fleet Readiness Centers Concept of Operations, January 17, 2006, 4.

³⁰ Mr. Jim Vanderwende, Naval Aviation Depot Business/Financial Manager (former), telephone interview by author, January 25, 2010. During a phone interview with Mr. Jim Vanderwende, Naval Aviation Depot Business/Financial Manager whom was a member of the original implementation team he indicated “that when the strategy changed midstream, it caused the entire systems implementation to come to a halt until management could determine the full extent of the change. Then, to ensure the new guidance had been interpreted correctly, the concept had to be vetted through the new leadership chain.”

³¹ Kotter, *Leading Change*, 83.

³² Sam Perkins, “Navy Enterprise Transformation: Working for the Greater Good,” United States Navy and Babson Executive Education, May 2007, 2.

³³ Department of the Navy, FRC Implementation Management Plan COMFRC NOTICE 5400 (Patuxent River, MD: Commander, Fleet Readiness Center, January 18, 2008), 2.

³⁴ Kotter, *Leading Change*, 89.

³⁵ Ibid., 66.

³⁶ Mr. Dale Dille, Director, Corporate Business Operations (former), telephone interview by author, January 24, 2010. During a phone interview with Mr. Dale Dille, Director, Corporate Business Operations, he outlined the requirement for headquarter team members to possess the requisite skill sets in order to gain the trust of the individuals in the field. Mr. Dille shared “that more times than not, the headquarter representatives have never worked anywhere except for headquarters, so they have no functional or technical expertise, which increases the anxiety and mistrust of the field team members.”

³⁷ Carol A. Eaton, e-mail message to author, January 22, 2010.

³⁸ Kotter, *Leading Change*, 115.

³⁹ Mr. Joseph Rodriguez, Production Officer, telephone interview by author, January 26, 2010. During a phone interview with Joseph Rodriguez, Production Officer at FRC Mid-Atlantic,

“he believes that the efficiencies and effectiveness of the improvements are understated. He shared that while we report monthly measures of performance to headquarters, the front office misses the production floor cosmetic changes achieved, the increased morale, the transformation of processes and the fact that the team’s cultures and norms are beginning to meld. These are significant improvements that can only be seen if you work in the environment day after day.”

⁴⁰ Kotter, *Leading Change*,130.

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⁴² Ibid., 155.

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⁴⁶ Ibid., 33.

⁴⁷ Ibid., 232-256.

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⁴⁹ William B. Stevenson, “Change in the Structure of Bureaucracy: A Longitudinal Analysis”, *Journal of Sociological Perspectives*, 29(3), 307-336.

⁵⁰ Department of the Navy, FRC Implementation Management Plan COMFRC NOTICE 5400 (Patuxent River, MD: Commander, Fleet Readiness Center, January 18, 2008), 49.

⁵¹ Mr. Dale Dille, Director, Corporate Business Operations (former), telephone interview by author, January 24, 2010. During our phone interview, Mr. Dille also “shared that one of the most frustrating things to cope with is the multiple data calls about the same issue. But each staff interprets the data call differently. This occurs because the two staffs have not mapped out who is responsible for what functions. Consequently, the field sites have to respond to multiple data calls with the same number of resources that they had before the transformation occurred.”

⁵² Marie L. Thorne. “Interpreting corporate transformation through failure.” *Management Decision*, 38(5), 305-314.

⁵³ Meghan Brooks, *AIRSpeed Works: Success Is Possible at the Operational Level*, (Quantico, VA, 2008), 8-10.