



# NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

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## MBA PROFESSIONAL REPORT

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**An Analytical History of Provider Organization Support within Navy  
Enterprise: Naval Supply Systems Command**

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**By: Stephen G. Higgins  
Kristian L. Wahlgren  
December 2011**

**Advisors: Douglas A. Brook  
Kathryn Aten**

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**AN ANALYTICAL HISTORY OF PROVIDER ORGANIZATION SUPPORT  
WITHIN NAVY ENTERPRISE: NAVAL SUPPLY SYSTEMS COMMAND**

Stephen G. Higgins, Lieutenant Commander, United States Navy  
Kristian L. Wahlgren, Lieutenant Commander, United States Navy

Submitted in partial fulfillment of the requirements for the degree of

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December 2011**

Authors:

\_\_\_\_\_  
Stephen G. Higgins

\_\_\_\_\_  
Kristian L. Wahlgren

Approved by:

\_\_\_\_\_  
Douglas A. Brook, Lead Advisor

\_\_\_\_\_  
Kathryn Aten, Support Advisor

\_\_\_\_\_  
William R. Gates, Dean  
Graduate School of Business and Public Policy

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# **AN ANALYTICAL HISTORY OF PROVIDER ORGANIZATION SUPPORT WITHIN NAVY ENTERPRISE: NAVAL SUPPLY SYSTEMS COMMAND**

## **ABSTRACT**

In an increasingly constrained resource environment, the enterprise approach was introduced in the U.S. Navy to empower stakeholders across multiple commands to take a holistic view of objectives and processes and become unified to achieve required output with greater efficiency. As a member of the Navy Provider Enterprise, Naval Supply Systems Command (NAVSUP) is responsible for providing services, equipment and other resources to the Warfare Enterprises with focus of future readiness at minimal cost.

This project focuses on enterprise practices within NAVSUP. It analyzes how NAVSUP Enterprise was implemented and designed to function within the Navy Provider Enterprise construct. This project also describes NAVSUP's execution of the organizational change process and analyzes to what extent change is occurring.

The results of this thesis reveal that the NAVSUP Provider Enterprise is achieving positive organizational change through the implementation of collaborative enterprise management practices. The thesis reveals some identifiable organizational challenges and change issues that inhibit the achievement of NAVSUP Provider Enterprise goals. These findings are used to develop and present a series of recommendations to assist the leadership to further align NAVSUP Provider Enterprise actions with the change objectives.

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NCTRF	Navy Clothing and Textile Research Facility
NECE	Navy Expeditionary Combat Enterprise
NETWARCOM	Naval Network Warfare Command
NF	Navy Family
NNFE	NETWAR/FORCEnet Enterprise
PAA	Phased Adaptive Approach
PBA	Performance Based Agreement
PE ESG	Provider Enterprise Executive Support Group
PE EXCOMM	Provider Enterprise Executive Committee
PEO	Program Executive Office
PPBE	Planning, Programming, Budgeting and Execution
POM	Program Objectives Memorandum
PWG	Provider Working Group
QDR	Quadrennial Defense Review
RADM	Rear Admiral
RFT	Ready for tasking
ROI	Return on Investment
SES	Senior Executive Service
SMA	Supply Material Availability
SPAWAR	Space and Naval Warfare Systems Command
SUBFOR	Commander, Submarine Forces
SURFOR	Commander, Naval Surface Forces
SWE	Surface Warfare Enterprise
TQM	Total Quality Management
TYCOM	Type Commander
USE	Undersea Warfare Enterprise
VCNO	Vice Chief of Naval Operations

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# I. INTRODUCTION

## A. BACKGROUND

### 1. Transformation

The Navy's strategy for the 1990s was defined in *From the Sea*, a description of how to reengineer the Navy to deal with a more complex and uncertain world that was full of new global political and military dynamics.<sup>1</sup> During that period, the Navy faced rapidly declining purchasing power while at the same time the need to recapitalize its forces was growing. Reductions in the growth of DoD budgets combined with rising prices produced fewer real dollars available for accomplishing its objectives. Budget decreases and inflationary pressures were multiplied by a consumption-oriented behavior, creating an environment of having to make difficult trade-offs between recapitalization and maintaining readiness.

### 2. The Landscape of Change

Former Chief of the U.S. Navy Supply Corps, VADM J.D. McCarthy, has stated that there were several key factors that led to the creation and development of the Navy Enterprise concept. First, there was the need to recapitalize aging equipment without having negative impacts on current readiness. This task must also be accomplished while recognizing the fact that the current financial situation will not allow for increased budgets, and will in all likelihood have to be accomplished with reduced budgets. He cites the current trend in mandatory spending, including interest, is currently 62% of the federal budget and at its increasing rate will consume the entire federal budget around 2025. The U.S. debt is accumulating at an unprecedented rate and deficit spending is now a national concern. Because most mandatory spending is protected in the short term, and increased taxes are off the table in the short term, the acceptable solutions to these problems are limited. Economic growth has stagnated and the current focus has been on discretionary spending cuts to include the DoD budget, which currently accounts for

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<sup>1</sup> Sam Perkins, "Navy Enterprise Transformation: Working for the Greater Good," (Washington, D.C.: Babson Executive, 2007), 3.

about 56% of all discretionary funding. VADM McCarthy believed that the Navy needs to position itself to make better enterprise-wide decisions, and the implementation of enterprise structures is the way to accomplish this task. The Navy Enterprise will be able to place the needs of the greater Navy first by understanding and communicating the Navy objectives and priorities to all interested stakeholders.<sup>2</sup>

RADM Alan Thompson, former Chief of the U.S. Navy Supply Corps, has also stated the, “National military strategy requires us to ‘fight and win today and in the future’, and in order to do so the Navy must be able to sustain the readiness of the current force and build future force with the capabilities required to achieve those objectives.”<sup>3</sup> RADM Thompson asserts that the DoD budget can be expected to be under pressure for additional reductions because of growing entitlement programs and other domestic political priorities. The DoD also has its own internal challenges of growing manpower costs and the aging force that will need to be recapitalized in order to meet future threats in the face of the costs of current deployments to Iraq and Afghanistan.

Chairman of the Joint Chiefs, ADM Mike Mullen, has stated that he believes that a key factor in restoring readiness is “identifying and implementing efficiencies throughout the military, so that we can focus our resources where they matter most.”<sup>4</sup> The military’s concern of becoming a hollow force that has a large force structure but lacks the readiness, training, and equipment needed to fight effectively is understandable and must be addressed. ADM Mullen’s desire to focus on quality and capabilities while restoring readiness can be accomplished through the utilization of enterprise structures that will allow for collaboration among all stakeholders; especially when considering the additional objective of “remaining a whole, joint force”.<sup>5</sup>

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<sup>2</sup> VADM J.D. McCarthy, “Navy Enterprise: Improving the Business of the Navy,” Training Presentation, Navy Senior Leadership Seminar, Naval Postgraduate School, Monterey, CA, July 21, 2011 Brief, 12.

<sup>3</sup> RADM Alan Thompson, “Navy Transformation: Improving Enterprise Support Through Logistics” Presentation, 2006, 2, <http://www.ndia.org/>.

<sup>4</sup> Chairman, Joint Chiefs Staff. CJCS Guidance for 2011, Washington, D.C.: Government Printing Office (2011), 4.

<sup>5</sup> Ibid., 4.

### 3. The Navy Enterprise

#### a. History

ADM Vern Clark was arguably the first CNO who had a strong orientation towards the “business” side of the Navy to match his reputation as a war fighter.<sup>6</sup> The enterprise management concept was formally introduced to the Navy in ADM Clark’s Sea Enterprise initiative. Sea Enterprise sought to align all levels of the Navy’s business and standardize practices such as Total Quality Management (TQM) and Lean Six Sigma (LSS). ADM Clark conceptualized the Sea Enterprise construct as a key element of SEAPOWER 21 that sought to generate additional resources through improved business practices.<sup>7</sup> The Sea Enterprise concept sought to involve major stakeholders such as the Navy Headquarters, the Systems Commands, and the Fleet; in order to improve organizational alignment, refine requirements, and reinvest savings in order to buy the platforms and systems needed to transform the Navy. Drawing on lessons from the business revolution, Sea Enterprise had the goals of reducing overhead, streamlining processes, substituting technology for manpower, and creating incentives for positive change. In order to make the Navy’s business processes better equipped to achieve enhanced warfighting effectiveness in the most cost-effective manner, Sea Enterprise also desired to retire legacy systems and platforms that were deemed to be no longer integral to mission accomplishment.<sup>8</sup>

The success of earlier versions of management such as the Naval Aviation Enterprise (NAE), which was created in 2004, led Navy leadership to embrace the enterprise concept and spread it across all areas of warfare. The Navy-wide business transformation initiative has now been encompassed in the Navy Enterprise. When ADM

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<sup>6</sup> Perkins, “Navy Enterprise Transformation,” 6.

<sup>7</sup> *Ibid.*, 6.

<sup>8</sup> ADM Vern Clark, “Sea Power 21”, *Proceedings*, October, 2002, <http://www.navy.mil/navydata/cno/proceedings.html>.

Mullen relieved ADM Clark as CNO in June 2005, he came in to office sharing his predecessors' enthusiasm for and commitment to transforming the Navy's business culture.<sup>9</sup>

The Navy Enterprise construct was adopted by Navy leadership as a result of the need to recapitalize the force structure while maintaining or improving fleet readiness in a fiscally constrained environment. The purpose of the Navy Enterprise is to achieve efficiencies so that current and future readiness can be met with limited budgets. The Navy Enterprise attempts to gain an improved return on investments through improved resource allocation and increases in output over cost. The finalized structure of the Navy Enterprise that will be implemented is still evolving. The Provider Support Enterprise is the latest element of the Navy Enterprise to be created.

***b. Mission***

The missions of the broader Navy Enterprise included establishing business strategy and policy, providing governance that would ensure high-level collaboration was taking place to deal with current readiness and future capability issues, and acting as the Navy's top-level barrier removal board when senior level arbitration was required.<sup>10</sup> In addition to the traditional core capabilities of forward presence and power projection, the U.S. Navy is currently operating with the additional burdens of wartime deployments, anti-piracy operations, and disaster relief efforts.<sup>11</sup> According to Vice Admirals William Burke and Kevin McCoy who testified at a House Armed Services Committee hearing in July 2011, the Navy has been operating at an "unsustainable" pace for its current force structure and they described a force that was falling into disrepair and struggling to cover ever-increasing responsibilities with decreasing manpower and money.<sup>12</sup> As a result of the increasing costs of operations, the

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<sup>9</sup> Perkins, "Navy Enterprise Transformation," 15.

<sup>10</sup> Perkins, "Navy Enterprise Transformation," 16.

<sup>11</sup> Mackenzie Eaglen, "U.S. Navy: Can't Keep This Pace Without Resources," The Foundry (blog), July 13, 2011, <http://blog.heritage.org/2011/07/13/u-s-navy-cant-keep-this-pace-without-resources/>.

<sup>12</sup> Ibid.

Navy must have the ability improve its return on investment (ROI). The Navy Enterprise initiative supports these efforts to improve the ROI for the Navy as a whole.

*c. Goal*

The goal of the Navy Enterprise is to ensure that all elements of the Navy organization are continually working in harmony to achieve their common purpose of delivering the Navy’s contribution to the defense of the United States in the right quantity, at the right time, and at the right cost.<sup>13</sup>

*d. Structure*

The Navy Enterprise structure has two major sub-components that include the Fleet Integrated Executive panel (FIEP), formerly referred to as the Fleet Readiness Enterprise (FRE), that includes the warfare enterprises, and the other major component is the Provider Enterprise. Figure 1 represents the structure of the Navy Enterprise from its creation until 2010, when several changes were implemented.

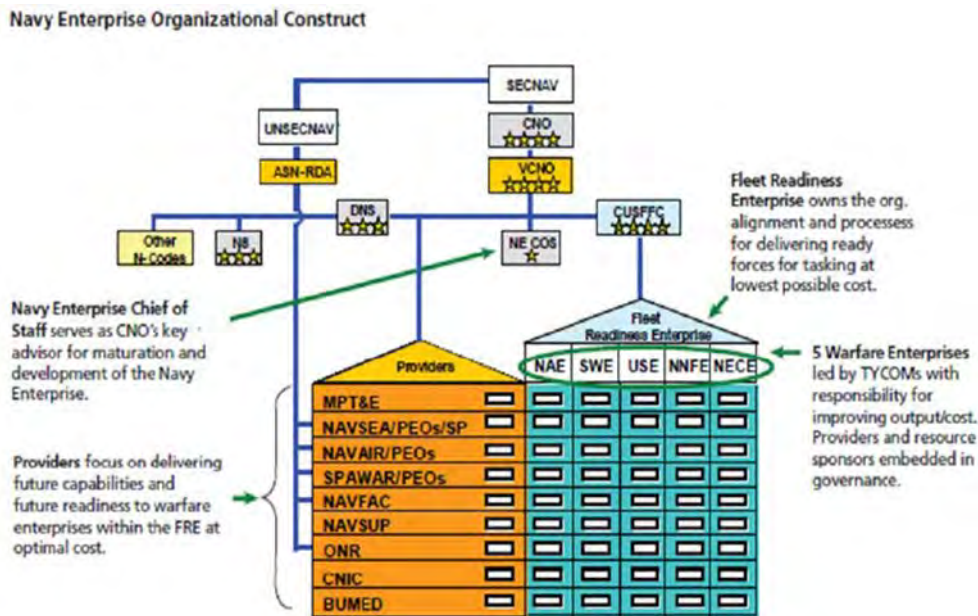


Figure 1. Navy Enterprise Organizational Construct. (From: Navy Enterprise Presentation, 2006)

<sup>13</sup> McCarthy, "Navy Enterprise," 6.

The FIEP is responsible for managing the organization alignment and processes between the warfare enterprises and providers. While the FIEP has an organized chain of command with the goals of ensuring forces are ready for tasking at the lowest cost and maintaining current fleet readiness, the Provider Enterprise is less cohesive. The Provider Enterprise is composed of nine different providers and associated Program Executive Offices (PEOs). These organizations work separately to deliver future capabilities and support current readiness to the warfare enterprises at the best available cost. The providers supply manpower, assets, parts, supplies, research and development, health care, and supporting infrastructure to the FIEP as well as to the other Providers. Due to the nature of their operations and responsibilities of supporting different customers, there is no common output and their command structure is not as unified as the FIEP.

While the FIEP's five warfare enterprises are focused on maintaining current levels of fleet readiness within the constraints of a tightening budget, the challenge for the Providers is for them to ensure they have the capability to meet future requirements while simultaneously supporting the current level of readiness.

*e. Warfare Enterprises*

The FIEP has a cohesive chain of command with the goal of ensuring forces ready for tasking at the lowest cost with its main focus on current fleet readiness.<sup>14</sup>

(1) Naval Aviation Enterprise (NAE). The mission of the NAE is to support the warfighter by providing combat-ready Naval Aviation forces. The Naval Aviation Enterprise measures efficiency and effectiveness by a single metric: aviation units ready for tasking at reduced cost, which is accomplished by improved reliability, process efficiencies, reduced cycle time, and other efforts. The NAE is led by the Commander, Naval Air Forces.<sup>15</sup>

(2) Surface Warfare Enterprise (SWE). The mission of the SWE is

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<sup>14</sup> Brandon S. Castle and James G. Massie III, *Analysis of Surface Warfare Enterprise's Implementation of Enterprise Management Practices*, (Master's thesis, Naval Postgraduate School, 2010) 7.

<sup>15</sup> Jessie Riposo et al., *Navy Enterprises, Evaluating Their Role in Planning, Programming, Budgeting and Execution (PPBE)*, (Santa Monica, CA: RAND, 2009) 10.

to provide combat-ready surface warfare forces to the fleets and combatant commanders. It also measures its efficiency and effectiveness by warships ready for tasking. The SWE is led by the Commander, Naval Surface Forces.<sup>16</sup>

(3) Undersea Warfare Enterprise (USE). The USE focuses on increasing effectiveness and efficiency by improving the operational availability of the submarine fleet, improving commanding officer decision-making, ensuring the presence of experienced submarine personnel throughout the defense community, and generating the capability required to maintain undersea superiority in the future. The USE is led by the Commander, Naval Submarine Force (Atlantic).<sup>17</sup>

(4) Navy Expeditionary Combat Enterprise (NECE). The NECE establishes processes and behavioral constructs to achieve greater efficiency and reduce costs and plans to develop metrics subsequently. It provides a number of services, including Explosive Ordnance Disposal, Diving Operations, Naval Construction, and expeditionary training. This enterprise is led by the Commander, Navy Expeditionary Combat Command.<sup>18</sup>

(5) NETWAR/FORCEnet Enterprise (NNFE). NNFE consists of commands involved in the business of command, control, communications, computers, collaboration, and intelligence and information operations, such as Space and Naval Warfare Systems Command (SPAWAR) and the PEO for Command, Control, Communications, Computers, and Intelligence. The mission of the NNFE is to provide and operate a global network to win battles in the Information Age. It is led by the Commander, Navy Network Warfare Command (NETWARCOM).<sup>19</sup>

*f. Command and Control*

The Enterprise Construct is a primarily a behavioral model, and not a formal command and control structure. One of the most common misinterpretations during the implementation and expansion of the Navy Enterprise concept has been the

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<sup>16</sup> Riposo et al., Navy Enterprises, 8.

<sup>17</sup> Ibid., 7.

<sup>18</sup> Ibid., 8.

<sup>19</sup> Ibid., 8.

chain of command. According to the Commander of Fleet Forces Command (COMUSFLTFORCOM), ADM J.C. Harvey, Jr., the Navy Enterprise began to “evolve away from a purely behavioral construct and blurred lines of authority and accountability.”<sup>20</sup> The behavioral model was intended to represent the alignment of stakeholders around particular objectives or metrics. The metrics that would be created in this fashion would describe the stakeholders’ behaviors in collaborating to resolve process issues that cut across multiple commands and had in the past been stove-piped in their mentality. Figure 2 illustrates the distinction between a formal chain of command within the levels among Navy echelons versus the desired behavioral model for enterprise management.

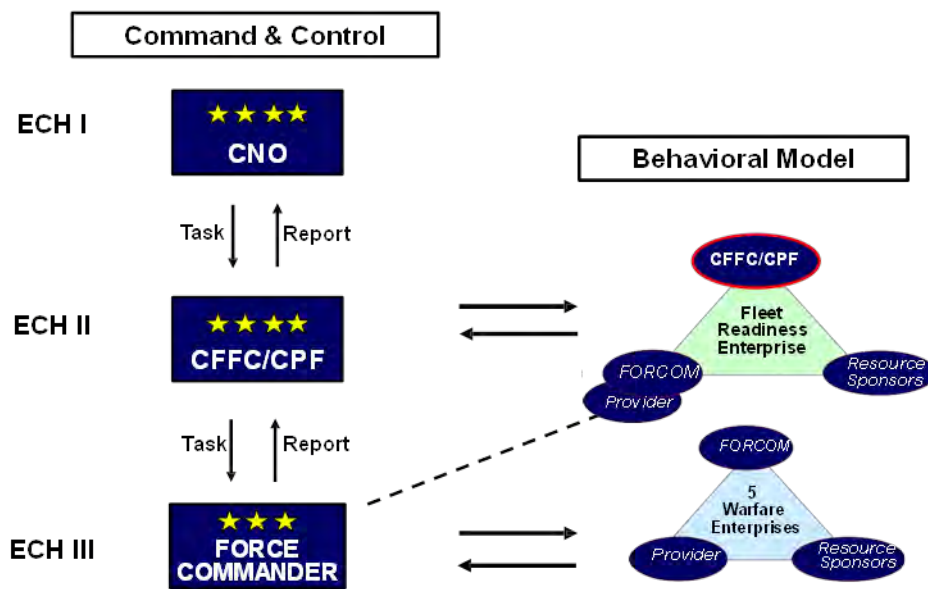


Figure 2. Navy Enterprise Command & Control vs. Behavioral Model  
(From: Navy Senior Leadership Seminar Training Presentation)

While the behavioral model was never intended to interfere with the chain of command authority or responsibilities, the perception that it does has slowed progress

<sup>20</sup> ADM John C. Harvey, “Revised Missions, Functions and Tasks (MFT),” *U.S. Fleet Forces Command* (blog). October, 5, 2010, <http://usfleetforces.blogspot.com/2010/10/revised-missions-functions-and-tasks.html>.

by impeding full participation by all the stakeholders in the enterprise. Admiral Harvey stated:

Over the last decade, our Navy pursued efficiency initiatives to reduce the cost of manning, training, equipping and maintaining naval forces that included the establishment of AIRFOR, SURFOR and SUBFOR and the Warfare Enterprises. Although intended as a behavioral model to promote Navy-wide collaboration and coordination within existing chains-of-command, the cumulative effect of these initiatives over time has been to move our Navy away from its core command and control principles, specifically, unity of command.<sup>21</sup>

The enterprise construct approach enables the stakeholders to pursue a holistic approach to achieving a solution that optimizes an objective that is greater than what is visible to each individual command.<sup>22</sup> The struggle to break through the stove-pipe mentality in which each command is encouraged to focus on optimizing its own set of metrics while being oblivious to the entire process holistically has been a challenge.

In order for the enterprise model to function effectively, all participants and stakeholders must understand and accept the overarching enterprise objectives, and by doing so, they must also defer the ideas of which methods are best for how to pursue the missions they are individually responsible for. The inclination to function, as independent silos that bear proprietary attitudes about their improvement programs must be replaced with an enterprise approach that features sharing of information, tools and budgets in order to be successful.<sup>23</sup>

#### **4. The Fleet Integration Executive Panel (FIEP)**

##### ***a. Development***

From 2006 to 2010, the functions of the FRE expanded and enterprise management practices became more complex. Though the FRE was originally implemented to remove barriers that constrained productivity improvement, the lines blurred between the distinction of a Commander overseeing enterprise business under the

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<sup>21</sup> Harvey, “Revised Missions, Functions and Tasks (MFT),” *U.S. Fleet Forces Command* (blog)

<sup>22</sup> Perkins, “Navy Enterprise Transformation,” 8.

<sup>23</sup> *Ibid*, 10.

fleet TYCOM title and a TYCOM exercising administrative control (ADCON) authorities over assigned forces. The de-conflicting of roles and responsibilities became a primary area identified for corrective action.<sup>24</sup> As illustrated in Figure 3, the command and control lines of communication became convoluted and distracted from unity of effort required to execute the missions of the Navy in a challenging budget environment. As a result, USCOMFLTFORCOM provided guidance necessary to achieve unified action between fleets and within each fleet chain of command.

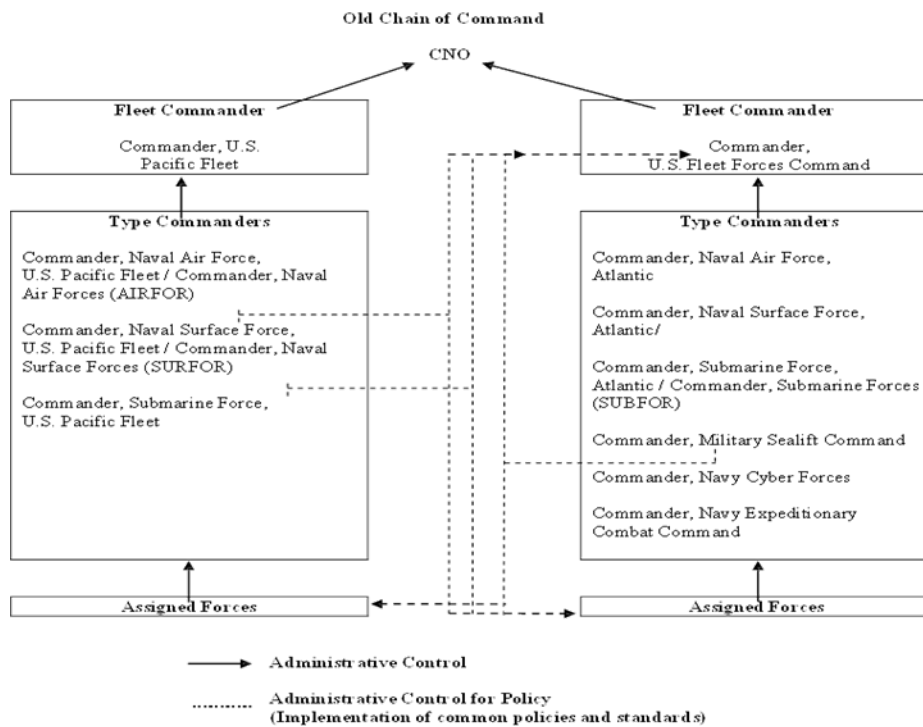


Figure 3. U.S. Navy Chain of Command prior to October 2010. (From: Supporting figure for Naval Message COMUSFLTFORCOM R 051200Z OCT 10)

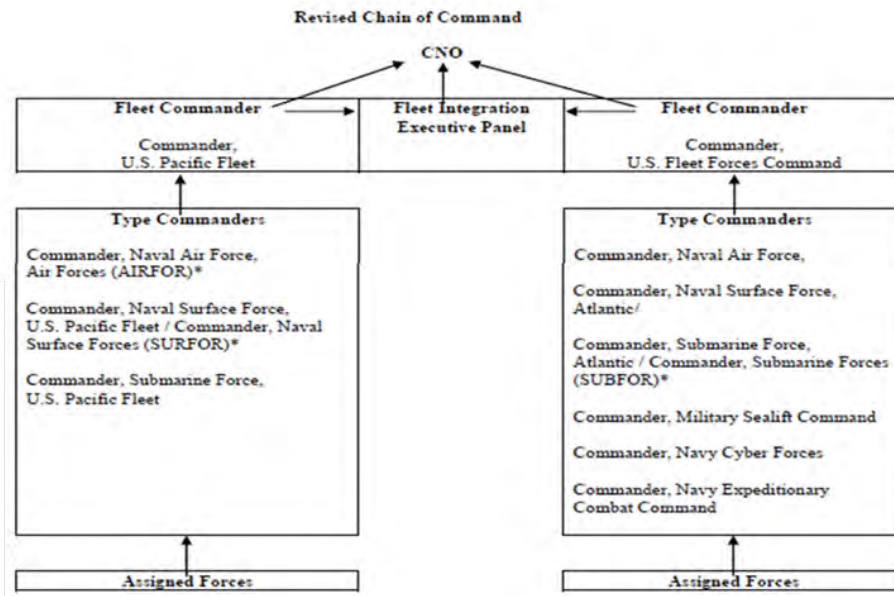
The changes to organizational structure implemented by COMUSFLTFORCOM were created to clarify and establish alignment and synchronization between the warfare Force Commanders and COMPACFLT and COMUSFLTFORCOM. The notable changes to command and control include<sup>25</sup>:

<sup>24</sup> Naval Message COMUSFLTFORCOM NORFOLK VA R 051200Z OCT 2010.

<sup>25</sup> Ibid.

- Eliminated the term Fleet TYCOM.
- Established Commander, U.S. Pacific Fleet (COMPACFLT) as the Immediate Superior-in-Command (ISIC) with ADCON of Commander, Naval Air Force, U.S. Pacific Fleet (CNAP), who is also designated as Commander, Naval Air Forces (AIRFOR).
- Established COMPACFLT as the ISIC with ADCON of Commander, Naval Surface Force, U.S. Pacific Fleet (CNSP), who is also designated as Commander, Naval Surface Forces (SURFOR).
- Established CFFC as the ISIC with ADCON of Commander, Submarine Force Atlantic (CSL), who is also designated as Commander, Submarine Forces (SUBFOR).
- Established AIRFOR, SURFOR, and SUBFOR as the Navy's single process owners of the NAE, SWE, and USE respectively.
- Replaced FRE with the FIEP, which will be co-chaired by COMPACFLT and CFFC for the purposes of integrating readiness planning, reporting, risk management, and execution; clarifying accountability for force-wide efficient use of resources; promoting enhanced coordination and collaboration among stakeholders in mission effectiveness; and streamlining decision making.

The revised changes to command and control in Figure 4 indicate the Navy remains fully committed to the warfare enterprise construct. It places distinct ownership on AIRFOR, SURFOR and SUBFOR to lead the development of force-wide readiness, warfighting, and personnel requirements with force stakeholders to support CFFC and COMPACFLT. They will utilize the enterprise behavioral models to operate within existing command structures to facilitate efficient use of resources and promote effective collaboration among stakeholders.



\* AIRFOR/SURFOR/SUBFOR:

- Responsible for developing and coordinating common policies and standards for operations and maintenance in the Atlantic and Pacific Fleets.

Other Type Commanders:

- Responsible for implementation of common policy and standards.

- Since naval forces are assigned to Type Commanders, this revision included the direction that only Type Commanders have the authority to man, train, equip and maintain assigned forces.

Figure 4. Revised U.S. Navy Chain of Command beginning October 2010.  
(From: Supporting figure for Naval Message COMUSFLTFORCOM R 051200Z  
OCT 10)

***b. The Executive Committee (EXCOM)***

The EXCOM is comprised of the senior leadership of the Navy including: the Secretary of the Navy; the Chief of Naval Operations; the Assistant Secretary of the Navy for Research, Development, and Acquisition; the Vice Chief of Naval Operations; the Commander, Fleet Forces Command; the Director, Navy Staff; the Navy Enterprise Chief of Staff; the Director, Programming Division (OPNAV N8); and the Assistant Secretary of the Navy, Financial Management and Comptroller. They serve as the governing body responsible for setting Navy Enterprise objectives and evaluating Navy Enterprise output and progress. They also support the Navy Enterprise by removing barriers and developing strategic communications between enterprise elements. Finally, the EXCOM serves as the presiding party for final decisions on resource allocation,

budgeting, and future development.<sup>26</sup> As of October 2010, the Executive Director of the FRE assumed the duties as the Executive Director of the FIEP. The Executive Director was tasked with developing a charter for the FIEP and Readiness and Requirements Board to implement the requirements set forth by the Commander, CFFC. To the best of our knowledge, this charter has not been published for public release.<sup>27</sup>

*c. Changes to Warfare Enterprises*

There are currently six individual warfare enterprises assembling the construct of the Navy Enterprise. The FIEP provides representation for every major warfare community and is designed to integrate the various independent activities in order to create a vision for the Navy's enterprise future. After the implementation of the FIEP replacing the FRE, the five core warfare enterprises retained their original goals and missions with two notable changes. The first change is the NNFE was renamed to the Navy Information Dominance Enterprise.<sup>28</sup> This change supports the CNO's vision and focus to ensure information is no longer just an enabler, but a core warfighting capability.

The other major change to the Warfare Enterprises is the addition of the Navy Ballistic Missile Defense Leadership Enterprise (NBMDE)<sup>29</sup>. This enterprise is chaired by the Vice Chief of Naval Operations (VCNO) and the Assistant Secretary of the Navy for Research, Development & Acquisition (ASNRDA). The mission of the enterprise is to support the European Phased Adaptive Approach (PAA) to the BMD by aligning and synchronizing DoN planning to ensure initial operational capability and subsequent phases of operational stability.<sup>30</sup>

Each enterprise has varying maturity levels. Some grew out of previously existing organizations, such as the NAE, which has been in existence since before the official

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<sup>26</sup> Riposo et al., Navy Enterprises, 10.

<sup>27</sup> Naval Message COMUSFLTFORCOM NORFOLK VA R 051200Z OCT 2010.

<sup>28</sup> McCarthy, "Navy Enterprise," 23.

<sup>29</sup> Ibid., 23.

<sup>30</sup> Chief of Naval Operations. OPNAV Instruction 5420.108D. Chief of Naval Operations Executive Decision-Making. Washington, D.C.: CNO, February 22, 2011. Retrieved from: <http://doni.daps.dla.mil/Directives>.

implementation of the FIEP (formerly FRE). Others are newly established, such as the NBMDE. As a result, some enterprises have a more established infrastructure and operational procedures to facilitate enterprise management. Though there is no single blueprint and the process of each enterprise is different, the main objective to achieve additional efficiencies so that current and future readiness can be met with limited budgets remains constant throughout. More specifically, the Navy Enterprise seeks to gain an improved return on investments by improving output over cost and improving resource allocation effectiveness.

## **5. The Provider Enterprise**

### ***a. Members***

The Provider Enterprise is composed of nine Providers and associated Program Executive Offices (PEOs) to include: Manpower, Personnel, Training and Education; Naval Sea Systems Command/ PEOs; Naval Air Systems Command/ PEOs; Space and Naval Warfare Systems Command/ PEOs; Naval Supply Systems Command; Naval Facilities Engineering Command; Naval Installations Command; Bureau of Navy Medicine and Surgery; and Office of Naval Research.<sup>31</sup>

### ***b. Objective***

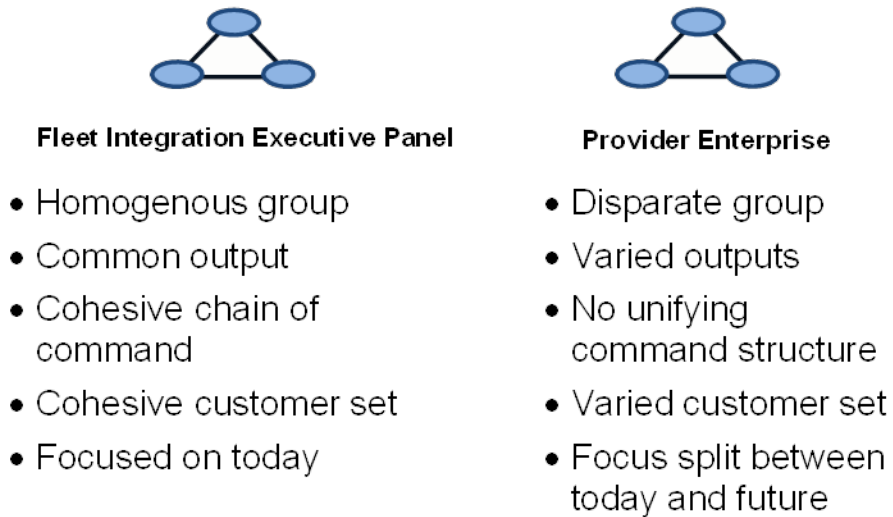
The objectives of the Providers are to supply manpower, assets, parts, supplies, research and development, health care, and supporting infrastructure to the Fleet Integration Executive Panel (FIEP) and each other to support current readiness and deliver future capabilities at best cost.<sup>32</sup> Unlike the FIEP, the command structure for the Provider Enterprise is not as cohesive. They serve varying customers with changing desired outputs. As a result, there are ongoing efforts to establish performance agreement frameworks between warfare enterprise-Provider interface within the Navy Enterprise matrix in order to establish accountability and set expectations of what is needed to

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<sup>31</sup> "NAVSUP Assistant Commanders," <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

<sup>32</sup> Ibid.

generate the requisite level of readiness output. Figure 5 illustrates the varying distinctions between the FIEP and Provider Enterprise.



### ***Readiness vs Capability/Capacity***

Figure 5. Distinctions between FIEP and Provider Enterprise. (From: Naval Senior Leadership Seminar, 2011)

#### **6. NAVSUP Provider Enterprise**

##### ***a. Development***

After the Navy Enterprise framework was formerly implemented in 2006<sup>33</sup>, NAVSUP responded in August of 2007 by restructuring the NAVSUP Assistant Chief of Staff (ACOS) functions along Warfare / Provider Enterprise lines.<sup>34</sup> The result was the implementation of leadership roles titled Assistant Commanders (ACOMs) to serve as the primary senior leadership interface with the Warfare and Provider Enterprises. They were also established to represent NAVSUP on the Enterprises' Board of Directors. The goal of the Chief of the Supply Corps at the time, RADM Alan

<sup>33</sup> Naval Message COMUSFLTFORCOM NORFOLK VA R 051200Z OCT 2010.

<sup>34</sup> Commander, Naval Supply Systems Command, "NAVSUP Aligns with Warfare and Provider Enterprises." NAVSUP News. August 24, 2007, [https://www.navsup.navy.mil/navsup/news/releases/2007/167\\_07](https://www.navsup.navy.mil/navsup/news/releases/2007/167_07).

Thompson, was to coordinate efforts across NAVSUP and have the ACOMs serve as advocates for their stakeholders to the rest of the NAVSUP Enterprise.

***b. Alignment***

The ACOM alignment approach does not imply any command and control changes to NAVSUP's organizational structure. It represents a behavioral model to allow NAVSUP to engage with Warfare and Provider Enterprises on a routine basis to validate customer requirements and ensure NAVSUP offers maximum value to their customers. The NAVSUP ACOMs are structured around the five individual warfare enterprises that initially formed the FRE. Additionally, there are two additional ACOMs established to better support NAVSUP functions and enterprise-wide initiatives.

(1) ACOM for NAE Support. The ACOM for NAE Support is currently vacant but was previously held by the Commander, NAVSUP Weapons Systems Support. Their main objective is to work with the NAE to deliver the right force, with the right readiness, at the right cost, at the right time - today, and in the future.<sup>35</sup>

(2) ACOM for SWE Support. The ACOM for SWE Support is held by the Vice Commander, NAVSUP Weapon Systems Support and coordinate efforts with the SWE to produce a surface force ready to meet warfighting requirements across all mission areas now and in the future.<sup>36</sup>

(3) ACOM for USE Support. The ACOM for USE Support is also held by the Vice Commander, NAVSUP Weapon Systems Support. The primary objective is to achieve effective and efficient generation of combat power as directed by Chief of Naval Operations (CNO) and the Commander, Fleet Forces Command (CFFC).<sup>37</sup>

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<sup>35</sup> "NAVSUP Assistant Commanders," <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

(4) ACOM for NNFE Support. The ACOM for NNFE Support aligns assistance with the NNFE to lead the execution of FORCENet and optimize the employment of information operations, signals intelligence, and space capabilities. The ACOM is filled by the NAVSUP Deputy Commander for Corporate Operations and Chief Information Officer.<sup>38</sup>

(5) ACOM for NECE Support. The ACOM for NECE Support focuses and coordinates NAVSUP resources on expeditionary combat logistics requirements to enhance NECE warfighting capabilities and overall logistics support effectiveness where possible. It is led by the Deputy Commander, NAVSUP Global Logistics Support.<sup>39</sup>

(6) ACOM for Navy Family (NF) Support. The ACOM for NF Support is directed by the Commander, Navy Exchange Service Command and does not fall under the umbrella of the major warfare areas of the FIEP. Their primary objective is to provide a wide range of Quality of Life initiatives in support of the military warfighter and their families. These services include both afloat and ashore retail and services operations. For afloat services, this includes ships' stores, food services, disbursing, postal and Sailor telecommunications. The ashore services include supporting Navy Exchanges, Navy Lodges, Navy Clothing and Textile Research Facility (NCTRF), uniforms, household goods, postal, and food service programs.<sup>40</sup>

(7) ACOM for Provider Support. The ACOM for Provider Support is also held by the NAVSUP Deputy Commander for Corporate Operations and Chief Information Officer. This ACOM represents NAVSUP as the Provider Enterprise-wide lead to interact with components of the FRE to understand demand signals, baseline entitlements, understand and agree upon desired level of output (through performance agreements), measure output to entitlement, and identify areas of opportunity to improve effectiveness and efficiency.<sup>41</sup>

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<sup>38</sup> NAVSUP Assistant Commanders," <http://www.navsupsup.navy.mil/navsup/ourteam/acoms>.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

As an organization dedicated to deliver sustained global logistics capabilities to the Navy and joint warfighter, it is imperative that NAVSUP's enterprise management concept is strategically aligned with the Warfare Enterprises. The Chief of the Supply Corps, RADM M.F. Heinrich emphasizes these initiatives in the recent Navy Supply Corps Systems Command 100-Day Plan. Of the three major focus areas, two of his recommendations established NAVSUP's strategic intent for the enterprise to 'Increase Our Fleet Focus' and 'Align Our Enterprise.' Through the implementation of Provider Enterprise, NAVSUP is attempting to make the necessary change in order to provide sustained support, understand customer requirements, promote efficiencies, and drive best business practices.

Analyzing the established NAVSUP Provider Enterprise governance, leadership, communications and processes will provide a critical perspective to the envisioned organizational change that is or is not occurring. A better understanding of the organizational change process and factors that contribute to the success or failure of change implementation will provide NAVSUP the necessary information for the progression of transformation initiatives.

## **B. RESEARCH**

### **1. Primary Research Question**

How was enterprise management implemented by NAVSUP in its role as a Provider within the overall Navy Enterprise construct?

### **2. Supporting Research Questions**

- a) How has NAVSUP utilized change drivers to facilitate the organizational change process during the implementation of the Provider Enterprise?
- b) To what extent is change occurring?

## **C. BENEFIT OF PROJECT**

This study will capture an important element in the history of the enterprise concept and specifically highlight the development of the NAVSUP Enterprise construct within the Provider Enterprise. This study will assess accomplishments and challenges as

the Navy seeks to transform business practices to improve current readiness and future capabilities in a fiscally challenged environment.

#### **D. PROJECT SCOPE**

The focus of this project is on NAVSUP as a Provider Enterprise in support of the overall Navy Enterprise management initiatives. The timeframe covered will be FY-2006 through FY-2011 to allow a year to year comparison following the implementation of the Provider Enterprise in 2006.

#### **E. METHODOLOGY**

This project reviews the background and implementation of the Navy Enterprise, Provider Enterprise and ultimately the NAVSUP Enterprise. It aims to discover how the governance, processes, leadership, and communications within the enterprise management concept contributes to the objective of increased Navy-wide collaboration in order to address current readiness and future capability issues in a fiscally challenging environment.

Through the review and analysis of NAVSUP Provider Enterprise history, presentations, memorandums, military instructions, charters, information provided by key NAVSUP personnel, strategic plans and metrics, this project explains how NAVSUP Provider Enterprise was implemented as a Provider Support element within the Navy Enterprise.

A literature review on change initiation and execution concepts was conducted. This literature review focused identifying the most frequent steps used in the organizational change process. Further review was conducted on significant change drivers or events, activities, or behaviors that facilitate the implementation of change. Ultimately, our literature review focuses on the relationship or linking of the change drivers to each phase of the organizational change process to better facilitate the implementation of change initiatives. From this we develop a framework for analyzing the organizational change process and continued development of NAVSUP Provider Enterprise implementation. This analysis will also allow us to determine to what extent

change is occurring. The results will assist NAVSUP to further leverage recognized strategic enterprise management practices and bring added value to its customers and major stakeholders.

## **F. ORGANIZATION OF PROJECT**

This project is presented in the following order:

This chapter, Chapter I, establishes the historical context and the source of the change initiative to transform business practices in order to achieve greater efficiency and cost savings. It also presents the organizational construct of the Fleet Integration Executive Panel, Navy Provider Enterprise, and NAVSUP Enterprise and how each entity is aligned within the overall Navy Enterprise model. Project research questions, benefits, scope, and methodology are also discussed.

Chapter II, Literature Review, provides a summary of relevant organizational change theorists. It will provide a framework of analysis for linking change drivers to the organizational change process from which research findings can be discussed. The study of enterprise management and the organizational change process enables the analysis of the NAVSUP Provider Enterprise and identifies to what extent change is occurring during the implementation of enterprise initiatives.

Chapter III, NAVSUP Provider Enterprise, provides background information about the governance, leadership, communications and processes of the NAVSUP Provider Enterprise. This chapter also discusses NAVSUP's change initiatives implemented to support the goals of the overall Navy Enterprise management concept.

Chapter IV, Analysis of NAVSUP Provider Management Implementation, provides an analysis of NAVSUP and the implementation of the Provider Enterprise as an organization change effort. The analysis is based on the analytical framework derived from organizational change process theorists represented in Chapter II.

Chapter V, Conclusions and Recommendations, presents conclusions and recommendations based on NAVSUP's implementation of enterprise management when compared to the models and concepts presented in Chapter II.

## II. LITERATURE REVIEW

### A. INTRODUCTION

This chapter presents a review of the literature relevant to concepts of collaborative enterprise management and successful change implementation. Its purpose is to build a framework to analyze and discuss the findings that are presented in the remainder of this project. First, this chapter addresses literature that argues in order for large organizations to succeed in the modern business setting, they must be able to respond rapidly to increased competition, sophisticated customer requirements, and demands of the external environment. These authors discuss the emergence of collaborative enterprises to promote organization-wide knowledge production, while remaining simultaneously innovative and efficient, agile and scalable. Next, the authors discuss the numerous complexities and challenges faced by large organizations engaged in change initiatives. They also address how the change process is more predictable when change related events, activities, or behaviors, known as change drivers, are specifically linked to the steps of the organizational change process.

The primary source of the literature review on organizational change is derived from *Linking Change Drivers and the Organizational Change Process: A Review and Synthesis* by Karen S. Whelan-Berry and Karen A. Somerville.<sup>42</sup> Their model provides the basis for analysis to determine how organizations can facilitate the successful implementation of change initiatives. Concepts and theories presented by other authors and scholars relevant to organizational change management were also used to supplement the literature review and provide expanded definitions and supporting information to the analytical model.

#### 1. Collaborative Enterprise Management

Today's business environment poses a variety of complex challenges requiring prompt solutions. The main problems faced by twentieth century companies in

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<sup>42</sup> Karen Whelan-Berry with Karen Somerville, "Linking Change Drivers and the Organizational Change Process: A Review and Synthesis," *Journal of Change Management*, 10, 2 (2010): 175-193.

developing techniques to master both scale and scope for the mass consumer economy have become largely routine. Organizations now face new obstacles in mobilizing not effort but intelligence: to get people to use their particular knowledge and capacities in ways that continuously contribute to the success of the whole.<sup>43</sup> The use of collaborative enterprises combines knowledge and skills flexibility around changing tasks prevalent in present business settings.

Organizations now need to focus on overcoming strict division of labor and tasks in order to develop more flexible ways to achieved desired outcomes, through combined knowledge and expertise. As competition rises and customer demands increase, pressure has grown to instantly deliver highly innovative products. Enterprise collaboration allows such integration of new technologies and rapid response to segmented markets. Extended collaboration also increases organizational responsiveness and further capacity to sense and react to the external environment. Finally, greater demands for efficiency necessitate organizations to quickly learn, and constantly improve their processes and activities.<sup>44</sup>

By extending collaboration beyond the organization, and including partners, stakeholders, and customers in problem-solving; enterprises are better equipped to handle the demands of emerging issues and developments. Positioning employees to leverage their unique talents in group projects, allows them to become motivated by a collective mission. Through the use of these highly manageable group-work efforts, they develop a sense of common purpose of collaborative communication, understanding, mutual adjustment, and shared problem solving. Therefore, employees not only exercise innovation and agility, but also achieve greater efficiency and scalability.<sup>45</sup>

The overall goal of a collaborative enterprise is to reduce costs and improve efficiency without sacrificing quality and innovation. In order to achieve this, organizations require the active engagement of all employees to openly communicate and

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<sup>43</sup> Charles Heckscher, *The Collaborative Enterprise: Managing Speed and Complexity in Knowledge-Based Businesses* (New Haven, Yale University Press, 2007), 1.

<sup>44</sup> *Ibid.*, 8.

<sup>45</sup> Paul Adler, et al., "Building a Collaborative Enterprise: Four keys to creating a culture of trust and teamwork," *Harvard Business Review*, Jul-Aug (2011), 96.

come together under a shared purpose. The increased collaboration and knowledge sharing among individuals promotes the organization-wide contribution required to overcome numerous obstacles in a fiscally challenging environment.

## **2. Change Management**

Change management has been defined as, “the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers.”<sup>46</sup> In today’s highly competitive and continuously evolving environment, the effective management of change is accepted as a necessity in order to survive and succeed. Though the path to successful organizational change is extremely complicated, there are two resounding issues regarding transformation. First, it is agreed that the pace of change has never been greater than in the current business environment. Second, there is a consensus that change, being triggered by internal or external factors, comes in all shapes, forms and sizes, and, therefore, affects all organizations in all industries.<sup>47</sup> Change is an inescapable reality of the organizational environment, both at an operational and strategic level. Consequently, organizations must fully comprehend the importance of identifying its future position, and how to manage the changes required to get there.

Given the underlying goal of creating an effective collaborative enterprise, the model presented in this literature review aims to create an outline for organizations to follow when implementing change initiatives. The path to successful organizational change can be followed through answering three critical questions. The first is what change drivers are most frequently identified in the literature? This allows organizations to pinpoint specific activities, events, or behaviors which they should utilize to facilitate the implementation of change. Next, what is the relationship between change drivers and the most frequently identified steps in the organizational change process? By understanding this association, organizations can better determine probable outcomes as a

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<sup>46</sup> John Moran and Baird Brightman, “Leading organizational change,” *Career Development International*, 6, 2 (2001), 111.

<sup>47</sup> Rune T. By, “Organisational Change Management: A Critical Review,” *Journal of Change Management*, 5, 4 (2005), 370.

result of their actions or decisions. Finally, how can organizations more effectively use change drivers to successfully implement organizational change? This information allows organizations to better allocate their resources in the form of time, energy, money, knowledge or materials and understand the impact of their concentrated efforts.

A better understanding of the organizational change process provides awareness about its multiple stages and frameworks. It offers alternative choices about or during change. This could have many positive outcomes and guide more effective transformation, as Whelan-Berry and Somerville argue there is limited knowledge about how to plan and implement organizational change.<sup>48</sup> The model presented will discuss the most frequently identified steps in the organizational change process. It then identifies common change drivers and examines their specific relationship with each step of the organizational change process. Finally, the ability to understand the correlation and effectively use change drivers allows organizations to successfully implement organizational change. The link between change drivers and the organizational change process is also important because it provides a framework to monitor implementation, execution, completion, and required resources to support successful change initiatives.

## **B. STEPS IN THE ORGANIZATIONAL CHANGE PROCESS**

Whelan-Berry and Somerville, through research and analysis of successful organizational change, identified the steps in the organizational change process. These steps were modeled and defined as: 1) Establishing a clear compelling vision, 2) Moving the change to the group and individual level, 3) Individual employee adoption of change, 4) Sustaining the momentum of change implementation and 5) Institutionalizing the change.<sup>49</sup> Whelan-Berry and Somerville concur with others that organizational change is not a linear straightforward process. The progression is iterative and complex, with both intended and unintended consequences. However, though change is multifaceted, identification and awareness of these common steps could lead to a better understanding of the complexities involved resulting in more positive outcomes for lasting change.

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<sup>48</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 178.

<sup>49</sup> *Ibid.*, 176.

## **1. Establishing a Clear Compelling Vision**

Whelan-Berry and Somerville indicate the first step in the change process as establishing a clear compelling vision.<sup>50</sup> This will indicate the desired end-state of the organization after change has been implemented. The vision should be the picture of the future that is relatively easy to communicate and appeals to employees, stakeholders and customers. It explains why change is necessary and lays the foundation for developing strategies employed to achieve the vision. Without a clear compelling vision, organizations risk change efforts dissolving into a list of incompatible projects that can take the organization in the wrong direction.<sup>51</sup> As a result, the employees who will be responsible for implementing change initiatives could become confused or even alienated. An effective vision should specify the reason for change, create a rallying sense of urgency, and be easily communicated on all levels of the organization.

## **2. Moving the Change to the Group and Individual Level**

Another step in the organizational change process identified by Whelan-Berry and Somerville is moving the change to the group and individual level.<sup>52</sup> This requires shifting the change vision from leadership to group and individual levels of the organization so it can be more specifically understood across different teams, departments and locations. A key element in this step is resolving how the change initiative will work on each level and within each area of an organization. Though the overarching goal or vision may be constant throughout, the actual change implementation may need to be tailored to suit the strengths and functions of the intended party. This step requires attention and deliberate planning in order to diffuse the change throughout the organization. The greater the involvement with proposed transformation throughout the entire workforce, the more likely change proposals will take effect.

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<sup>50</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 178.

<sup>51</sup> John P. Kotter, "Leading Change: Why Transformation Efforts Fail," *Harvard Business Review*, 73, 2 (1995), 63.

<sup>52</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 178.

### **3. Individual Employee Adoption of Change**

Whelan-Berry and Somerville argue that in order for organizational change to be successful, individual employees must actually change their values, attitudes and behaviors. This is recognized as the individual employee adoption of change<sup>53</sup> step in the change process. The psychology-based view of individual change contends that change ultimately occurs at the individual level of analysis, rather than at the group or organizational level.<sup>54</sup> Though an organization may be spread across vast geographical regions and be composed of numerous departments, it is the individual employee that leadership will rely on to execute change initiatives. However, without clear communication and genuine agreement that change is necessary, employees are unlikely to modify behaviors or frameworks to support transformation initiatives desired by management.

### **4. Sustaining the Momentum of Change Implementation**

Once the organization begins acting on the change initiatives, it is critical they remain focused on sustaining that change. This stage of the change process is classified by Whelan-Berry and Somerville as sustaining the momentum of change implementation.<sup>55</sup> Without the proper attention or dedicated resources, change implementation runs the risk of failure or running off track. A key strategy for creating momentum is the ability to create short-term wins.<sup>56</sup> This presents compelling evidence that the transformation is producing expected results. It is also critical to remove any barriers to change so members of the organization continue their new behavior. Consistent support and urgency of daily operations from all levels of the organization provides the necessary momentum to validate the need for change and boost the credibility of the renewal process.

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<sup>53</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 179.

<sup>54</sup> Karen Whelan-Berry et al., "Strengthening the organizational change process: recommendations and implications from a multi-level analysis," *Journal of Applied Behavioral Science*, 39, 2 (2003), 190.

<sup>55</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 179.

<sup>56</sup> Kotter, "Leading Change: Why Transformation Efforts Fail," 65.

## 5. Institutionalizing the Change

In terms of organizational change models, Whelan-Berry and Somerville indicate there is widespread agreement that change initiatives and related outcomes must be institutionalized within the organization. They identify this as institutionalizing the change step in the organizational change process.<sup>57</sup> Lasting change and long-term success rely on the ability to make the desired change outcomes become part of the organization's culture. This is achieved when ongoing operations and processes as a result of transformation initiatives are ingrained in employees' daily routine. Unless new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.<sup>58</sup> The listing of the steps in the organizational change process and their associated summary definitions are provided in Table 1.

<b>Organizational Change Process</b>	Establishing a clear compelling vision	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the Change
<b>Summary Definition</b>	Establishes what organization will look like. Explains why change is necessary. Easy to communicate. Appeals to employees, stakeholders and customers. Rallying sense of urgency.	Shifting change vision down to group or individual levels. Cascade the change throughout the organization. Deliberate planning and attention tailored to suit target audience.	Individuals must change their values, attitudes and behaviors for change to be successful. Real change occurs at the individual level rather than the group or organizational levels.	Give full attention and dedicate necessary resources. Seek short-term wins to validate the change initiatives. Remove barriers to change limiting progression.	Making change part of the organization's culture. Processes and operations in support of transformation initiatives become daily routine. New behaviors are rooted in social norms and shared values of employees.

Table 1. Summary of the Organizational Change Process

### C. **KAREN S. WHELAN-BERRY WITH KAREN A. SOMERVILLE, *LINKING CHANGE DRIVERS AND THE ORGANIZATIONAL CHANGE PROCESS: A REVIEW AND SYNTHESIS***

In order to successfully advocate organizational change in large-scale organizational change efforts, management must allocate the appropriate amount of resources in the form of time, money, knowledge and materials. Such methods may

<sup>57</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 179.

<sup>58</sup> Kotter, "Leading Change: Why Transformation Efforts Fail," 67.

include deploying training seminars, forming working groups, holding organization-wide or department-wide meetings, special communications related to the change, or survey and feedback activities. Furthermore, leaders regularly dedicate their own, as well as their personnel's, time to promote transformation initiatives. These are all examples of resources allocated to motivate change effects, which can result in change drivers. Change drivers are defined as events, activities, or behaviors that facilitate the implementation of change.<sup>59</sup>

The change drivers identified by Whelan-Berry and Somerville include: 1) Accepted change vision, 2) Leaders' change related actions, 3) Change related communication, 4) Change related training, 5) Change related employee participation, 6) Aligned human resource practices, and 7) Aligned organization structure and control processes.<sup>60</sup> After the most frequent steps in the organizational change process have been identified, Whelan-Berry and Somerville argue that it is critical to connect and understand the relationship between the change drivers which facilitate the implementation of change and the steps in the transformation process already discussed. This correlation could provide organizations the necessary information to more effectively implement successful organizational change. Given this awareness, the change process become more predictable and provides leaders with alternatives to shape more positive outcomes. Since the focus of the model is on the implementation of a clear compelling vision—the first step identified of the organizational change process—the change drivers which will be discussed are not linked to this step. Consequently, the step of establishing a clear compelling vision is omitted from subsequent models and tables. Additionally, consistent with the analytical framework derived from the literature, certain change drivers are not linked to all steps of the organizational change process. These change drivers will be appropriately labeled as “Not Applicable” on succeeding tables.

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<sup>59</sup> Karen Whelan-Berry et al., “The relative effect of change drivers in large scale organizational change: an empirical study,” *Research in Organizational Change and Development*, vol. 14 (2003), 100.

<sup>60</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 180-187.

## **1. Accepted Change Vision**

### ***a. Definition***

Whelan-Berry and Somerville argue that a key driver of organizational change is that employees, as well as stakeholders, accept the change vision. This means that all parties involved in the change implementation agree that change is in fact necessary and the change vision is positive for themselves and the organization.<sup>61</sup> It is not enough for executive leadership to announce the dire consequences of keeping the status quo and provide compelling rationale as to why the organization must change. Though it may seem reasonable to expect management and employees to respond with complete dedication to transformation efforts and faith they are being steered in the right direction, it rarely is enough. Research indicates the failure rate for organizational change initiatives is between 50% and 75% of attempted change efforts.<sup>62</sup> Though it is vital that the rationale behind the change initiatives be sound and provide unwavering justification, leaders must equally consider employees' psychological and emotional barriers that impede change. Change is often considered disruptive as an organization shifts from familiarity and moves in the direction of the unknown. The result can lead to widespread employee apprehension, fear, distrust, or bitterness. However, implementing an assortment of critical non-cognitive and structure independent processes such as inspiring people, trusting in themselves and one another, working through non-rational reactions and focusing on the enterprise's values and strategy can produce greater outcomes in organizational change and acceptance of the change vision.<sup>63</sup>

### ***b. Linking Accepted Change Vision to the Organizational Change Process***

In order to achieve successful organizational change implementation, the proper vision must lay the foundation. Whelan-Berry and Somerville have found through

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<sup>61</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 180.

<sup>62</sup> Mark Brenner, "It's all about people: change management's greatest lever," *Business Strategy Series*, 9, 2, (2008), 132.

<sup>63</sup> *Ibid.*, 137.

prior research that an accepted change vision is linked more frequently to the early steps in the change process.<sup>64</sup> A clearly defined change vision, with overwhelming justification, can spread acceptance from top leadership down to the group and individual levels. The widespread involvement of employees designing, implementing, and evaluating change initiatives based on the overarching vision can increase widespread participation and buy-in.<sup>65</sup> It also provides the enterprise with the opportunity to clearly define roles and responsibilities throughout the organization during the change process.

The genuine employee ownership of change initiatives greatly enables individual adoption of change. With greater understanding and commitment; individual employee mental models, behaviors, and frameworks alter to reflect organization goals and objectives. It provides leadership the opportunity to remove any barriers or doubts that undermine change initiatives.<sup>66</sup> This includes the removal of common behavioral traits such as anxiety, fear, egocentricity, or impatience—which often surface during organization transformation. The summary definition of accepted change vision and how the change driver is linked to the organizational change process is illustrated in Table 2.

<i>Change Driver</i>	Summary Definition	Steps of the Organizational Change Process			
		Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the Change
<i>Accepted Change Vision*</i>	Employee belief that change vision is positive for organization and themselves. Provide both rational and behavioral justification for change. Vision should promote Enterprise's core values.	Opportunity to clearly define the vision and meaning of change. Provides expectations and roles of various groups and/or individuals. Reinforce employee buy-in and ownership of change initiatives.	Employees not only accept change vision but are prepared to modify behavior. Removal of rational and behavioral barriers. Lowers resistance to change initiatives.	Not Applicable	Not Applicable

\* Note: Since the focus of the model is on the implementation of a clear compelling vision, this step in the organizational change process is omitted on this and subsequent tables or models. Consequently, change drivers discussed are intentionally not linked to this step. Additionally, the cells of this and subsequent tables labeled "Not Applicable" indicate the change driver does not affect those particular steps of the organizational change process according to the analytical framework derived from literature.

<sup>64</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 180.

<sup>65</sup> Karen Whelan-Berry et al., "The relative effect of change drivers in large scale organizational change: an empirical study," 103.

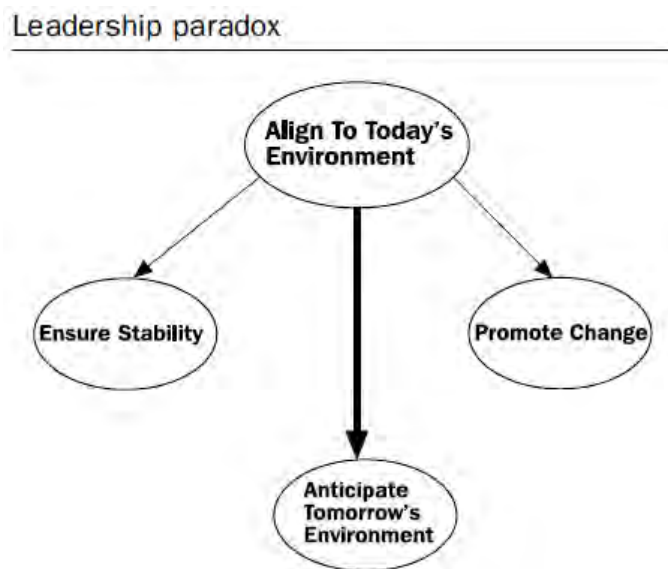
<sup>66</sup> Kotter, "Leading Change: Why Transformation Efforts Fail," 64.

Table 2. Linking “Accepted Change Vision” to the Organizational Change Process

**2. Leaders’ Change Related Actions**

*a. Definition*

Whelan-Berry and Somerville recognize leaders’ change related actions as one of the most frequently identified change drivers in organizational change literature.<sup>67</sup> The continued support of top management as well as leaders from organization teams, departments, and locations is critical to successful change implementation. The goal of leadership is to strive to make leading change a shared responsibility of everyone in the organization. In order to achieve this, executives must lead the change effort with every word and action. This requires a greater level of effort beyond establishing the change vision and then focusing attention on other priorities. Leaders must be aware of the constant balance of aligning the organization with the current environment, while ensuring stability to give employees a sense of security and simultaneously promoting change to prepare for tomorrow’s environment.<sup>68</sup> Overcoming this change leadership paradox illustrated in Figure 6 requires constant attention and focus from top management.



<sup>67</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 180.

<sup>68</sup> Moran and Brightman, “Leading organizational change,” 112.

Figure 6. Leadership Paradox (From: Moran and Brightman, 2001)

Leadership by example and demonstrated belief in the plan provides credibility to change implementation. It is through the leaders' actions and commitment to the change vision that organizations are able to successfully implement transformation initiatives.

***b. Linking Leaders' Change Related Actions to the Organizational Change Process***

As identified by Whelan-berry and Somerville, leaders' change related actions are linked to all steps of the organization change process.<sup>69</sup> Based on the level of interaction with employees, leaders' actions can significantly facilitate moving the change vision to the group and individual levels. This requires utilizing every opportunity to interact with employees and key stakeholders to reinforce necessary change initiatives and provide clarification when needed. It also provides opportunities to receive feedback on failed and successful change programs currently deployed. Leaders' constant commitment to the change visions signals to the entire organization that change implementation is a top priority. In order to facilitate the organizational change process, leaders must hold themselves and group leaders accountable for moving the change vision to individual level.

Providing employees the necessary resources to perform their jobs enables individual employee adoption of change. This includes developing the appropriate structures so core work processes directly support organizational goals. By establishing the necessary foundation to implement change, leaders put themselves in a better position to challenge employees to align themselves with organizational change initiatives. An initiative that has inadequate resources signals either a lack of support or poor project management.<sup>70</sup> In either case, the actions taken by leadership contradict the overall goals of the organization and diminish employee support for effective change.

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<sup>69</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 183.

<sup>70</sup> Ronald Recardo, "Overcoming resistance to change," *National Productivity Review*, Spring (1995), 8.

The ability of leaders to manage resistance to change initiatives and remove obstacles encountered by employees will sustain the momentum of change implementation. This includes creating an atmosphere that allows failure, opportunities to test new procedures, test the new change, generate recommendations, and exhibit some dysfunctional behavior while the change is being established in the culture. As a leader of an organization, they must be the role models for change. Being able to identify and overcome any potential sources of resistance can significantly increase the momentum necessary to successfully launch the organizational change process.<sup>71</sup>

Leaders that effectively communicate the positive effects change efforts are having on organizational success are able to greater advance the institutionalization of change. Leaders must provide a concentrated effort to show the entire organization how the new behaviors and methods have helped improve performance. Without proper feedback, employees often make inaccurate assumptions or do not receive the confirmation their change related actions have brought value to the organization. Furthermore, if deficiencies do occur, it offers leadership an opportunity to provide that feedback necessary for employees to readjust their behavior. It is also vital for top management to ensure all levels of leaders personify the new approach. Until change initiatives become anchored in everyday operations, they remain vulnerable to failure.<sup>72</sup> A summary of how leaders' change related actions are linked to the organizational change process is provided in Table 3.

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<sup>71</sup> Moran and Brightman, "Leading organizational change," 113.

<sup>72</sup> Kotter, "Leading Change: Why Transformation Efforts Fail," 67.

		Steps of the Organizational Change Process			
<b>Change Driver</b>	Summary Definition	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the Change
<b>Leaders' Change Related Actions</b>	Actions by the community of leaders that signal the importance of the change vision. Commitment and support to change implementation. Create organization-shared responsibility for leading change.	Maximize interaction with employees concerning change related issues. Signals to groups and individuals the importance of change initiatives. Balance promoting change while ensuring stability. Reinforce the need for change.	Ensure employees have sufficient resources to implement change. Develop appropriate structures and processes. Align individual goals with organizational goals.	Recognize and provide necessary resources for employees to implement change initiatives. Recognize sources of resistance. Signals the ongoing importance of the change initiative through leaders continued focus on and support of the progress of the change initiative.	Focus on linking positive effects of change efforts to organizational success occurring. Validate new behaviors and methods. Enables the change to become embedded in the organization.

Table 3. Linking “Leaders’ Change Related Actions” to the Organizational Change Process

### 3. Change Related Communication

#### a. Definition

Another frequently identified change driver that impacts the organizational change process is change related communication. Whelan-Berry and Somerville acknowledge that poor communication within organizations is one of the largest reasons for change failure.<sup>73</sup> To achieve positive organizational change outcomes, it is essential for communication to be centered on employees’ understanding of the need for the change initiative. Specifically, change related communication should clarify how the current path will not achieve desired outcomes for the organization or provide value to customers or major stakeholders. Effective communication should also update employees on change implementation and constantly address any sources of resistance. It is also important to develop two-way communication to open discussion and provide avenues for questions, answers, and clarification. The extensive use of change related communication will signal to the organization that transformation is being monitored and remains a top priority for the successful implementation.

<sup>73</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 183.

***b. Linking Change Related Communication to the Organizational change Process***

Once the change vision is carefully crafted, it needs to be constantly communicated in order to reach the group and individual levels of the organization. The message needs to be translated to greater levels of detail before employees are able to grasp the full benefits and implications.<sup>74</sup> The communication needs to stress the importance of why change is necessary and how both the organization and individual will be better off as a result of successful implementation. Effective communication of the change vision provides greater understanding and allows individuals to align their actions to support organizational goals.

Exercising clear, two-way communication to reduce resistance greatly enables the individual employee adoption of change. This requires multiple question and answer opportunities during launch of the change vision and throughout the organizational change process.<sup>75</sup> Actively listening to the concerns of individuals provides the opportunity to focus limited resources on removing obstacles that are preventing change from moving forward. It also indicates that change is a consolidated effort and requires commitment on all levels.

Using every vehicle possible to communicate the new vision and strategies helps sustain the momentum of change implementation. Transformation is unlikely to be successful unless the multitudes of the organization are willing to help.<sup>76</sup> The constant flow of credible information will encourage employees to make sacrifices for the good of the organization and catapult implementation of change. Implications of change related issues should be incorporated into daily routines and hour-by-hour activities. Organization performance meetings can go beyond the metrics and be used as an opportunity to discuss how various initiatives are contributing to transformation. Routine correspondence such as e-mails or newsletters can be used to promote the vision. The use

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<sup>74</sup> Mary Lippitt, "Say what you mean, mean what you say," *The Journal of Business Strategy*, Jul/Aug (1997), 18.

<sup>75</sup> *Ibid.*, 19.

<sup>76</sup> John P. Kotter, "Leading Change: Why Transformation Efforts Fail," 63.

of every existing communication channel will sustain change momentum by highlighting important issues and motivate organizational members to remain focused on change implementation. Table 4 demonstrates how change related communication is linked to the organizational change process.

<i>Change Driver</i>	Summary Definition	Steps of the Organizational Change Process			
		Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<i>Change Related Communication</i>	Focused on employee understanding on the need for change. Update employees on progress of change implementation. Encourage two-way communication to open discussion provide clarification.	Provide constant communication if change vision. Stress importance of change and why both organization and individual will be better off as a result. Facilitates employee understanding and engagement.	Encourage clear two-way interaction. Addresses employees' questions and concerns. Allows individuals to remain committed to the change. Ensures that any obstacles are properly identified and removed.	Use every communication available to reinforce change initiatives. Provide constant flow of credible information. Promote change goals and objectives in daily routine. Signals the organization's ongoing commitment to the change initiative and ongoing implementation.	Not Applicable

Table 4. Linking “Change Related Communication” to the Organizational Change Process

#### 4. Change Related Training

##### a. Definition

Change related training is when employees learn new technology, work processes or routines, and behaviors that personify the desired change vision. According to Whelan-Berry and Somerville, prior research indicates that training provides an understanding of the change initiative and supplies employees with the knowledge, skill sets or behaviors necessary to effectively carry out the mission.<sup>77</sup> Training is especially important at the group or individual levels because it provides further meaning of the change vision and how it directly applies to their specific segment of the organization. Since assorted units and departments play different roles to reach the overall goals of the organization, change related training can be especially useful in tailoring varying abilities

<sup>77</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 184.

to match change associated objectives. Change related training lays the foundation for employees to target and act on proposed change initiatives.

***b. Linking Change Related Training to the Organizational Change Process***

Since training is most frequently associated with developing understanding and necessary skills, values or frameworks related to the change initiative; it is mainly linked to the steps of moving the change vision to the group and individual level and adoption of change initiatives.<sup>78</sup> The proper change related training provides employees with the necessary guidance and better prepares them to act on desired change implementation. Ultimately, the goal is to enhance individual performance and productivity so the entire organization benefits as a result.

Training can also be used to network employees and integrate business operations throughout the entire organization. Implementing systematic and purposeful attention to training transformation issues may influence employees to work more interdependently and to function as a team.<sup>79</sup> Change related training is a critical driver for delivering a more comprehensive understanding of the change vision. It provides employees with the proper tools to meet expectations and achieve desired change outcomes. Whelan-Berry and Somerville specify that change related training have not been linked to sustaining momentum or institutionalizing the change. This is most likely due to training being a one-time experience or practice.<sup>80</sup> A summary of how change related training supports the organizational change process is shown in Table 5.

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<sup>78</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 185.

<sup>79</sup> J. B. Bennett et al., "Change, transfer climate, and customer orientation: a contextual model and analysis of change-driven training," *Group & Organization Management*, 24, 2 (1999), 212.

<sup>80</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 185.

		Steps of the Organizational Change Process			
<b>Change Drivers</b>	Summary Definition	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<b>Change Related Training</b>	Provides an understanding and necessary skills, values and/or frameworks concerning the change initiative. Allows tailored or specialized training for assorted groups or individuals. Aligns employee focus and efforts on change related objectives.	Allows groups and individuals to develop job or role specific understanding of the change initiative. Provides new knowledge, skills and work processes needed for desired change outcomes.	Reinforce comprehensive understanding of change vision. Influence employees to work more interdependently and function as a team. Provides employees with tools to match expectations.	Not Applicable	Not Applicable

Table 5. Linking “Change Related Training” to the Organizational Change Process

## 5. Change Related Employee Participation

### a. Definition

Whelan-Berry and Somerville point to research, which indicates that employee participation in confronting change initiatives, can greatly increase comprehension of the change vision. They suggest involvement in activities such as implementation planning meetings or a pilot program can facilitate broader understanding of the change initiatives and increased levels of commitment.<sup>81</sup> Whatever the vehicle used to increase employee participation, the goal is to expand the number of people at every level who make committed, imaginative contributions to the organizational success. In order for transformation goals to advance, the burden should not rely solely on leadership. It takes widespread interest among employees who play a more active role in the business of the organization.<sup>82</sup> Participation in tasks related to the change initiatives will not only increase understanding and commitment, but it can alter individual frameworks and increase employee enthusiasm to making lasting change.

<sup>81</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 185.

<sup>82</sup> Richard Pascale et al., “Changing the way we change,” *Harvard Business Review*, 75, 6 (1997), 128.

***b. Linking Change Related Employee Participation to the Organizational Change Process***

According to Whelan-Berry and Somerville, change related employee participation is predominantly linked to the moving the change vision to the group and individual levels and enabling adoption of change steps within the organizational change process. Organizations can shift the vision down to the individual or group levels by incorporating as many people possible into the activity of the organization. Though it may not be practical in large organizations to include every employee in the decision-making associated with change strategies, the deliberate inclusion of supervisors can have a rippling effect in spreading the change vision. Managers participating in discussions and developing change initiatives will return to their segments with a more detailed understanding of the issues and how the change vision affects them specifically. As a change champion for their group, managers are in a better position to properly respond to expectations and spread the understanding of change initiatives.

The ability to engage every employee in the organization's principal challenges enables the individual employee adoption of change initiatives. Participation or employee incorporation has distinct properties that provide greater meaning than terms such as consensus management. It includes using concrete, pressing business problems to generate a sense of urgency; the cascading involvement of every employee beginning at the very top of the enterprise and continuing down through the ranks; and the generation of initiatives conceived and staffed by employees across hierarchy and function.<sup>83</sup> Though a change vision may be initially formulated by a small group of executive leaders, employee participation in developing and advancing change initiatives can have a significant impact on successful organizational change. It instills a sense of ownership and provides employees the opportunity to determine how their specific job or function contributes to successful transformation. Table 6 provides a brief summary on how change related employee participation is linked to the organizational change process.

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<sup>83</sup> Pascale et al., "Changing the way we change," 131.

<i>Change Drivers</i>	Summary Definition	Steps of the Organizational Change Process			
		Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<i>Change Related Employee Participation</i>	Involves employees in tasks specifically related to the change initiative. Increases employee understanding of change vision. Expands number of people committed to change and encourages more active roles.	Deepens understanding of the change vision and related outcomes. Allows such understanding to become specific to a group. Develop champions of change to articulate change vision.	Engage every employee in organization's principal challenges. Employees participate in developing and advancing change initiatives. Large employee involvement in determining their respective job/role/function during change.	Not Applicable	Not Applicable

Table 6. Linking “Change Related Employee Participation” to the Organizational Change Process

## 6. Aligned Human Resources Practices

### a. Definition

It is imperative for organizations to consider the importance of common human resource practices such as recruitment, selection and socialization of new employees, performance appraisal criteria, and incentives and rewards when developing change strategies. Whelan-Berry and Somerville emphasize that when such human resource practices are modified to reflect the change vision they can be leveraged as critical change drivers in the organizational change process.<sup>84</sup> When human resource practices are correlated to change requirements, they support transformation goals and provide clarity for employee expectations. They also signify the importance of changing individual behaviors in order for change initiative to be successful. Human resource practices are generally primary sources of extrinsic reinforcement for desired behavior and symbolic evidence of organizational support for the change. They are an important element for setting standards and providing reinforcement for change.<sup>85</sup>

<sup>84</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 185.

<sup>85</sup> Achilles Armenakis et al., “Making change permanent: A model for institutionalizing change interventions,” *Research in Organizational Change and Development*, 12 (1999), 112.

*b. Linking Aligned Human Resources Practices to the Organizational Change Process*

With the exception of moving the change vision to group and individual levels, Whelan-Berry and Somerville argue that aligned human resource practices can be linked to all the remaining steps of the organizational change process.<sup>86</sup> In order to promote individual change adoption, organizations should strategically align performance appraisal and related reward systems to reflect the behavior, skills or work embodied by the change initiative. Furthermore, the proper implementation of appraisal or performance systems, which directly support the change vision, can alleviate employees choosing between the new vision and their own self-interests.<sup>87</sup> Providing various forms of compensation rewards employees for acceptable performance related to organizational change efforts. In addition, extrinsic incentives such as monetary benefits, promotion, recognition, privileges and others can be given to employees in order to sustain adoptive behavior until the intrinsic value of change initiatives becomes more apparent.<sup>88</sup>

In order to sustain momentum and institutionalize the change, it is imperative that organizations align their recruitment, selection and socialization of new employees, with the behavioral systems and processes developed for change implementation. As change continues, the kinds of employees hired, retained, and promoted or the socialization of new employees send messages about the importance of the change initiative. Organizations should mobilize and integrate human resource practices to help manage and reinforce the transformation climate at an individual and group level. Since human resource strategies are specifically linked to change initiatives, than employee performance is more likely to improve if the two systems are aligned.<sup>89</sup> Employee selection activities can further institutionalize change by hiring and promoting those individuals whose values match those represented in the change vision of the

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<sup>86</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 186.

<sup>87</sup> Kotter, "Leading Change: Why Transformation Efforts Fail," 64.

<sup>88</sup> Armenakis et al., "Making change permanent: A model for institutionalizing change interventions," 114.

<sup>89</sup> J. B. Bennett et al., "Change, transfer climate, and customer orientation: a contextual model and analysis of change-driven training," 212.

organization and removing those individuals whose values do not. The summary definition of aligned human resource practices and how this change driver is linked to the organizational change process is illustrated in Table 7.

		Steps of the Organizational Change Process			
<b>Change Drivers</b>	Summary Definition	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<b>Aligned Human Resources Practices</b>	Strategically align human resources practices with the change initiative. Support transformation goals and clarify employee expectations. Reinforce desired behaviors.	Not Applicable	Align performance appraisal and reward to reflect work exemplified by the change initiative. Properly reward employees for achieving acceptable performance or desired outcomes. Signals management's commitment to the vision.	Align recruitment, selection and socialization of new employees with change initiatives. Signals that the change is important to organizational success. Human resource practices will be based on the change vision and its related outcomes.	Utilize employee selection activities to reinforce transformation climate. Select individuals whose values match the change vision. The vision and related outcomes become the norm.

Table 7. Linking “Aligned Human Resources Practices” to the Organizational Change Process

## 7. Aligned Organization Structure and Control Processes

### a. Definition

Whelan-Berry and Somerville identify aligned organization structure and control processes as the final driver of the organizational change process. They define this change driver as going beyond human resource practices, and explain it encompasses the planning, budgeting and reporting, operations, customer relations and technology systems which provide the framework for the structure and organizational processes.<sup>90</sup> In order to effectively monitor the progression of change initiatives, various systems and processes need to be established which provide the organization with an accurate assessment and allow opportunities for adjustments. Proper alignment of organization structure and control processes also signals to employees that the change initiative is a top priority. Not only are individuals given the appropriate means to confront the challenges, but it also shows change is important enough to be monitored, measured and managed. When appropriate, modifying planning and budgeting systems, policies and

<sup>90</sup> Whelan-Berry and Somerville, “Linking Change Drivers and the Organizational Change Process,” 186.

procedures and or management information systems to match the proposed change vision can significantly support the organizational change process and act as effective change drivers.

***b. Linking Aligned Structure and Control Processes to the Organizational Change Process***

Aligned organization structure and control processes, according to Whelan-Berry and Somerville, are interrelated to every step in the organizational change process.<sup>91</sup> By revising processes and operating frameworks to encourage change, organizations are able to shift the change vision to the individual or group level. Proper alignment prepares employees or small units to be better equipped in handling the demands imposed by the change initiatives. It goes beyond management explaining why change is required and simply developing a vision, but signifies that management is willing to take actual steps in carrying out that mission.

Providing the appropriate structures and processes for employees to be successful in the changed organization encourages individual employee adoption and sustains momentum of change implementation. Employees are more likely to accept the change proposals when given the appropriate support, resources, and tools to succeed. Furthermore, establishing guidelines or control processes provide an accurate assessment in the success of change initiatives. This allows both employees and management to measure their own performance in comparison to stated objectives and revise strategies as necessary. In order to focus energy and develop a sense of urgency to implement change initiatives, leadership should strive to align employee roles, responsibilities and relationships to address the organization's most competitive task or challenge.<sup>92</sup> Through actually experiencing the change in the organization's revised structure and processes, employees are able to realize how their contributions support change vision and lead to successful change implementation.

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<sup>91</sup> Whelan-Berry and Somerville, "Linking Change Drivers and the Organizational Change Process," 186-187.

<sup>92</sup> Michael Beer et al., "Why Change Programs Don't Produce Change," Harvard Business Review, Nov-Dec (1990), 159.

The proper alignment of an organization's architecture and change initiatives facilitates the institutionalization of change. All organizations are composed of the following elements:

- Structure: the work processes, reporting relationships, unit boundaries, and the way jobs are designed.
- Business systems: the human resource systems and practices, communication systems, and administrative control systems.
- Infrastructure: the technology that is used to transfer inputs to outputs and the physical layout of an organization's facilities.
- Core capabilities: the core competencies of the organization, for example, being engineering or market-driven.
- Individual capabilities: the knowledge, skills, and abilities found in each employee group.
- Culture: the values, norms, assumptions, and beliefs which are prevalent within an organization.<sup>93</sup>

The features of the first five components contribute to the organization's overall culture. When each element of the organization's architecture is carefully aligned and integrated with the transformation strategy, employees are given a clear path to implement change initiatives and resistance to change will be minimized. Improper alignment sends out mixed signals about prioritization and may result in employees reverting to pre-transformation structures and control processes. Table 8 summarizes how aligned organization structure and control processes are connected to the steps of the organizational change process.

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<sup>93</sup> Recardo, "Overcoming resistance to change," 6.

		Steps of the Organizational Change Process			
<b>Change Drivers</b>	Summary Definition	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<b>Aligned Organization Structure and Control Processes</b>	Aligns structure and processes to better support change vision. Allows change initiatives to be properly monitored, measured and managed.	Revise appropriate structure and processes to encourage change and better equip employees. Demonstrates management's interest and commitment to the change initiative.	Provide support and resources to meet objectives. Effective control processes measure performance and allows revision. Facilitates employee acceptance and adoption.	Align focus and energy to address organization's principal challenges. Facilitates the implementation of the change by incorporating it as necessary in organizational systems and processes.	Ensure organization's architecture is aligned and integrated with change strategy. Prioritizes change initiatives and prevents employees from reverting to pre-change structure and processes.

Table 8. Linking “Aligned Organization Structure and Control Processes” to the Organizational Change Process

#### D. SUMMARY

This literature review has discussed and presented a number of concepts, theories and models that present the framework upon which to discuss topics raised throughout the remaining chapters. First, by using prior research on change management, Whelan-Berry and Somerville identify five steps most frequently recognized during the organizational change process. They argue that although organizational change is complex and multidimensional, recognition and knowledge of these steps can lead to more effective change implementation. Whelan-Berry and Somerville also distinguish the most frequent ways in which organizations utilize resources in the form of change drivers. They define change drivers as events, activities, or behaviors that facilitate the implementation of change. Finally, Whelan-Berry and Somerville attempt to move beyond prior research by examining the relationship between change drivers and each step in the organizational change process. They conclude that accurately linking each change driver to specific steps in the organizational process can provide organizations the necessary information to more effectively implement successful organizational change. Therefore, organizations are able to anticipate the numerous challenges presented during transformation and take proactive measures to avoid resistance to change. Though several tables illustrating the relationship between each change driver and the steps in the organizational change process were discussed throughout Chapter II, a comprehensive summary is provided in the appendix.

These authors have presented theories and concepts which are relevant to the analysis and evaluation of NAVSUP Provider Enterprise. They provide a framework against which the implementation of enterprise management by NAVSUP in its role as a Provider can be examined and observe what change is occurring as a result. The models and applications presented in this chapter provide the analytical tools to evaluate and discover how the governance, processes, leadership, and communications within NAVSUP Provider Enterprise contribute to the objectives of the overall Navy Enterprise construct.

### **III. NAVSUP PROVIDER ENTERPRISE**

#### **A. INTRODUCTION**

This chapter provides information on the background, concepts and processes of the Navy Supply Systems Command Provider Support Enterprise. In order to establish a foundation for the Provider Enterprise this chapter first presents a brief history and reasoning behind NAVSUP's implementation of the Provider Enterprise in 2007. This chapter then discusses anticipated benefits that the adoption of the enterprise structure is intended to provide for the NAVSUP organization and the Navy as a whole. This chapter will provide data relevant to the primary research question by illustrating several implementation stages and milestones that have advanced the NAVSUP Provider Support Enterprise development as a part of the overall Navy Enterprise construct. It then presents the current organization and alignment of the Provider Support Enterprise. Finally, it will discuss several initiatives of the NAVSUP Provider Enterprise organization that are currently being matured and developed.

Data for this chapter was obtained from a range of sources such as NAVSUP training briefs, NAVSUP Provider Enterprise briefs to VCNO, Navy Enterprise initiatives, working group charters, military command websites, monthly newsletters, strategic plans and metrics, presentations, military instructions, memorandums, and documents and information provided by key NAVSUP personnel.

#### **B. DISCUSSION AND BACKGROUND**

There are several important factors that have influenced the Navy to adopt the enterprise framework to many levels of its organizational structure. The National military strategy requires that the DoD to be capable of fighting and winning in the areas where forces are currently deployed, but also be ready to fight a number of contingencies in the future as well. The 2010 Quadrennial Defense Review (QDR) also advances the same two clear objectives of further rebalancing the capabilities of America's Armed Forces to prevail in today's wars, while building the capabilities needed to deal with future threats. In addition, the QDR stresses the need to further reform the DoD's institutions and

processes to better support the urgent needs of the warfighter by buying weapons that are usable, affordable, and truly needed while ensuring that taxpayer dollars are spent wisely and responsibly.<sup>94</sup>

Fiscal austerity will be critical in the years ahead. Underscoring the need to create a culture of fiscal responsibility, former Defense Secretary Robert Gates stated "Instilling habits of restraint, of subtracting as well as adding, of elevating affordability on a par with desirability, is a project of years in the making."<sup>95</sup> He explained, "...my hope and expectation is that the efforts we have launched will lead to the kind of cultural changes that over time become part of this department's DNA and institutional memory."<sup>96</sup> RADM Mike Lyden added, "This is a reality we all must embrace as we position the Supply Corps for the future".<sup>97</sup> The guidance provided by DoD leadership has made it clear that each organization must do more to collaborate and communicate in order to make decisions that require resources that have become scarcer than in the past. NAVSUP leadership has demonstrated that they believe the enterprise construct is the vehicle that can help achieve those objectives. Several potential benefits of the Provider Enterprise include increased collaboration and communication as well as improving the decision-making processes in order to better manage limited resources.

## **1. Collaboration and Communication**

A principal goal of the enterprise construct within the Navy organization, and particularly within NAVSUP, has been to increase the collaboration and communication between major stakeholders. VADM McCarthy described the initial Enterprise meetings:

It was an awakening to get all these people together at the table. People who don't normally get together – looking at the problems together – to begin to scope the integrated logistics and operational implications of

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<sup>94</sup> "Quadrennial Defense Review Report 2010," Department of Defense, accessed September 25, 2011, <http://www.defense.gov/qdr>.

<sup>95</sup> Jim Garamone, "Gates Strives to Change Pentagon's Culture." U.S. Department of Defense, August 9, 2010, <http://www.defense.gov/news/newsarticles.aspx>.

<sup>96</sup> Ibid.

<sup>97</sup> "Navy Supply Corps Strategic Guidance 2011," Commander, Naval Supply Systems Command, Accessed July 15, 2011: 4.

providing fleet readiness. Those meetings fostered a dialogue that hadn't existed before. It had been all separate commands – just doing their own thing. The whole dialogue changed as a result of this constant drumbeat of engagement focused on achieving readiness within available resources.<sup>98</sup>

The continuing mission of the Provider Enterprise has been to integrate the activities of the providers and resource sponsors informed by the FIEP in order to optimize delivery of Navy capability and capacity in the form of platforms, systems, manpower and infrastructure designed to accomplish the Navy's strategic imperatives at best cost.<sup>99</sup>

## **2. Improved Decision-Making Process**

In addition to increased collaboration, NAVSUP has sought to implement the enterprise construct within its organization in order to place all the available information, with input from all major stakeholders, in the hands of the leadership before decisions are made. The enterprise construct offers leadership the tools necessary to make vetted and informed decisions that could have far reaching repercussions throughout the organization. Similar to the decisions that are made in the business world, NAVSUP leadership understands that getting people to utilize their individual knowledge and particular skill sets can play a large role in the overall success of military organizations as well. Enterprises such as the Provider Enterprise create an environment that combines the general benefits of collaboration with the knowledge sharing between disparate groups of individuals from many organizations. With all the members working together, the organization is capable of overcoming obstacles that are found in a fiscally constrained environment. RADM Lyden has stated, “Our success depends on the dedication, professionalism, and skills of our entire workforce. It is through your actions that NAVSUP will succeed in supporting the needs of the Navy.”<sup>100</sup>

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<sup>98</sup> Perkins, “Navy Enterprise Transformation,” 4.

<sup>99</sup> Chief of Naval Operations, Provider Working Group Charter, Washington, D.C., 2011, 2.

<sup>100</sup> “Navy Supply Corps Strategic Guidance 2011,” Commander, Navy Supply Systems Command, Intro.

NAVSUP has ensured that the Provider Enterprise organization remains relevant by continuing to be active as a member in a wide variety of initiatives that fall under its cognizance. As illustrated in Figure 7, a collective group of demand signals from the individual warfare enterprises specifies the level of support necessary from Providers. This allows executive leadership to have the ability to match the appropriate funding resources with desired output and make critical decisions during the PPBE process.

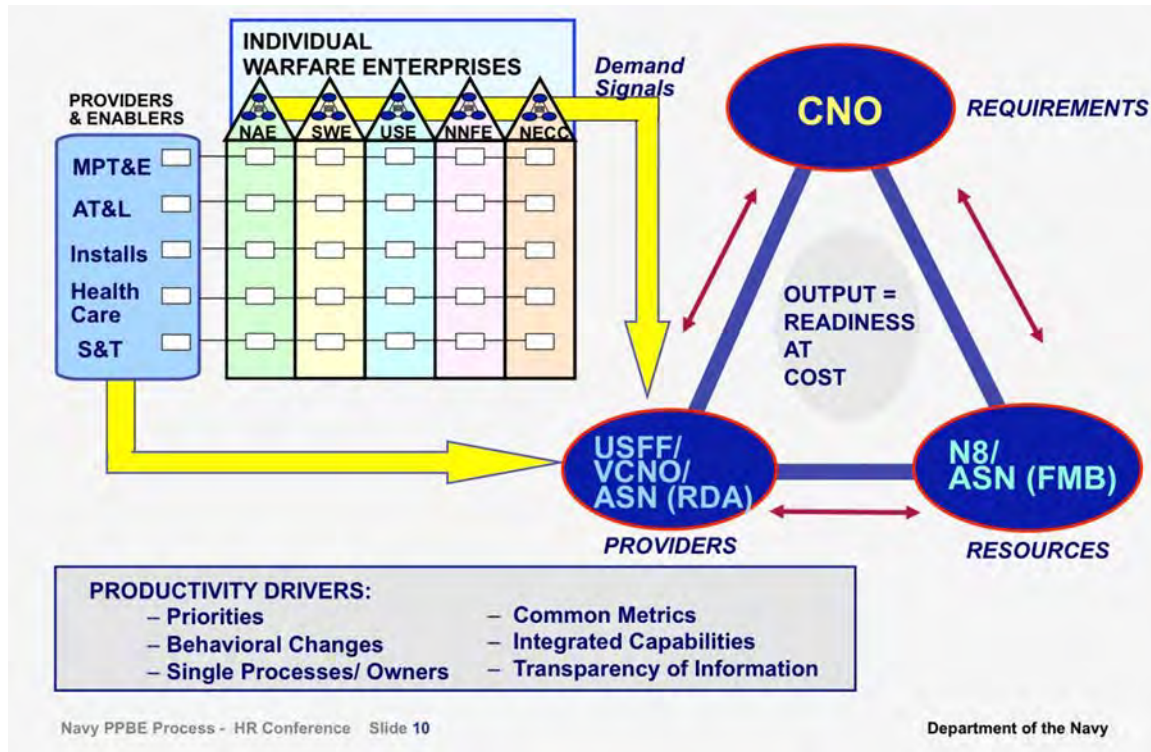


Figure 7. Navy Enterprise Decision-Making. (From: Navy PPBE Process presentation, 2007)

One of the benefits of the Provider Enterprise construct from a PPBE perspective has been the increased communication between resource sponsors, providers, and warfighters, which also assists Naval leadership in their ability to better assess cost and risk trade-offs before making resource allocation decisions.

In order to better capture demand signals from the warfare and other Provider Enterprises, NAVSUP developed Performance Based Agreements (PBAs). In an effort to advance the goal of enterprise alignment, RADM Thompson noted in 2008 that

NAVSUP was the only provider to have signed a PBA with another Provider.<sup>101</sup> In addition, in 2009 RADM Mike Lyden stated that NAVSUP was the first Provider Enterprise to complete and execute PBA's with all of the warfare enterprises.<sup>102</sup>

This PBA is a reflection of the continued customer-service provider relationship between NAVSUP and members of the enterprise construct. Through continuous coordination, teamwork, and a clear understanding of customer requirements, NAVSUP is able to document and set the standard for supply support to the operational forces. In the process, NAVSUP is able to target cost-wise readiness reduction opportunities.<sup>103</sup> The ultimate goal of PBAs is to enhance warfighting capabilities and logistics support effectiveness where possible.

## **C. NAVSUP PROVIDER ENTERPRISE IMPLEMENTATION**

### **1. Initial Stages**

In 2006, the Navy extended the enterprise framework into the fleet and corporate management tiers, creating the Navy Enterprise. In order to accomplish the Navy Enterprise missions of establishing business strategy, policy, and providing governance for the organization, the FIEP had been created to integrate the warfare enterprises. While one of the original responsibilities of the FIEP had been to manage the organizational alignment and processes between the warfare enterprises and supporting providers, the disparate nature of the provider organizations required additional management and coordination in order to achieve more desirable results. In early 2007 the Navy Provider Enterprise was added as a part of the overall Navy Enterprise.<sup>104</sup> NAVSUP leadership has adopted the enterprise concept and continually demonstrated their commitment by regularly communicating their vision throughout the NAVSUP organization as well as to all major stakeholders.

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<sup>101</sup> Commander, Naval Supply Systems Command, "Commander's Guidance Update." Message from the Commander, Mechanicsburg, PA, June 30, 2008.

<sup>102</sup> Commander, Naval Supply Systems Command, "Thank you for 2008 Commander's Guidance Successes," Message from the Commander, Mechanicsburg, PA, January 5, 2009.

<sup>103</sup> Commander, Naval Supply Systems Command, "Provider Enterprise Brief" Presentation, June 2, 2009, 26.

<sup>104</sup> Perkins, "Navy Enterprise Transformation," 1.

One of RADM Thompson's top priorities when he assumed command of NAVSUP in March 2007 was to improve NAVSUP's organizational relationships with its many stakeholders. He noted that NAVSUP existed to provide combat capability through logistics, and he felt that it should be committed to working more closely with its stakeholders in order to better understand and meet their needs.<sup>105</sup>

RADM Thompson sought to expand and sustain the special relationships NAVSUP had with both the Warfare and Provider Enterprises. In order to clearly demonstrate his concept to all the stakeholders as well as to all the personnel involved, he restructured the Assistant Chief of Staff (ACOS) functions along Warfare/Provider Enterprise lines. He renamed the positions Assistant Commanders (ACOMs) to reflect the leadership role of these assignments.<sup>106</sup>

The ACOM positions were created in order to be the primary senior leadership interface with the Warfare and Provider Enterprises and to represent NAVSUP on the various Enterprises' Boards of Directors. The ACOM responsibilities include coordination all efforts across the NAVSUP organization and they were to serve as advocates for their stakeholders with the rest of the NAVSUP Enterprise. The ACOMs would also represent NAVSUP on the Enterprise Boards of Directors. The ACOM approach represented a behavioral model and did not imply any command and control changes to the organizational structure. RADM Thompson believed that the ACOMs approach would assist NAVSUP to better align itself with and therefore support the overall Navy Enterprise and its key stakeholders.<sup>107</sup>

## **2. Expansion of the Enterprise Construct**

When RADM Lyden became the Chief of the Supply Corps in October 2008, he continued NAVSUP efforts to expand the Enterprise concept throughout the organization. Under his tenure as Commander of NAVSUP, RADM Lyden began

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<sup>105</sup>“New Assistant Commander Structure Designated,” Commander, Naval Supply Systems Command, Message from the Commander, accessed July 20, 2011, <http://navsup.navy.mil>.

<sup>106</sup> Ibid.

<sup>107</sup> Ibid.

implementation of the 2011 “One NAVSUP” initiative to create an enterprise environment that provided NAVSUP’s stakeholders a clearer understanding of NAVSUP capabilities while simultaneously unifying the workforce.<sup>108</sup>

RADM Lyden demonstrated his desire to strategically communicate the importance of the enterprise construct by renaming NAVSUP’s subordinate units. These new names supported the “Global Logistics Support Network” construct where each activity executed its mission as a node in the network, vice as an individual entity. The new names became effective July 1, 2011.

The new names for the NAVSUP Echelon III activities became:

- NAVSUP Weapon Systems Support (formerly Naval Inventory Control Point – NAVICP)
- NAVSUP Business Systems Center (formerly Navy Supply Information Systems Activity – NAVSISA)
- NAVSUP Logistics Operations Center (formerly Naval Operational Logistics Support Center – NOLSC)
- NAVSUP Global Logistics Support (Formerly Commander, Fleet & Industrial Supply Centers – COMFISCS)<sup>109</sup>

The new names for the NAVSUP Echelon IV activities, formerly known as Fleet & Industrial Supply Centers, or FISCs, became NAVSUP Fleet Logistics Centers, or FLCs, which include seven locations throughout the U.S., Italy and Japan.

On July 22, 2011, RADM Mark Heinrich took command of NAVSUP, and immediately began issuing guidance, including an initial 100-day plan, that carried on previous commander’s initiatives that focus on the enterprise concept at NAVSUP. RADM Heinrich kept the existing 2011 NAVSUP Commander’s Guidance that was developed by his predecessor in place because it was carefully shaped by, and aligned

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<sup>108</sup> “One NAVSUP...One Enterprise.” Commander, Naval Supply Systems Command , NAVSUP Monthly Update, Mechanicsburg, PA, March, 2011, accessed August 2, 2011, [www.navsupsup.navy.mil/navsup/news/one\\_navsup.pdf](http://www.navsupsup.navy.mil/navsup/news/one_navsup.pdf).

<sup>109</sup> Ibid.

with, direction from the CNO. He also made it clear that he wanted to be aggressive in achieving maximum momentum from the beginning of his tenure in taking advantages of opportunities and overcoming current challenges being faced by NAVSUP. Several key themes to his 100-day plan include:

- Align NAVSUP Enterprise requirements with the Fleets, SYSCOMs, resource sponsors and the Manpower, Personnel, Training and Education (MPT&E) domain.
- Support the Fleet more effectively across all communities.
- Increase our Fleet focus across the Warfare Enterprises by listening to the Fleet and proactively seeking out information regarding their needs and requirements to deliver the right level of support.
- Emphasize joint solutions.
- Provide the best Community Management to our officers and Sailors across the Fleet.
- Engage external stakeholders proactively.
- Broader NAVSUP Leadership interaction is needed across the Navy.
- Develop customer-facing metrics and communicate them to external audiences.<sup>110</sup>

Although NAVSUP leadership has changed several times since the Provider Enterprise was created, each commander has demonstrated commitment to the enterprise concept. Each commander has taken actions to ensure the personnel in the NAVSUP organization believe that the enterprise concept is important and beneficial to everyone involved. The commanders continue to shape the Provider Enterprise organization as it matures and develops.

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<sup>110</sup> “NAVSUP 100-Day Plan,” Commander, Naval Supply Systems Command, Mechanicsburg, PA, August 4, 2011, accessed August 29, 2011, [www.navsup.navy.mil/navsup/NAVSUP100DayPlan.pdf](http://www.navsup.navy.mil/navsup/NAVSUP100DayPlan.pdf), 5.

## **D. ORGANIZATION, ALIGNMENT, AND PERSONNEL**

### **1. NAVSUP Internal Governance**

The NAVSUP EXCOMM comprises the senior leadership and is the keystone of NAVSUP's enterprise governance process. The EXCOMM maintains the enterprise's focus and alignment with higher level Navy direction through the NAVSUP Commander's Guidance, annually assessing environmental changes and validating or revising Strategic Focus Areas and supporting initiatives. It is also responsible for overseeing execution of Commander's Guidance initiatives through periodic status updates and monthly meetings.

In addition to strategic issues, the EXCOMM is responsible for overseeing basic business execution, including regularly monitoring performance metrics and serving as the forum for ACOM updates. As NAVSUP's decision-making body, the EXCOMM addresses enterprise wide policy and resource issues brought before it, with an emphasis on problem resolution.

### **2. NAVSUP Provider Enterprise Alignment**

The Naval Supply Systems Command, through its ACOMs, has remained engaged with the Warfare and Provider Enterprises on a routine basis in order to validate customer requirements and to attempt to ensure NAVSUP offers the maximum value to these customers. Each ACOM is responsible for a specific enterprise and with corresponding objectives to deliver maximum support.

#### ***a. ACOM for NAE Support***

The principal objective of the NAE is to deliver the right current and future force, with the right readiness, at the right cost, at the right time. The principle customers of the NAE include the Commander Naval Air Forces (CNAF) and U.S. Marine Corps Aviation. Key performance metrics of the NAE include Aircraft ready for tasking (RFT) at reduced cost as well as maintenance personnel ready for tasking.

The short-term objectives include:

- Continue implementation of cost-wise readiness analysis methodology.
- Integrate U.S. Marine Corps and Research, Development, Test and Evaluation (RDT&E) Aviation.
- Improve unit level of technologically proficient manpower.
- Execute flying hour program to the Schedule Performance Index (SPI).
- Maintain the Cost Performance Index (CPI) at 5 percent above standard.<sup>111</sup>

***b. ACOM for SWE Support***

The principal objective of the SWE is to produce warfighting readiness to Fleet Forces Command in support of the combatant commanders. Principle customers of the SWE include Commander, Naval Surface Forces and Commander, Fleet Forces Command. The key performance metric for the SWE is warships ready for tasking.

The short-term objectives of SWE support include:

- Produce prescribed levels of warfighting readiness based upon Fleet Forces Command-defined demand signals.
- Deliver and retain a diverse mix of officers, enlisted, civilians and contractors with the right competencies/proficiencies, in the right place, at the right time, for the right value – balancing cost and readiness while adhering to our SWE values.
- Establish a "strategic financial management process" that enables SWE to more effectively allocate its financial resources to support current and future readiness.

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<sup>111</sup> "NAVSUP Assistant Commanders," <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

- Implement standardized cost management processes and financial metrics to drive increased productivity (readiness / cost).
- Lower total ownership costs across the Surface Warfare Enterprise.
- Improve Enterprise maturity and execute with strategic financial management, increasing transparency and trust between Enterprise partners.<sup>112</sup>

*c. ACOM for USE Support*

The principal objective of the USE is to achieve effective and efficient generation of combat power as directed by CNO and CFFC. The principle customers of the USE include CFFC and Commander Naval Submarine Forces. The key performance metric of the USE is submarines ready for tasking.

The short-term objectives to support enterprise initiatives include:

- Operational Availability – “Around the World; Around the Clock” Submarines and undersea surveillance assets deployed for sustained battle space preparation and deterrence.
- Improved Commanding Officer Decision-Making – CO’s making optimal decisions under the demands and complexity of the undersea environment.
- Submarine Expertise – Experienced people integrated throughout the Joint warfighting, military technology and defense/government management communities.
- Culture / Standards / Conduct – “Pride Runs Deep.” Assimilating new crew members into the submarine culture, while maintaining high standards of conduct.

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<sup>112</sup> “NAVSUP Assistant Commanders,” <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

- Future Capabilities – Forecasting and meeting tomorrow’s requirements for undersea superiority.<sup>113</sup>

***d. ACOM for NNFE Support***

The principal objective of the NNFE is to measure, improve and sustain the delivery of information technology (IT) products and services that ensure combat capabilities through technology-enabled logistics. Principle customers include Commander Naval Network Warfare Command (NETWARCOM) and Commander of Space and naval warfare Systems Command (SPAWAR). Several key performance metrics include supply material availability (SMA) and average wait time for NAVSUP-managed material integral to NNFE systems.

The short-term objectives include:

- Attain and sustain Supply Material Availability (SMA) at equal to or greater than 95 percent for NNFE systems supported by performance based logistics (PBL) arrangements, and 95 percent for systems supported by other means.
- Reduce number of unfilled customer orders by 5 percent, average age of unfilled customer orders by 10 percent and average customer wait time by three days for each NNFE system.<sup>114</sup>

***e. ACOM for NECE Support***

The principal objective of the NECE is to focus and coordinate NAVSUP resources on NECE logistics requirements to enhance NECE warfighting capabilities and overall logistics support effectiveness. Principle customers of the NECE include all Navy Expeditionary units. The key performance metrics include the contributions and progress of the short-term objectives that are quantified in PBA’s to include:

- Expeditionary IT logistics systems support.

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<sup>113</sup> “NAVSUP Assistant Commanders,” <http://www.navsupsup.navy.mil/navsup/ourteam/acoms>.

<sup>114</sup> Ibid.

- Review current supply system Expeditionary policy and guidance to ensure NECE requirements are addressed. Revise/establish supply system policy/guidance to better support Expeditionary logistics requirements as needed.
- Ensure NAVSUP contracting capability supports NECE requirements, especially in the area of contingency contracting.
- Identify opportunities to increase wholesale system/material support to NECE. Examples would include development of pack-up kits, outfitting support, and forward positioning of material.
- Develop appropriate performance based agreement (PBA) with the goal of enhancing NECE's combat capability through logistics by focusing NAVSUP resources on Navy Expeditionary Combat Enterprise logistics policy and readiness requirements.<sup>115</sup>

*f. ACOM for NF Support*

The principal objectives of the NF include providing quality goods and services at a savings while financially supporting Navy Morale, Welfare and Recreation (MWR) programs. Principle customers of the NF include all Navy Warfare Enterprise Sailors, their families, and the military retiree and reservist communities. Key performance metrics include customer satisfaction and readiness.

The short-term objectives include:

- Task Force Uniform Phase I execution.
- Retire legacy systems as Oracle Retail Systems are employed.
- Identify Food Service and Ship Store Distance Support concept of operations.

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<sup>115</sup> “NAVSUP Assistant Commanders,” <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

- Focus on executing Exchange Cooperative Efforts that enhance Quality of Life programs.<sup>116</sup>

*g. ACOM for Provider Support*

The principal objective of the Provider Support is to interact with components of the FIEP to understand demand signals, baseline entitlements, understand and agree upon desired level of output through PBA's, measure output to entitlement, and identify areas of opportunity to improve effectiveness and efficiency. Principle Customers of the Provider Enterprise include the FIEP, which includes the five warfare enterprises, and the Navy Enterprise Executive Committee.

The short-term objectives include:

- Deliver the right warfighting capability, at the right time, at the right cost.
- Achieve common, transparent financials, people management, and processes.
- Collaborate to optimize output / cost for the Enterprise.
- Achieve unity of effort and alignment.
- Measure progress and enforce accountability.
- Establish effective, integrated governance.<sup>117</sup>

The NAVSUP ACOM's were created in part to the main point of contact between NAVSUP and the provider and warfare enterprises each ACOM is responsible for representing. One of the primary responsibilities of each of the ACOM therefore has been to facilitate communications and collaboration throughout the Provider Enterprise organization.

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<sup>116</sup> "NAVSUP Assistant Commanders," <http://www.navsup.navy.mil/navsup/ourteam/acoms>.

<sup>117</sup> Ibid.

### 3. Personnel Management

Several of the human resource related initiatives that have been enacted throughout NAVSUP have sought to enhance the performance of enterprise management concepts. Using the guiding principles and strategic focus areas as the foundation, NAVSUP developed a “Strategy for Our People” plan.<sup>118</sup> The strategies developed were initiated to better leverage employee knowledge and embrace the process of change management throughout the NAVSUP Enterprise. The three goals established to support this initiative include:

- Goal #1 – Develop and Maintain a High Performing, Agile, Ethical, and Diverse Workforce.
- Goal #2 – Align Workforce Competencies to Enable Warfighter Mission.
- Goal #3 – Develop Corporate Culture that Values and Rewards Efficiency, Innovation, Performance and Accountability

Through diversity initiatives, personnel development, and quality of life issues, NAVSUP placed a large emphasis on optimizing their Total Force structure. This includes the best value manpower mix of active, reserve, officer, and enlisted military and government and contractor civilians supporting Navy and joint missions. To support this objective, NAVSUP employed a mentoring program within the NAVSUP Enterprise that provides opportunities for employees to broaden their skills and leadership abilities. NAVSUP has also developed a diversity strategy plan that seeks to recognize, appreciate and value the differences among their personnel in order to include and leverage unique attributes and characteristics for developing the total workforce.<sup>119</sup> The goal of developing a high performing workforce focuses on the strategic management of human capital needed to maximize effectiveness within the NAVSUP Enterprise.

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<sup>118</sup> “Strategy for our People: Optimizing the potential of our employees to best support Navy and joint missions now and in the future. FY 2007 – FY 2012,” Commander, Navy Supply Systems Command, Mechanicsburg, PA, June, 2007, accessed October 22, 2011, <http://navsup.navy.mil>.

<sup>119</sup> Commander, Navy Supply Systems Command. Strategy for our People (2007), 3.

The NAVSUP “Strategy for Our People” was also developed to enable employees to better meet the needs of the warfighter they support. This initiative focuses on having workforce staffs, competencies, and knowledge-based skills effectively aligned to customer missions and strategic goals. Through the use of applicable policies, processes, and tools, NAVSUP aimed to deliver responsive solutions to workforce challenges. The establishment of Competency Leads, Corporate Competency Council, and competency-based training plans, are all examples of programs designed to optimize the use of the workforce to accomplish the current and future organization missions.<sup>120</sup> Through organization assessment, workforce gap analysis, and program health monitoring, NAVSUP’s strategy is to build upon key competencies that provide enterprise capabilities to the Navy.

The final goal of the “Strategy for Our People” is to instill a culture within the NAVSUP Enterprise that thrives off of efficiency, innovation, high performance and accountability.<sup>121</sup> To support this objective, NAVSUP emphasized efficiency methodologies for continuous process improvement. These processes are designed to build and extend a customer-focused culture and use standard metrics to evaluate performance. The overall goal is to continuously enhance the internal processes required to deliver enterprise-wide solutions among growing constraints.

#### **4. NAVSUP Participation and Processes Within Provider Enterprise**

##### ***a. Provider Enterprise Executive Support Group (PE ESG)***

The Provider Enterprise Executive Support Group (PE ESG) supports the PE Executive Committee (PE EXCOMM) in the execution of its mission. The PE ESG collaborates and integrates PE EXCOMM support activities with DoD, DoN, and Navy business stakeholders to optimize delivery of capability and capacity at best cost. Specifically, the PE ESG supports the PE EXCOMM in its ability to:

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<sup>120</sup> “Strategy for our People,” <http://navsup.navy.mil>, 7.

<sup>121</sup> *Ibid.*, 10.

- Improve collective Provider delivery of platforms, systems, manpower and infrastructure to maintain warfighting readiness and build the future force at best cost.
- Prioritize the integration of processes and the implementation of solutions that improve the collective output/cost of the Providers.
- Drive accountability by developing collective output and performance metrics for delivery of platforms, systems, manpower and infrastructure.
- Resolve issues/barriers that arise related to the support of current readiness or the delivery of future capability.<sup>122</sup>

***b. Provider Working Group (PWG)***

The Provider Working Group (PWG) supports strategic planning and execution management of PE ESG initiatives that support the mission of the Provider Enterprise. Specifically, the PWG will strategically assess, plan, integrate, advise and manage issues and activities to enhance PE ESG effectiveness in execution of the PE EXCOMM mission. The PWG supports the PE ESG in its ability to:

- Identify, develop, promulgate and manage strategic initiatives and issues to support Provider Enterprise alignment and integration of key stakeholder activities.
- Assess cross-BSO issues with business equities identified by external working group/ governance sources.
- Provide vetted cross-Provider and Resource Sponsor issues, perspectives and solution recommendations to the PE ESG.
- Advise PE ESG on issues and opportunities of value to the PE EXCOMM.

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<sup>122</sup> Chief of Naval Operations. Provider Working Group Charter. Washington, D.C.: CNO (2011), 2.

- Assign and dissolve subject matter expert support, including Issue Teams, as needed, in support of PE initiatives. Issue teams may be chartered by the PWG, PE ESG, PE EXCOMM or VCNO/ASD RD&A, as appropriate.
- Develop and propose temporary Issue Team charters and operating rules for PE ESG review and approval, or forward to the PE EXCOMM, as appropriate. Review, validate, mature, and approve Issue Team deliverables, and forward to the PE ESG of applicable. Manage Issue Team execution to ensure effectiveness in meeting PE ESG expectations and ensure cross-Provider equities are represented.
- Advise the PE ESG on current and future readiness impacts and risk factors associated with issues and PE initiatives.<sup>123</sup>

Provider Working Group membership includes designated government civilian GS-15 or O-6 military representatives from each of the nine Providers that make up the PE EXCOMM. In addition, the Navy Enterprise Chief of Staff (OPNAV N09X) serves as VCNO liaison, executive secretary and lead facilitator for the PWG. The PWG charter states that all members will propose agenda topics. PWG meetings include current action items in addition to certain taskers associated with PE EXCOMM and PE ESG decisions. OPNAV N09X establishes meeting times that support PWG, PE ESG, and EXCOMM agendas, and ensures execution of all POAMs, deadline achievement, and ensures maximum participation from the members.<sup>124</sup>

NAVSUP participation in this process assists in the promulgation of several enterprise-wide management objectives and contributes to the enduring mission of the Provider Enterprise. The goal of the collective group is to integrate their activities as informed by the FIEP in order to optimize delivery of Navy capability and capacity in the form of platforms, systems, manpower and infrastructure designed to accomplish the

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<sup>123</sup> Chief of Naval Operations. Provider Working Group Charter. Washington, D.C.: CNO (2011), 3.

<sup>124</sup> *Ibid.*, 3.

Navy's strategic imperatives at best cost. Figure 8 illustrates the organization and information flow between members of the PWG, PE ESG, and ultimately the PE EXCOMM.

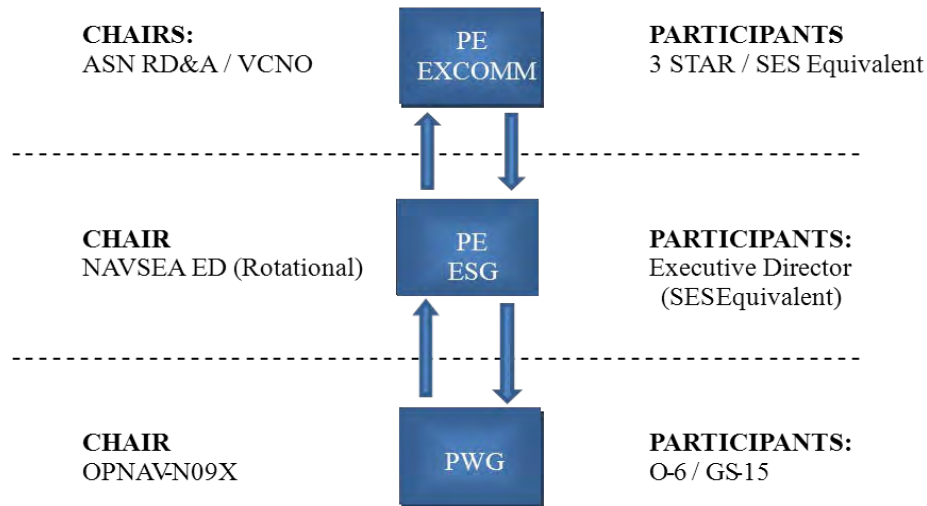


Figure 8. Provider Enterprise Organization (From: Provider Working Group Charter, 2011)

*c. Data Standardization Working Group (DSWG)*

In the beginning of 2011, the Navy developed the DSWG in an attempt to accurately describe the relationship between funding, work performed, and outputs. The main purpose of the DSWG is to develop data standardization solutions that improve Enterprise-wide financial, asset inventory, Total Force, and acquisition visibility so that accurate, consistent and actionable data is available to decision makers. The premise behind the DSWG is to determine whether spending is properly aligned to desired combat capability needed to carry out defense strategies. Though previous attempts have been made to capture this data, the launch of Navy ERP established a vehicle to extract this information from legacy systems and convert it into real-time, useable figures.

The lead of the DSWG is held by the position of an SES with membership including:

- Core membership: One representative for each Provider Enterprise EXCOMM member.

- Supporting membership: Augment core membership expertise as required.
  - Subject matter experts from within core membership organizations as deemed appropriate.
  - Program/Resource Sponsor participants: Navy ERP Program Office/PEO-EIS/OPNAV N40.
  - Financial management participants: OASN(FM&C), FMO
  - Acquisition participants: ASN (RD&A), DASN (A&LM), DASN (M&B).
  - Total Force participants: OPNAV N10/N11, OPNAV N814, DASN (CHR), DASN (MPP).
  - DCMO representative(s).
  - OPNAV N21N6 representative(s).<sup>125</sup>

The DSWG is designed to use existing Provider Enterprise structure and processes in the accomplishment of its mission. It is responsible for recommending data standardization solutions to the PE ESG as well as documenting data standardization solutions which are approved by the PE EXCOMM. The PE ESG is responsible for managing the activities of the DSWG as well as presenting the data standardization solutions to the PE EXCOMM once they have been researched. The PE EXCOMM has the sole responsibility of approving all data standardization solutions. The Navy enterprise Chief of Staff, OPNAV N09X, has the responsibilities of facilitating and coordinating PE ESG and DSWG activities, coordinating the tasking of proposed solutions, and coordinating DSWG activities with external stakeholders.<sup>126</sup>

The objectives of the DSWG are aligned with enterprise management goals to maximize efficiency through collaboration. It is responsible for developing standard definitions and business rules that will be able to drive consistent data population across a variety of Providers. The DSWG will also make policy change recommendations as they become necessary. It is tasked with relating funding to work

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<sup>125</sup> Vice Chief of Naval Operations. Provider Enterprise Data Standardization Working Group Charter, (Washington, D.C.: VCNO, 2011), 2.

<sup>126</sup> Ibid, 3.

and accordingly the value of work performed to outputs. The DSWG will also have the capacity to identify methods and requirements for inclusion of data from Commands that are not currently active in the Navy ERP system. Finally, the DSWG will develop a data standardization monitoring plan to ensure the entire process performs as designed.

NAVSUP believes that the efforts of the DSWG will allow for better management across the enterprise by offering increased asset and resources visibility through a single source of data that has the capability of illustrating the entire organizational status. These efforts are intended to streamline processes by making them standardized throughout the enterprise.

*d. Navy Affordability Initiative Process*

The Navy Affordability Initiative Process was outlined in August 2011 in an instruction from the Office of the Chief of Naval Operations, OPNAVINST 5200.38. The stated purpose of the annual affordability initiative process is to evaluate, select, and prioritize affordability candidates within the Navy for inclusion in the Navy program objective memorandum (POM) budget submission.<sup>127</sup>

Affordability candidates are defined as crosscutting proposals to optimize in-service weapons system life cycle management, material supply and service management, and real property and installations life cycle management.<sup>128</sup> The providers, the fleet, and the Navy staff each submit, review, and finalize affordability candidates for the POM build through established business rules.

Affordability Initiatives are affordability candidates that have been approved for investment by the VCNO and ASN (RD&A) through the Provider EXCOM. Affordability initiatives are then monitored and tracked to ensure proposed funding data is realized.<sup>129</sup>

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<sup>127</sup> Chief of Naval Operations. OPNAV Instruction 5200.38. Navy Affordability Initiative Process. Washington, D.C.: CNO, accessed September 12, 2011, <http://doni.daps.dla.mil/Directives>, 1.

<sup>128</sup> Ibid, 4.

<sup>129</sup> Ibid, 4.

NAVSUP's role is through the governing body of the affordability initiative process which functions as an augmented PE ESG. The members of this group fulfill the enterprise management role of reviewing affordability initiatives in order to determine what, if any, cost savings could be obtained in the larger scheme of enterprise-wide efficiencies for the Navy in its POM budget submission.

## **E. NAVSUP PROVIDER ENTERPRISE-WIDE INITIATIVES**

### **1. Total Ownership Costs (TOC)**

Total Ownership Cost (TOC) is defined as the sum of four major cost categories where each category is associated with sequential, but overlapping phases of a system life cycle. TOC consists of: (1) research and development costs associated with the material solution analysis phase, technology development phase, and the engineering and manufacturing development phase; (2) investment costs associated with the production and development phase; (3) operations and support costs associated with the sustainment phase; and (4) disposal costs occurring after initiation of system phase-out or retirement, and possibly including demilitarization, detoxification, or long-term waste storage.<sup>130</sup>

One of RADM Lyden's key areas of concern illustrated in the 2010 NAVSUP Commanders Guidance was TOC. Throughout the guidance, NAVSUP efforts to reduce TOC were highlighted and it was indicated that the Navy could not continue to meet the current operational requirements and build the future Fleet unless costs were constrained. RADM Lyden stated that, "reducing TOC has become more than just a resource issue, it has become a national security issue and we are committed to bringing innovative cost-cutting solutions to the table."<sup>131</sup>

The need to reduce total ownership costs through better planning, increased discipline, more innovative approaches, and more rigorous review and decision making processes has been a key focus throughout the Provider Enterprise organization. NAVSUP has taken several steps towards driving down costs by utilizing strategies that

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<sup>130</sup> OPNAV Instruction 5200.38 Navy Affordability Initiative Process, 6.

<sup>131</sup>"Message from the Commander: 2010 Commander's Guidance," Commander, Naval Supply Systems Command, Monthly Update, accessed July 15, 2011, <http://navsup.navy.mil>, 1.

are expressly geared to achieving greater efficiencies and lowering support costs.

NAVSUP's TOC solution portfolio includes 10 major cost reduction efforts that span a weapons system's life cycle. Since only about 20 to 30 percent of total ownership costs for a typical weapon system are related to acquisition; the greatest expense is in operations and maintenance over its service life. Because decisions made during the initial development and acquisition of a weapons system drive many of these life cycle costs, NAVSUP collaborates with ASN (RD&A), OPNAV N4, the SYSCOMS and PEOs to identify opportunities early in the development process to reduce sustainment costs. The goal of driving costs earlier in the system life cycle is illustrated in Figure 9.

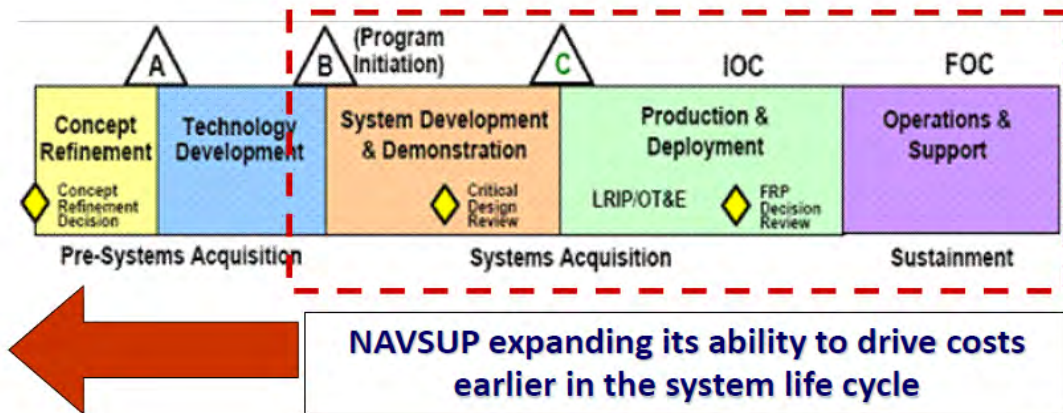


Figure 9. TOC Reduction Opportunities (From: NAVSUP Provider Enterprise Brief, 2009)  
 NAVSUP has also been working to develop and implement supply chain strategies to reduce life cycle costs for existing weapons systems, including standardizing equipment across weapons systems, increasing visibility and use of excess material, revising allowancing policies to minimize material afloat, and collaborating with DLA to reduce inventory requirements.<sup>132</sup> These NAVSUP efforts towards reducing TOC indicate their ongoing commitment to the enterprise management system by continuing to increase their collaborative efforts with many separate organizations.

<sup>132</sup> "NAVSUP Commander's Guidance for 2010: Executing Navy's Maritime Strategy," Navy Supply Systems Command, accessed July 20, 2011, <https://www.navsupsup.navy.mil/site/CommandersGuidance/2010/CommandersGuidance2010.pdf>, 8.

## **2. Strategic Sourcing**

Strategic Sourcing is a collaborative and structured process where DoN identifies the total cost of ownership of specific commodities and establishes comprehensive acquisition strategies that optimize demand management and industry trends. The objective is better overall value to customers. NAVSUP, as Naval Executive Agent for Strategic Sourcing, leads the implementation of strategic sourcing initiatives. Commodity teams, comprised of Budget Submitting Offices and stakeholders, refine existing acquisition solutions and add other commodity categories to achieve additional savings, improve opportunities for small business and enhance collection of commodity spend data.<sup>133</sup>

## **3. Navy Enterprise Resource Planning (ERP)**

The Navy Enterprise Resource Planning (ERP) Program Office awarded a contract to configure the operating system for its single integrated supply and maintenance system of the future. NAVSUP together with its principal ERP partners, NAVSEA, SPAWAR, NAVAIR, and Fleet Forces Command, applauded the milestone as a step forward in integrating Navy business practices enterprise wide.

The objective of ERP is to get the entire NAVSUP enterprise to perform routine work in one system that offers greater asset visibility, business process standardization, and planning efficiency. Navy ERP updates and standardizes Navy business practices so that business activities are accomplished in the same manner throughout the Navy, using one set of commonly understood and accepted data, entered once, available securely anywhere in the Navy. Skillsets become more easily transportable, retraining requirements are reduced, and job performance is improved. The implementation and transition to ERP provides improved financial functionality and funds management in comptroller shops, enhances workforce management capabilities, and improves asset management tracking.

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<sup>133</sup> Ibid, 9.

Utilization of ERP will enable everyone involved in conducting the Navy's business to work under the same structures that will allow processes to be updated and simplified, and redundancies to be eliminated. The Navy tested portions of the overall ERP suite of applications and processes in four different pilot test programs. Those tests provided evidence that the commercially available program can be successfully implemented with some adaptations, and that the new processes will provide substantial benefits to the Navy. IBM was officially awarded the contract for Systems Integration Support Services for the Navy ERP Program's Release 1.1, the Single Supply Solution and Release 1.2, the Maintenance Solution, both of which are a part of the integrated business management system that modernizes and standardizes business operations across the entire Navy.<sup>134</sup>

RADM Lyden commented that the Weapon System Support strategies developed by NAVSUP were driving changes to the Navy's supply chain by continuing to enable the Single Supply Solution through the implementation of Navy ERP. Specifically, all material groups in Phase 1 were successfully transitioned, which meant that all NAVICP materials are managed within Navy ERP. Phase II Regional Go-Live efforts are underway and all stakeholders are fully engaged.<sup>135</sup>

In July 2011, USD AT&L signed a Full Deployment Decision (FDD) Acquisition Decision for Navy ERP.<sup>136</sup> This decision means the Navy ERP Program is authorized continued deployment in accordance with the program schedule. A major acquisition and programmatic milestone, Navy ERP is the first ACAT IAM program in the Navy to achieve FDD. Navy ERP enhances the Department of the Navy's (DON) ability to produce auditable financial Navy ERP statements, and it currently supports 65,000 users worldwide.<sup>137</sup> The first release of the Navy ERP system, which includes financial

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<sup>134</sup> "NAVSUP Applauds New ERP Contract," Commander, Naval Supply Systems Command, NAVSUP News, June 20, 2007, accessed July 22, 2011, <https://www.navsup.navy.mil/>.

<sup>135</sup> "Commander's Guidance Update," Commander, Naval Supply Systems Command, Message from the Commander, Mechanicsburg, PA, July 6, 2011, accessed August 2, 2011 <https://www.navsup.navy.mil/>.

<sup>136</sup> "USD AT&L Signs Full Deployment Decision (FDD) Acquisition Decision for Navy ERP," Navy ERP Program, accessed August 2, 2011, [http://www.erp.navy.mil/news\\_and\\_releases/news38.html](http://www.erp.navy.mil/news_and_releases/news38.html).

<sup>137</sup> Ibid.

management, acquisition program management, and workforce management, is currently in use at NAVAIR, NAVSUP, SPAWAR, and NAVSEA General Fund. In addition, Navy ERP's Single Supply Solution rolled out to NAVSUP in March 2010, enhancing the ability of Navy supply chain managers to effectively and efficiently provide Sailors and ships the items they need every day.

## **F. SUMMARY**

This chapter first presented a general description of the conditions that drove the development of the NAVSUP Provider Enterprise. It then discussed the potential benefits its addition could offer to the overall Navy Enterprise structure using collaboration, communication, and improved decision-making.

The next section discussed the implementation of the Provider Enterprise as it has matured during the tenures of RADM Thompson, RADM Lyden and the current NAVSUP Commanding Officer, RADM Heinrich. NAVSUP leadership has shown their support of the implementation of the enterprise structure and demonstrated that they feel it is necessary and beneficial to the Navy as a whole.

The next section focused on the organization and alignment of the current Provider Support organization. First, the internal governance of the organization was described. Next, the Provider Enterprise roles and responsibilities of the ACOMs were detailed by listing critical functions such as objectives, primary customers and key performance metrics. Sections illustrating NAVSUP's personnel management initiatives and participation in various working groups in the Provider Enterprise were added in order to show several of the process changes that have taken place in NAVSUP as a result of the Provider Enterprise formation.

The final section of this chapter attempted to demonstrate NAVSUP efforts to advance the enterprise management goals of increased collaboration and communication as well as improving decision-making processes. NAVSUP's participation in various initiatives and processes has increased as a result of the Provider Enterprise.

This chapter presents data documenting the implementation of the NAVSUP Provider Enterprise and illustrates how it fits within the larger efforts of the Navy

Enterprise. The data provides the foundation for analysis and assessment of NAVSUP's implementation of the Provider Enterprise utilizing the model presented in Chapter II of this thesis. This analysis answers the primary and secondary research questions of this project and is presented in the following chapters.

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## **IV. ANALYSIS OF NAVSUP PROVIDER ENTERPRISE IMPLEMENTATION**

### **A. INTRODUCTION**

This chapter provides an analysis of the development, effectiveness and challenges of NAVSUP Provider Enterprise as an organizational change effort based on an analytical framework drawn from the concepts and models presented in Chapter II. As discussed in the previous chapter, NAVSUP has utilized enterprise management concepts to meet objectives of increased Navy-wide collaboration and improved decision-making with the purpose of addressing current readiness and future capability issues within a fiscally challenging environment. However, the impact of the change effort has not been assessed. This analysis will assess the effect of the transformational events, activities, and processes on the steps of the change process and examine the role of NAVSUP's governance, processes, leadership, and communication in utilizing change drivers to facilitate the organizational change process.

The chapter begins with analyzing NAVSUP's change vision from initial implementation of the Provider Enterprise until current operations. The next part of the chapter will focus on NAVSUP's role as a Provider Enterprise and how they deploy resources in the form of change drivers. Each change driver discussed will have a corresponding review table to summarize how NAVSUP has implemented various initiatives to support enterprise transformation. The review tables are composed of three columns. The left columns of the tables list the steps of the organizational change process. The middle columns reiterate definitions of how each change driver is linked to the steps of the organizational change process. Finally, the right columns report the NAVSUP actions as they align with the analytical framework derived from the literature. Consistent with the model, certain change drivers are not linked to all steps of the organizational change process. These change drivers will be appropriately labeled as "Not Applicable" on ensuing tables.

Our findings reveal that NAVSUP change initiatives in many cases serve multiple functions for facilitating change. Furthermore, the consequences of these change drivers

can often be linked to multiple stages of the overall change process. This confirms the authors' assessment that the organizational change process is multi-leveled, complex and iterative.

It is important to note that the list of change drivers discussed is not exhaustive. There are numerous daily and ongoing NAVSUP actions, tasks and functions which facilitate the change process. This analysis focuses on data provided by NAVSUP personnel relevant to primary NAVSUP Provider Enterprise initiatives.

## **B. ANALYSIS OF NAVSUP PROVIDER ENTERPRISE CHANGE IMPLEMENTATION**

This section examines the implementation of the NAVSUP Provider Enterprise using concepts and models on organizational change. Whelan-Berry and Somerville's model provides the basis for analyzing the effectiveness of organizational change initiatives to enable successful organizational change. The model raises some important questions. Do employees understand the change vision and why change is necessary? Have the most frequently identified change drivers, developed to facilitate the organizational change process, been utilized? Have the relationships between change drivers and specific steps of the organizational change process been determined? According to Whelan-Berry and Somerville, understanding the connection makes the change process more foreseeable and provides leaders more choices to shape further positive outcomes.

### **1. Establishing a Clear Compelling Vision**

Whelan-Berry and Somerville specify the first step in the organizational change process as establishing a clear compelling vision. A well-defined vision should be easy to communicate and indicates the desired end-state of the organization after change has been implemented. In order to establish credibility, the vision should also be persuasive and justify why change is necessary.

In 2006, RADM Thompson presented the initial change vision for improving Enterprise support through logistics. The vision called for collaborative teams focused on delivering warfighting capability to Combatant Commanders; and increasing efficiency

across their domain. The vision would be achieved by establishing accountability for output at cost, while driving increased productivity. RADM Thompson argued that the required level of warfighter support cannot be delivered without transformation.

RADM Lyden further developed the change vision with the 2008 NAVSUP Commander's Guidance to include five focus areas for initiating change implementation. The five focus areas established were Global Logistics Support, Alignment, Our People, Navy ERP & Logistics Systems, and Sailor and Family Support. Each focus area included initiatives to transform the way NAVSUP did business – by streamlining infrastructure, leaning out business processes, modernizing and optimizing technology, and changing the composition of the workforce. The transformational initiatives represented a coordinated approach to executing CNO's direction to Build the Future Force, Maintain Our Warfighter Readiness, and Develop and Support our Sailors, Navy Civilians, and their Families.

In 2010, RADM Lyden continued leading transformation initiatives utilizing the same five strategic focus areas. However, he placed a larger emphasis on the awareness and reduction of Total Ownership Costs (TOC). This initiative was in direct support of the 2010 CNO's Guidance. As rising costs threatened the Navy's ability to increase fleet capacity and meet operational demands, the need to reduce TOC through better planning, greater discipline, more innovative approaches, and more rigorous review and decision making processes was paramount.

The FY 2011 NAVSUP Commander's Guidance was designed to support the same three CNO's priorities and execute the Maritime Strategy. However, the five strategic focus areas were modified to Efficiency and Affordability, Global Network, Navy ERP & Logistics Systems, Quality of Life and Our People. Furthermore, the strategic focus areas were organized under three business lines: Weapon Systems Support, Global Logistics Support, and Sailor and Family Support. RADM Lyden noted that the strategies were carefully designed to transform the way NAVSUP operated within each business line, with the overall objectives of drastically increasing effectiveness and reducing the costs of supporting our customers.

Upon assuming Chief of the Supply Corps in 2011, RADM Heinrich indicated the 2011 NAVSUP Commander's Guidance would remain in effect. In his NAVSUP 100-Day Plan, he highlighted the importance of strategic focus areas and supporting activities to achieve maximum momentum as NAVSUP moves forward with change initiatives to drive efficiencies, improve logistics support, and enhance the quality of life for their customers and their people. Building on the Commander's Guidance, his plan included additional focus areas to build on past success and establish a foundation for longer term impact. The three focus areas established were Increase Our Fleet Focus, Align Our Enterprise, and Establish a Commander-Centric Leadership Culture.

Since the inception of the Provider Enterprise, NAVSUP leadership has also been clear as to why change is necessary in order to create a rallying sense of urgency. RADM Thompson indicated that in order to support the National Military Strategy, the Navy must sustain the readiness of today's force and build future capabilities. He explained that the DoD budget is expected to be under pressure for additional reductions. Furthermore, growing manpower costs, aging force structure, and current costs of war only exasperate internal DoD challenges. RADM Lyden detailed that his guidance directly addressed the challenge of meeting today's requirements while implementing the fundamental changes needed to meet the Fleet's future needs – a challenge compounded by continued fiscal pressures and increasing demands to reduce support costs, in particular, the Total Ownership Costs (TOC) of weapon systems. In summary, NAVSUP Commanders agreed and clearly communicated that the ultimate success U.S. national security relied on the ability to effectively implement change initiatives.

Though the strategic focus areas have evolved to address prevalent issues of the time, the overall change vision has remained the same. Throughout this period, the theme of each change vision – to provide increased warfighter capability and logistics support through efficiency, collaboration, and improved decision-making – has remained constant. NAVSUP leadership continuously clarified why change is necessary and properly laid the foundation for developing strategies employed to achieve the vision.

## **2. Linking Accepted Change Vision to the Change Process**

Acceptance of a change vision occurs when all participants involved in the change implementation agree that change is needed and the change vision is constructive for themselves and the organization. Whelan-Berry and Somerville's model links this change driver to the early stages of a successful organizational change process.

Whelan-Berry and Somerville specify that senior leaders must take actions to hold themselves and group leaders accountable for moving the vision to the group and individual levels. We find that NAVSUP leaders have taken such actions as described below.

The change visions laid out in the NAVSUP Commander's Guidance hold all parties accountable to the change vision by involving group leaders in formulating strategies and directing responsibility for implementing desired change. For example, the 2011 Commander's Guidance annotated five strategic focus areas—Efficiency and Affordability, Global Network, Navy ERP & Logistics Systems, Quality of Life, and Our People—to be applied across three main NAVSUP business lines. Using these focus areas, senior leaders developed desired outcomes which support change initiatives in line with both the NAVSUP and CNO visions. In addition, specific deliverables are assigned to lead commands throughout the NAVSUP organization for responsibility of carrying out the task.

To demonstrate commitment to the change vision, NAVSUP leadership provides feedback to accurately convey the status of change initiatives after the appropriate amount of time to effectively implement the change. It is presented through updates on the subsequent Commander's Guidance or periodically throughout the year using methods discussed in the change related communication section of this chapter. This process assigns accountability for stated objectives and reinforces the ability to move the change vision to the lowest levels by creating ownership of change initiatives.

Employee adoption of a change initiative is facilitated when leaders motivate employees to personally contribute to the change, and actively manage employees' dysfunctional emotions and resistance. Whelan-Berry and Somerville state that many

failed change initiatives are the result of the vision not being specific or compelling enough and this prevents employee acceptance.

A comprehensive data gathering approach for the 2011 NAVSUP 100-Day Plan allowed NAVSUP to receive candid input for the strategic planning effort and minimize opposition the change process. In addition to the justification for change initiatives provided in the Commander's Guidance, the 100-Day Plan included a web-based survey of NAVSUP stakeholders to present key challenges, opportunities, and objectives for the initial activities of the new Commander. These results were then presented to internal senior leaders and external stakeholders and aggregated into overarching themes for development of top strategic focus areas.

The new strategies were formed and validated through the group effort of NAVSUP employees and major stakeholders. The feedback received from initial participants was carefully crafted to represent the issues which employees and stakeholders wanted to see changed or improved. Since the participants were heavily involved in the decision-making process, the collaborative effort represented acceptance of the change vision and greatly enabled adoption of the change. Any potential resistance to change was averted since the recommendations were endorsed by participants themselves. Similar to the Commander's Guidance, the 100-Day Plan assigned specific personnel to take ownership and be responsible for further developing and managing the execution of the action plans. This allowed the further spread of the change vision as leaders involve more groups and individuals in effecting successful implementation. A summary of the NAVSUP actions that linked the accepted change vision to the organizational change process is provided in Table 9.

<b>Steps of Organizational Change Process</b>	<b>Linking Change Driver: Accepted Change Vision Definition</b>	<b>NAVSUP Provider Enterprise Actions</b>
Move the change vision to group and individual level	Opportunity to clearly define the vision and meaning of change. Provides expectations and roles of various groups and/or individuals. Reinforce employee buy-in and ownership of change initiatives.	NAVSUP Commander's Guidance expresses change initiatives and justification for change. Designates accountable personnel to facilitate ownership and acceptance of change vision.
Enable the individual employee adoption of change	Employees not only accept change vision but are prepared to modify behavior. Removal of rational and behavioral barriers. Lowers resistance to change initiatives.	Development of NAVSUP 100-Day Plan developed using feedback and collaborative group effort for implementation of change initiatives.
Sustain the momentum of change implementation*	Not Applicable	Not Applicable
Institutionalize the Change*	Not Applicable	Not Applicable

\*Note: The cells of this and subsequent tables labeled "Not Applicable" indicate the change driver does not affect those particular steps of the organizational change process according to the analytical framework derived from literature.

Table 9. Summary of NAVSUP Accepted Change Vision Actions

### **3. Linking NAVSUP Leaders' Change Related Actions to the Change Process**

According to Whelan-Berry and Somerville's model, leaders' change related actions directly influence every step of the organizational change process. Proactive leadership engagement not only signals to employees the importance of change initiatives, but also shows leadership's belief in the plan and provides credibility to change implementation. Whether directly through the Navy supply system or through third parties, NAVSUP provides the materials, services, and information necessary to support the day-to-day operations of U.S. naval forces. As a supporting organization, it is extremely important that NAVSUP Provider Enterprise change initiatives reflect the overall goals of its customers. Through a series of measures spanning over five years, the actions of NAVSUP leadership have directly impacted the organizational change process.

NAVSUP leadership moves the change vision to the group and individual level by delivering strategic guidance and actions required to effect change. As previously indicated, the Commander's Guidance lays the foundation and justification for desired change initiatives. The direction provided is derived from the contributive effort of multiple participants. The foundation for transformation since the creation of Provider Enterprise has remained the same and signals the importance of change initiatives. It directly addresses the challenge of meeting today's requirements while implementing the

fundamental changes needed to meet the Fleet's future needs, through continued fiscal pressures and increasing demands to reduce support costs. However, the strategic focus areas have evolved to focus on the collaborative effort needed to drive desired efficiencies. Given that the target audience is the entire NAVSUP Provider Enterprise, the established change initiatives are designed to maximize interaction with employees concerning change related issues. Considering both internal input and external stakeholder feedback, the Commander's Guidance established strategic priorities and is designed to move the change vision to group and individual level.

Performance Based Agreements (PBAs) are vehicles used by NAVSUP to maximize collaboration across Provider/Warfare Enterprise lines. They serve as effective change drivers to enable the individual employee adoption of change by aligning command support efforts with the desired customer objectives. PBAs document the warfighter current readiness requirements to prepare units ready for tasking. Based on these demand signals, NAVSUP establishes the inputs and necessary actions to achieve planned support. This information provides the individual NAVSUP employee a clear understanding the as agreed by the supported command. Furthermore, the agreements identify cost-wise readiness reduction targets and give employees the opportunity to identify additional resources required to meet objectives.

The establishment of ACOMs is one of NAVSUP's primary change drivers to sustain the momentum of change implementation. In conjunction with the creation of the new FRE, it signaled leadership's dedication to Enterprise change initiatives. These leadership positions aimed to improve NAVSUP's organizational relationships with numerous stakeholders across the Warfare and Provider Enterprises. The direct connection between Warfare and Provider Enterprise leaders, offered NAVSUP an avenue for constant communication and awareness of customer requirements. This also provides recognition of the necessary resources to implement change initiatives, which can be further transmitted throughout the NAVSUP organization. It represented one of the initial actions taken to coordinate Enterprise efforts and confront any sources of resistance, both internal and external to NAVSUP.

In order to institutionalize the change, Whelan-Berry and Somerville state that leaders' actions should link the positive effects of change efforts to organizational success occurring. Through the implementation of strategic sourcing and total ownership cost (TOC) awareness, NAVSUP was able to experience cost savings and validate collaborative enterprise behaviors. Strategic sourcing identifies specific commodities and establishes comprehensive acquisition strategies to optimize demand management and industry trends. As illustrated in Figure 10, NAVSUP was able to consolidate requirements across the Navy Enterprise and provide centralized procurement of common goods and services. The result was an initial savings of \$35.6M in FY 2009 and projected savings of \$430M over POM 2012.

Legend  
 Started  
 Complete

<u>Spend (CY\$M)</u>											
	Cell Phones	Clerical	Janitorial	Logistics Supt	Maritime Coatings	Medical Supplies	Office Furniture	Gen IT Dev & Supt	Program Mgmt	Office Supplies	Grand Total
FY 09 Spend	40.2	146.5	3.5	828.4	13.1	183.4	175.0	482.1	1,447.4	126.0	3,445.6
<u>Savings (CY\$M)</u>											
	Cell Phones	Clerical	Janitorial	Logistics Supt	Maritime Coatings	Medical Supplies	Office Furniture	Gen IT Dev & Supt	Program Mgmt	Office Supplies	Grand Total
FY 09 Actual	4.0	.6	-	27.8	-	-	.6	-	-	2.6	35.6
FY 10-11 Projection	3.8	1.6	.07	44.5	.2	1.9	3.2	11.6	13.4	6.7	87.0
FY 12-17 Projection	8.5	-	.6	150.5	1.2	16.3	7.2	166.1	114.0	15.1	479.5

Figure 10. Strategic Sourcing Savings (From: NAVSUP Echelon II Visit presentation, 2010)

Approximately 70 to 80 percent of TOC for a typical weapon system are related to operations and maintenance over its service life. This awareness provided NAVSUP an opportunity to reduce costs in the production of the new Gerald R. Ford (CVN 78) aircraft carrier class. Through innovative logistics solutions, leveraging logistics information technology systems and maximizing distance support; the supply personnel onboard can be reduced drastically and create approximately \$11M per year in manpower cost avoidance. With increased collaboration during the early stages of the acquisition process and effectively engaging in the system design, NAVSUP was able to make

changes which will have long-term benefits. Figure 11 shows the benefits of TOC system design initiatives for the Gerald R. Ford (CVN 78).

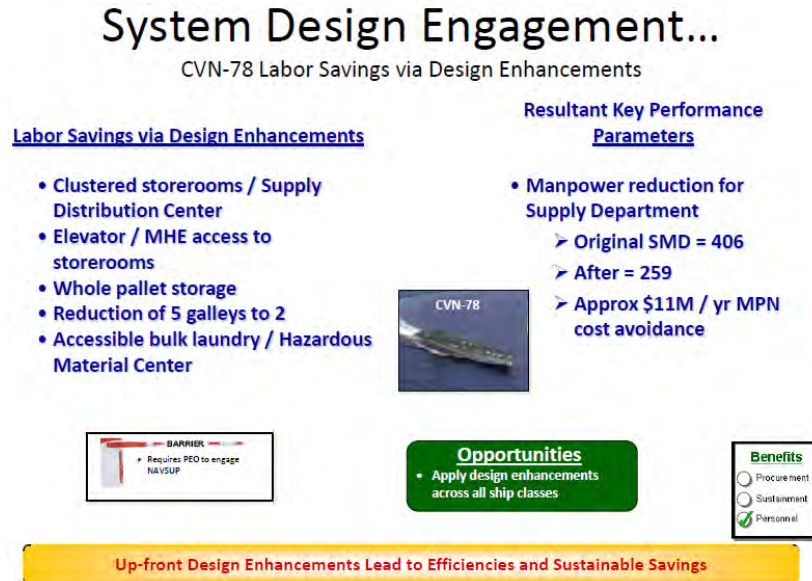


Figure 11. NAVSUP Supporting TOC Initiatives (From: NAVSUP Provider Enterprise Brief, 2009)

These examples represent only two of the numerous Enterprise change initiatives employed by NAVSUP to generate savings that the Navy can use to build the future force. These metrics can be used to validate new behaviors and methods incorporated in the organizational change process. They provide empirical evidence that change is occurring and generating desired outcomes. It institutionalizes the change as the collaborative effort to achieve efficiency becomes embedded in the organization. A summary of NAVSUP actions linking leaders' change related actions to the organizational change process is provided in Table 10.

Steps of Organizational Change Process	Linking Change Driver: Leaders' Change Related Actions	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Maximize interaction with employees concerning change related issues. Signals to groups and individuals the importance of change initiatives. Balance promoting change while ensuring stability. Reinforce the need for change.	Actions delineated in NAVSUP Commander's Guidance reinforce change vision and demonstrate significance of change implementation. Strategic focus areas evolve to address change initiatives necessary to drive efficiencies.
Enable the individual employee adoption of change	Ensure employees have sufficient resources to implement change. Develop appropriate structures and processes. Align individual goals with organizational goals.	PBAs align NAVSUP/customer goals. Signals level of effort and expectations required by individuals to maximize support and meet mutually agreed objectives.
Sustain the momentum of change implementation	Recognize and provide necessary resources for employees to implement change initiatives. Recognize sources of resistance. Signals the ongoing importance of the change initiative through leaders continued focus on and support of the progress of the change initiative.	ACOMs provided Warfare/Provider Enterprises greater accessibility to NAVSUP leadership and removed barriers to desired change outcomes. Increased engagement throughout NAVSUP organization allows greater focus of support.
Institutionalize the Change	Focus on linking positive effects of change efforts to organizational success occurring. Validate new behaviors and methods. Enables the change to become embedded in the organization.	Accomplishments in initiatives such as TOC and Strategic Sourcing confirm positive effects of transformation. Encourages behavior and process modifications to further support change vision.

Table 10. Summary of NAVSUP Leaders' Change Related Actions

#### 4. Linking NAVSUP Change Related Communication to the Change Process

In order to achieve positive organizational change outcomes, Whelan-Berry and Somerville express the importance of centering communication on enhancing employees' understanding of the need for the change initiative. Communication should convey how change initiatives will provide value for both the organization and customers alike. The release of the annual NAVSUP Commander's Guidance was the first opportunity for employing change related communication to shift the change vision to the group and individual level. The guidance provides the foundation for incorporating the CNO's overarching goals into the NAVSUP Provider Enterprise change vision. It allows strategic focus areas to build on past successes and make new adjustments as customer requirements change. Finally, it is the ultimate source of credible information as to why change is necessary. NAVSUP links goals to the change vision by stating, due to increased DoD fiscal constraints, they must strive to increase current readiness and future capabilities through efficiency initiatives and reducing the costs of supporting customers.

Whelan-Berry and Somerville maintain that change related communication allows individuals to remain committed to the change vision while removing potential barriers to

change initiatives. Organizations should encourage collaborative interaction in order to enable the individual employee adoption of change. NAVSUP demonstrates change related communication through the interaction and participation among Enterprise working groups and multiple cross functional teams (CFTs). NAVSUP's involvement in the PE EXCOMM, PE ESG, PWG, DSWG, and Navy Affordability Initiative Process allows optimal collaboration of change related initiatives between Warfare and Provider Enterprises. Additionally, NAVSUP participates on various teams such as the TOC CFT, ASN RDA Tiger Team, and ASN RDA TOC Subgroup.

These issue teams provide a forum for two-way communication to enhance efficiencies and shape the future of the Navy. Furthermore, the knowledge gained and information gathered by members can be shared with other members of their parent organization, further spreading the change vision to the individual level. Though this contact is vital for recommending innovative approaches and identifying barriers to desired transformation, the change related communication is predominantly experienced at the NAVSUP Echelon II level only. NAVSUP subordinate commands do not play an active role in working group and CFT processes, limiting the spread of change related communication.

Whelan-Berry and Somerville express change related communication should be used at every opportunity to reinforce change initiatives promote change goals and objectives into daily routines. NAVSUP has reinforced and sustained the momentum of Enterprise change initiatives through multiple channels of communication. In addition to repeated visits to NAVSUP commands by the Chief of the Supply Corps and other senior leaders, NAVSUP frequently utilizes multiple web-based and e-mail notifications to spread the goals of the change vision. Messages from the Commander and Vice Commander provide brief updates and status reports for enterprise-wide programs. A synopsis of community interests and accomplishments is conveyed through periodic NAVSUP News Releases. Supply Corps Flashes communicate time-sensitive information across the entire organization. The Bottom Line is a one-page summary composed periodically to highlight NAVSUP initiatives or items of interest. The monthly update was renamed to "One NAVSUP" as a branding effort in conjunction with the NAVSUP

Enterprise organizational name changes. Additionally, the Navy Supply Corps Newsletter is distributed every two months and serves as the professional journal for the community.

In addition to the previous sources of communication, NAVSUP also leverages assorted websites to provide valuable tools, resources, material, and information. These include the NAVSUP public website, Navy Knowledge Online website, YouTube videos, NAVSUP blog, NAVSUP Facebook page, and Chief of the Supply Corps Facebook page. They are used to promote change goals and objectives and make them part of the daily routine for groups and individuals. NAVSUP has launched a comprehensive communication campaign to ensure the Enterprise remains fleet focused, maintains proper alignment and operates more efficiently. All of the communication methods utilized by NAVSUP build upon the strategic guidance delivered in the annual Commander’s Guidance. Through constant collaboration of the enterprise change vision, NAVSUP signals the organization’s ongoing commitment to the change initiative and implementation. A summary of NAVSUP actions linking change related communication to the organizational change process is provided in Table 11.

Steps of Organizational Change Process	Linking Change Driver: Change Related Communication	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Provide constant communication of change vision. Stress importance of change and why both organization and individual will be better off as a result. Facilitates employee understanding and engagement.	NAVSUP Commander’s Guidance lays the foundation for strategic focus areas to effectively implement change. Clearly delineates justification for change.
Enable the individual employee adoption of change	Encourage collaborative interaction. Addresses employees’ questions and concerns. Allows individuals to remain committed to the change. Ensures that any obstacles are properly identified and removed.	Engagement in Enterprise working groups and CFTs provide effective medium for two-way communication. Involvement limited to Echelon II participants and excludes collaboration with Echelon III & IV employees.
Sustain the momentum of change implementation	Use every communication available to reinforce change initiatives. Provide constant flow of credible information. Promote change goals and objectives in daily routine. Signals the organization’s ongoing commitment to the change initiative and ongoing implementation.	Commander’s Guidance is reinforced through multiple forms of communication. Effective use of newsletters, blogs, videos, and websites promote change vision and indicates continuous support for change initiatives.
Institutionalize the Change	Not Applicable	Not Applicable

Table 11. Summary of NAVSUP Change Related Communication Actions

## **5. Linking NAVSUP Change Related Training to the Change Process**

According to Whelan-Berry and Somerville, training is most frequently associated with developing understanding and necessary skills, values or frameworks related to the change initiative. Whelan-Berry and Somerville also assert that training also often provides meaning for the change vision and demonstrates what the organizational change vision means at the group level. The training programs utilized by NAVSUP throughout its organization have been beneficial towards furthering the change process in terms of the enterprise concept. These training programs have allowed NAVSUP leadership to provide an understanding of the enterprise initiatives and the related knowledge that accompanies them for not only the personnel directly involved in the programs but the entire organization as well.

The implementation of Navy ERP has been beneficial towards attaining enterprise objectives. The learning process that many NAVSUP personnel have experienced through the training and installation of the ERP system will likely be very useful in crafting future training programs for additional personnel as Navy ERP is expanded to cover more organizations in the future. The training which is provided to NAVSUP personnel for the ERP system will not only achieve enterprise objectives through ERP itself, but will be beneficial for the organization as a whole in furthering the change process.

Several training programs outlined in the NAVSUP Strategy for Our People document involve management level personnel and are beneficial to the enterprise concept. The training is focused on instilling a culture within the NAVSUP enterprise that thrives on innovation while emphasizing efficiency methodologies for continuous process improvement. Training managers in these enterprise concepts throughout the organization and motivating them to distribute the enterprise concepts to the personnel that work for them will transfer the concepts to the individual level. The training programs currently being provided to train a cadre of managers will more rapidly be disseminated throughout the organization than individual training for all employees. Ensuring that the enterprise concepts are included in the daily functions and processes of individuals throughout the organization will be critical to the training programs.

Whelan-Berry and Somerville point out that the training programs that relate to the change initiative allow individuals and groups to develop job or role specific understanding of the desired change and it also provides new knowledge, skills and work processes that are needed for the desired change outcomes. As NAVSUP employees learn new technology, processes or routines that go along with enterprise focused initiatives such as ERP, they also learn the behaviors that embody the change vision of enterprise management. The training associated with these initiatives also provides a meaning for the change vision, and demonstrate what the organizational change vision means at the individual and group levels.

A change vision as broad and abstract as enterprise management requires specific guidance as to how the individuals involved will need to change the processes for performing their specified functions and individual jobs. Once individual employees have direct involvement with systems such as ERP or become involved in working groups whose goal is to support the enterprise objectives, they become aware of the larger overarching goals of the organization rather than being focused solely on their particular area of interest. The ERP training NAVSUP employees receive provide guidance on the importance of collaboration with multiple stakeholders that demonstrate to the individual employees the necessity of changing the manner in which they have traditionally performed their individual jobs. The training remains focused on influencing employees to work more interdependently and function as a team.

According to Whelan-Berry and Somerville, change related training has been directly linked to the individual employee adoption of the change vision. In order to ensure the individual employees accept the vision of the enterprise construct, the training has sought to provide a clear understanding of the change vision. NAVSUP leadership has sought to routinely update the training to reflect their vision of the change initiative as it has evolved and matured.

Change related training has not been linked to sustaining momentum or institutionalizing change, and Whelan-Berry and Somerville suggest that this may be because training is likely to be conducted as a one-time event. However, in an organization such as NAVSUP that regularly undergoes personnel changes, it has been

important for leadership to ensure newly arrived personnel are indoctrinated in order to sustain the enterprise focus of their organization. Table 12 illustrates how change related training within the NAVSUP Provider Enterprise influences several steps of the organizational change process.

Steps of Organizational Change Process	Linking Change Driver: Change Related Training	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Allows groups and individuals to develop job or role specific understanding of the change initiative. Provides new knowledge, skills and work processes needed for desired change outcomes.	The implementation of ERP allows for more individuals to become directly involved in an enterprise-oriented system.
Enable the individual employee adoption of change	Reinforce comprehensive understanding of change vision. Influence employees to work more interdependently and function as a team. Provides employees with tools to match expectations.	Training programs for managers outlined in the SFOP focuses on enterprise objectives of increased collaboration with multiple stakeholders.
Sustain the momentum of change implementation	Not Applicable	Not Applicable
Institutionalize the Change	Not Applicable	Not Applicable

Table 12. Summary of NAVSUP Change Related Training Actions

## 6. Linking NAVSUP Change Related Employee Participation to the Change Process

According to Whelan-Berry and Somerville, employee participation in change initiative activities, such as being involved in implementation planning can deepen the employees' understanding of the change initiative and can also increase commitment to the change initiative. Whelan-Berry and Somerville also state that one of the methods for enabling the individual employee adoption of the change vision is to allow them to participate in developing and advancing change initiatives.

In addition to building a foundation for the enterprise change process for the NAVSUP organization through the various training programs being utilized, NAVSUP has sought to increase the engagement of its employees through various initiatives. As more NAVSUP personnel become involved in working groups and mentoring programs they will gain not only an increased understanding, but potentially an increased commitment to the change initiative and a higher level of enthusiasm as well.

The implementation of Navy ERP has involved NAVSUP personnel in enterprise concepts. Although ERP is still being implemented and has to date involved a relatively

small number of personnel, it is currently being expanded and will likely cover a larger number of NAVSUP commands in the near future. Systems such as ERP help facilitate organizational networking and allow employees to share information more efficiently. This sharing of information allows for a large number of employees to participate and gain an appreciation for collaboration and communication throughout the organization.

NAVSUP is also involved in several working groups that play key roles throughout the provider support enterprise. The PE ESG, PWG, and DSWG have important tasks to be completed on a routine basis, and are becoming increasingly utilized to manage enterprise wide concerns and to meet objectives. The increased utilization of these working groups will likely cause more NAVSUP personnel to become directly involved in order to meet deadlines and to ensure the working groups continue to be involved in planning processes at the highest levels of the Navy. The more personnel that become involved in these working groups will have benefits for the enterprise change process for the entire organization. However, similar to change related communications, the current level of participation of groups or individuals in Enterprise working groups is limited to headquarters personnel. This inconsistency with the model prevents further collaboration and restricts individual employee adoption of change.

One of the most important objectives of the working groups within the Provider Support Enterprise has been the reduction of TOC. The desired goal of reducing TOC in order to continue to meet the current requirements of the Navy while simultaneously building the future fleet necessitates that an established mentality of TOC exists throughout the NAVSUP organization. The ability to create innovative approaches, perform rigorous reviews and to have a robust decision-making processes will require the abilities of personnel at all levels of NAVSUP.

While most senior managers throughout NAVSUP have been engaged in the enterprise and particularly the NAVSUP provider support initiatives, there is a large number of personnel that have been underutilized to date which could offer benefits and suggestions if they were more thoroughly engaged. NAVSUP has attempted to expand the enterprise concepts to the individual level by engaging personnel in enterprise specific initiatives such as the mentoring program and the ERP system.

One of the ways in which NAVSUP has directly employed its personnel in the enterprise management change initiative has been to engage them in the ERP system. Increased utilization of the ERP system will allow more personnel to gain hands on experience and interaction with a system that will show information gathered from a wide variety of organizations throughout the enterprise. This type of direct involvement has assisted NAVSUP in enabling the individual employee adoption of the change vision.

NAVSUP initiatives such as the mentoring program in which NAVSUP personnel are involved in enterprise initiatives demonstrates that the organization is motivated to increase employee participation. This program allows for personnel to become involved in enterprise programs in which they may not have otherwise been made aware of during the performance of their primary responsibilities. The mentoring program has the potential to motivate personnel to offer suggestions for improving the current system and to become more involved in the enterprise goals of increased collaboration and communication with outside entities.

Whelan-Berry and Somerville also suggest that having large employee involvement in determining their respective jobs or functions during change implementation can be beneficial towards enabling them to adopt the change. During the implementation of the ERP system at NAVSUP, an online blog was created in order to allow employees to have the ability to share information with leadership during all phases of the planning, training and implementation.

Through these types of direct individual involvement, NAVSUP has the ability to motivate employees to become involved and participate in either planning enterprise training or by participating directly in initiatives which can also help move the change vision to the individual or group level. The summary of NAVSUP Provider Enterprise actions that utilize change related employee participation as change drivers is provided in Table 13.

Steps of Organizational Change Process	Linking Change Driver: Change Related Employee Participation	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Deepens understanding of the change vision and related outcomes. Allows such understanding to become specific to a group. Develop champions of change to articulate change vision.	The NAVSUP mentoring program allows more personnel to participate in enterprise initiatives outside of their regular functions.
Enable the individual employee adoption of change	Engage every employee in organization's principal challenges. Employees participate in developing and advancing change initiatives. Large employee involvement in determining their respective job/role/function during change.	The working groups allow NAVSUP personnel to gain an increased awareness of enterprise objectives. However, limited participation of groups and individuals outside of headquarters prevents the further dissemination of the change vision.
Sustain the momentum of change implementation	Not Applicable	Not Applicable
Institutionalize the Change	Not Applicable	Not Applicable

Table 13. Summary of NAVSUP Change Related Employee Participation Actions

## 7. Linking NAVSUP Aligned Human Resources Practices to the Change Process

According to Whelan-Berry and Somerville, a number of human resource practices have been identified as change drivers, including training, recruitment, selection and socialization of new employees, changes in performance appraisal criteria, and incentives and rewards. NAVSUP has applied several of these change drivers in its human resource practices. The guidelines and instructions NAVSUP currently utilizes in human resource management cover focus areas such as diversity and communication processes that provide benefits to the enterprise concept. There are several areas of human resource management that have not been adequately addressed that could have long term effects on sustaining the change vision throughout the NAVSUP organization.

NAVSUP has taken steps to align their human resource practices with the enterprise management construct. In an attempt to socialize its personnel with enterprise initiatives, leadership at NAVSUP has sought to promote and encourage its personnel to participate in activities outside of their daily functions that are focused on the enterprise. It employs a mentoring program within the NAVSUP Enterprise that provides opportunities for employees to broaden their skills and leadership abilities.

The human capital management efforts by NAVSUP have attempted to ensure their organizational structures and related workforces at each level are aligned to support the organizations' missions and strategic goals. The current policies in place for human

resource management such as NAVSUP's Strategy for our People program attempt to optimize NAVSUP's enterprise capabilities through increasing diversity and collaboration throughout the organization.

A human resource management tool that has not been utilized by NAVSUP is making changes to the appraisal system. Employees are not currently evaluated in a manner that directly supports enterprise objectives and goals. One of the key aspects of aligning human resource practices to the change vision according to Whelan-Berry and Somerville is the modification of employee performance criteria, appraisals and rewards in order to reflect the change vision. This modification signals that it is imperative that individuals change their behaviors in order for a change initiative to be successful. This can be a critical aspect of ensuring the human resource practices in place are aligned with the change vision.

Whelan-Berry and Somerville state that while there may be clear communication about the change, as long as employee appraisal and reward systems remain focused on prior or pre-change criteria employees will continue to do what they have done in the past. In order to sustain the momentum of the change initiative once it has been established, personnel at all levels of the organization need to be held accountable for their performance. Fitness reports and periodic evaluations of all personnel should reflect their acceptance of and participation in the change initiative, however this is not currently taking place within the NAVSUP organization according to the documentation reviewed.

According to research conducted by Whelan-Berry and Somerville, a method for institutionalizing the change vision over a long period would be to hire, retain and promote personnel who are strong advocates for the change initiative in order to send messages about the importance of the change initiative to the organization. The alignment and recruitment and subsequent socialization of new employees to the change initiative will also help sustain the momentum of the change implementation and institutionalize the change for the long term. It is unclear from the documents reviewed that NAVSUP currently utilizes the enterprise change vision as the basis for hiring, retaining or promoting its personnel. The summary of human resource practices which the NAVSUP Provider Enterprise utilizes as change drivers are provided in Table 14.

Steps of Organizational Change Process	Linking Change Driver: Aligned Human Resources Practices	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Not Applicable	Not Applicable
Enable the individual employee adoption of change	Align performance appraisal and reward to reflect work exemplified by the change initiative. Properly reward employees for achieving acceptable performance or desired outcomes. Signals management's commitment to the vision.	The current appraisal system for NAVSUP employees does not reflect their involvement or resistance to enterprise initiatives. There are few current reward systems for enterprise participation.
Sustain the momentum of change implementation	Align recruitment, selection and socialization of new employees with change initiatives. Signals that the change is important to organizational success. Human resource practices will be based on the change vision and its related outcomes.	The focus on creating a diverse workforce throughout NAVSUP is beneficial to enterprise goals. Socialization of new employees towards enterprise objectives through training programs is beneficial.
Institutionalize the Change	Utilize employee selection activities to reinforce transformation climate. Select individuals whose values match the change vision. The vision and related outcomes become the norm.	It is unclear if NAVSUP military personnel are selected with a focus on enterprise culture. There does not seem to be an enterprise focus on hiring of civilian personnel.

Table 14. Summary of NAVSUP Aligned Human Resources Practices Actions

## 8. Linking NAVSUP Aligned Organization Structure and Control Processes to the Change Process

As noted by Whelan-Berry and Somerville, aligned organizational structure and control processes change driver includes planning, budgeting, reporting operations, technology systems and many other practices which formulate the structural and managerial processes. When such systems and processes are aligned, they better position employees to support the desired transformation. They allow the organization to measure and assess the change initiative and take corrective action when necessary. The ability of NAVSUP to align organizational structure and control processes to the change process has been instrumental in the implementation of NAVSUP Provider Enterprise.

The initial revision to NAVSUP organizational structure to promote enterprise change initiatives was through the creation of ACOMs. For customers and major stakeholders, this designated key personnel to address prevalent issues relating to their respective Warfare/Provider Enterprise. Within NAVSUP, the ACOMs established leadership positions to transfer responsibilities across the organization and shift the change vision to the individual level.

The change vision can also be transferred to the individual level through collaboration and procedures developed in the Enterprise working groups. The working groups provide the appropriate forum for discussing enterprise-wide issues and

developing efficiency solutions both internal and external to NAVSUP. As members of the PWG and DSWG, NAVSUP is able to demonstrate greater interest and commitment to the change initiative from a strategic level. However, Whelan-Berry and Somerville state that organizational change initiatives inherently involve change at the individual level. At present, membership in the various working groups is composed of individuals from NAVSUP headquarters. This arrangement limits potential for increased collaboration across the NAVSUP organization and excludes inputs from individuals serving in Echelon III & IV commands.

In order to enable the individual employee adoption of change, employees must have the proper resources and support to achieve objectives. The launch of Navy ERP allowed NAVSUP to leverage a structured approach to change management and related knowledge transfer. As an integrated business management system that updates and standardizes Navy business operations, ERP provides greater transparency of financial data and adds value at all echelons. Navy ERP supports the entire Navy's Enterprise organizational construct by providing integrated processes and information that unite previously parallel functions. Navy ERP serves as an effective change driver by aligning Enterprise change initiatives with daily employee functions.

Whelan-Berry and Somerville's model indicates that organizations are able to sustain momentum and institutionalize change by focusing energy on the principal challenges and aligning architecture to the change strategy. NAVSUP's current organizational alignment and control processes serve to foster internal unity of effort within NAVSUP and allow a clear understanding of NAVSUP organizational transparency across the customer base. The FY11 Commander's Guidance highlights the transformation of NAVSUP's primary business functions employed to support customers across three dimensions. Not only are the organizational alignment and processes designed to support the CNO's priorities of building the future force, maintaining warfighting readiness, and developing and supporting Sailors, navy civilians, and their families; but they focus on NAVSUP employee efforts to reach objectives of increasing

effectiveness while reducing the costs of supporting customers. This organizational design and processes facilitate both sustaining the momentum of change and institutionalizing the change initiatives.

The products and services NAVSUP provides through established business lines are fundamental for supporting the Navy's mission and delivering sustained support. The three primary business lines include:

- Weapons System Support: supply planning, provisioning, allowance development, outfitting, replenishment, repair, and disposal.
- Global Logistics Support: field contracting, logistics and husbanding services, requisition processing, customer support, material processing and delivery, retrograde management, hazardous material management, and fleet fuel requirements.
- Family Support: execute and operate Navy Exchanges, Ship's stores, Navy Lodges, Household Goods Program, Naval Postal System, Navy Cash Program, Food Service Programs, and Navy's clothing program.

These business lines are designed to support customers across each of NAVSUP's key Navy alignment dimensions: numbered Fleets, regional shore commands, and Fleet/Provider Enterprises. NAVSUP's goal of the recent renaming convention of Echelon III commands was to portray a single, united NAVSUP enterprise to our Fleet customers, stakeholders and partners. Under NAVSUP headquarters, the five major Echelon III organizations include:

- NAVSUP Weapons Systems Support (WSS): provides program and supply support for Navy weapons systems.
- NAVSUP Global Logistics Support (GLS): provides material management, contracting, fuels, transportation, movement of personal property, mail services, and technical and customer support.
- Navy Exchange Service Command (NEXCOM): manages the Navy Exchanges and Navy Lodges.
- NAVSUP Logistics Operations Center (LOC): comprehensive operational logistics support command.

- NAVSUP Business Systems Center (BSC): delivers information technology and information management solutions for logistics and financial products and services.

This revision supports enterprise change initiatives and provides stakeholders a clearer understanding of the capabilities of all NAVSUP activities while unifying the collective efforts of the entire organizational workforce. Furthermore, it sustains the momentum of change implementation by arranging activities to execute missions within a global network rather than an individual unit. The NAVSUP command structure is also geographically aligned to provide optimal support through the missions of the renamed Echelon IV Fleet Logistics Centers (FLCs). Each numbered Fleet has a corresponding FLC to provide direct customer support to the warfighter and satisfy logistics requirements. NAVSUP’s global reach allows uninterrupted communication with customers and major stakeholders. It also places individual employees in the best position to monitor and improve the quality of the products and services provided. An illustration of NAVSUP’s strategic organizational alignment and control processes is displayed in Figure 12.



Figure 12. NAVSUP Single Enterprise with Global Reach (From: NAVSUP Commander’s Guidance, 2011).

NAVSUP’s organizational alignment is a direct reflection of the Navy’s complex architecture and ensures individual employees are positioned to deliver maximum support. Aligning NAVSUP functions and capabilities with warfighter demands, allows the organizations to remain agile and responsive to changing requirements. This facilitates the institutionalization of change initiatives implemented to create a collaborative enterprise. Through unity of effort across a global Enterprise, NAVSUP is able to implement innovative approaches that maintain readiness while reducing support costs to further support efficiency. A summary of NAVSUP Provider Enterprise actions to align organizational structure and control processes with the change initiative is provided in Table 15.

Steps of Organizational Change Process	Linking Change Driver: Aligned Organization Structure and Control Processes	NAVSUP Provider Enterprise Actions
Move the change vision to group and individual level	Revise appropriate structure and processes to encourage change and better equip employees. Demonstrates management’s interest and commitment to the change initiative.	ACOM positions created to align NAVSUP/Warfare Enterprises. PWG and DSWG processes facilitate collaborative enterprise management, but opportunity exists for increased employee involvement and collaboration across NAVSUP organization.
Enable the individual employee adoption of change	Provide support and resources to meet objectives. Effective control processes measure performance and allows revision. Facilitates employee acceptance and adoption.	Implementation of Navy ERP aligns financial resources to Commander’s vision, aligns business process, and provides single planning engine.
Sustain the momentum of change implementation	Align focus and energy to address organization’s principal challenges. Facilitates the implementation of the change by incorporating it as necessary in organizational systems and processes.	Established Business Lines focuses efforts of NAVSUP personnel to provide multiple products and services necessary to support the mission of the Navy. Able to provide solutions to changing customer requirements.
Institutionalize the Change	Ensure organization’s architecture is aligned and integrated with change strategy. Prioritizes change initiatives and prevents employees from reverting to pre-change structure and processes.	Alignment across three dimensions – numbered fleets, regional shore commands, and Fleet / Provider Enterprises. Promotes NAVSUP single enterprise with global reach concept.

Table 15. Summary of NAVSUP Actions to Align Organization Structure and Control Processes with the Change Initiative

### C. SUMMARY

This chapter provides an analysis of the implementation of NAVSUP Provider Enterprise through a framework linking change drivers to the organizational change process. It uses the models and concepts presented in the literature review as a tool for evaluation.

The analysis of NAVSUP's change vision shows that the motivation for organizational change has remained constant and clearly defined since the creation of the Provider Enterprise. However, the strategic focus areas to meet desired objectives have been revised to better focus efforts on innovative business practices and improved decision-making. Impartial feedback and increased collaboration from multiple stakeholders in formulating strategic guidance has positively affected the acceptance of the change vision.

The analysis of leaders' change related actions demonstrate a consistent dedication to Provider Support implementation. Leaders have created structures, positions and processes, such as ACOMs and PBAs, to better support the Enterprise construct and ensure NAVSUP provides optimal support. The benefits and cost avoidance experienced through initiatives like TOC and strategic sourcing validate new behaviors and reinforce the organizational change process. The analysis also shows NAVSUP has utilized multiple channels to effectively spread change related communication. However, it identified a shortfall in communication efforts of Enterprise-related working groups by limiting involvement to NAVSUP Headquarters personnel.

The analysis of the training programs which NAVSUP has employed for advancing enterprise concepts, such as the training during the implementation of ERP, have been beneficial towards achieving enterprise objectives. The training demonstrates to employees the utility of increasing collaboration and communication with all stakeholders. It looked at the methods in which NAVSUP encourages its employees to become actively involved in the enterprise concepts and initiatives such as mentoring programs. These programs have increased the understanding of the enterprise concepts throughout the NAVSUP organization. Conversely, the recurring issue of limited participation in Enterprise working groups excludes knowledge sharing and contribution from Echelon III & IV employees.

The analysis shows that although NAVSUP utilizes human resource practices that advance the ideals of the enterprise concepts, there are several areas in which it could improve. Analysis indicated a shortfall in the manner in which performance appraisals were written, in that they do not currently include employee participation in the change

vision concepts. It also determined the organizational structure and control processes are effectively aligned to support Provider Enterprise initiatives. The geographical placement combined with the functional responsibilities of NAVSUP commands, allows optimal collaboration, innovation and global reach across all three dimensions of support — numbered Fleets, regional shore command, and Provider/Warfare Enterprises.

The analysis of the NAVSUP Provider Enterprise through the context of the organizational change process identified seven main change drivers to facilitate the successful implementation of change initiatives. The ability to understand the relationships and accurately link the change drivers will allow NAVSUP to successfully execute change management and directly impact further development of transformation.

These findings will form the basis for conclusions, recommendations, and further areas of research for NAVSUP Provider Enterprise implementation.

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## **V. CONCLUSIONS AND RECOMMENDATIONS**

### **A. INTRODUCTION**

This project provides an external look at the NAVSUP Provider Enterprise as it seeks to supply manpower, assets, parts, supplies, research and development, health care, and supporting infrastructure to the Fleet Integration Executive Panel (FIEP) and other Providers to support current readiness and deliver future capabilities at best cost. It presents a review of the background and implementation of NAVSUP Provider Enterprise; identifies NAVSUP change initiatives utilized to support transformation; and analyzes the effectiveness of NAVSUP's actions in achieving successful organizational change.

This thesis concludes with recommendations to further promote the successful implementation of NAVSUP Provider Enterprise and suggestions for further research. This analysis acknowledges the accomplishments and challenges of Enterprise initiatives as NAVSUP seeks to transform business practices and improve current readiness and future capabilities in a fiscally challenged environment.

### **B. CONCLUSIONS**

The conclusions of this thesis are presented in the context of the research questions posed in Chapter I.

#### **1. Primary Research Question**

How was enterprise management implemented by NAVSUP in its role as a Provider within the overall Navy Enterprise construct?

NAVSUP has applied enterprise management practices throughout its organization that correspond to models and concepts presented in the literature. Enterprise management was implemented by NAVSUP in response to the increasing urgency to reduce costs in a fiscally constrained environment. The application of enterprise management to the NAVSUP organization was accomplished as a result of combining top Navy leadership influence with its own internally formed plan. The

implementation of NAVSUP change initiatives has predominantly been consistent with the recommendations from literature; however the analysis identified areas in which NAVSUP could improve its efforts to enable organizational change.

Since the formation of the Provider Enterprise in 2007, NAVSUP has taken many actions to contribute to the goals and objectives of collaborative enterprise management. The importance of understanding the governance, communications, leadership and processes of Navy Enterprise initially led NAVSUP to develop its own internal ACOMs in 2007. These ACOMs were structured around the warfare enterprises that formed the FRE, which is now the FIEP, in an effort to better align NAVSUP within the overall Navy Enterprise. The ACOMs served as the primary senior leadership interface with the Warfare and Provider Enterprises and to serve as representatives for NAVSUP on the various enterprises Boards of Directors. This measure demonstrated NAVSUP commitment to collaborative enterprise efforts by increasing communication with additional stakeholders within the Navy Enterprise.

Additionally, NAVSUP continues to play a crucial role in the PE ESG in supporting the execution of the PE EXCOMM mission. NAVSUP participation in the PWG supports the strategic planning and execution management of PE ESG initiatives, which in turn support mission of the overall Provider Enterprise. NAVSUP involvement in activities such as the Navy Affordability Initiative provide them with ability to share the benefits of enterprise management in prioritizing requirements to be included in the POM submission which has far reaching implications throughout the Navy. This strategic level involvement has allowed NAVSUP to remain a vital player within the overall Navy Enterprise construct.

As a supporting Provider Enterprise, NAVSUP has ensured internal enterprise management implementation continues to be properly aligned with all major customers and stakeholders within the Navy Enterprise. NAVSUP serves numerous functions as a Provider within the overall Navy Enterprise, and its implementation of enterprise management continues to evolve as its roles continue to expand.

## **2. Supporting Research Questions**

- How has NAVSUP utilized change drivers to facilitate the organizational change process during the implementation of the Provider Enterprise?
- To what extent is change occurring?

The analysis shows that change is occurring at NAVSUP through various actions taken—or utilization of change drivers—to facilitate the organizational change process during Provider Enterprise implementation. Therefore, the supporting research questions are best answered by addressing both questions together.

Through the implementation of NAVSUP Provider Enterprise, the following changes are occurring:

### **a. Greater Enterprise-Wide Awareness**

In discussing early Navy Enterprise initiatives, VADM McCarthy said he was astonished how getting leaders together who normally do not collaborate, created greater awareness of the overarching issues and fostered an environment of teamwork focused on achieving readiness within available resources. The implementation of NAVSUP Provider Enterprise has expanded the enterprise concept to constantly improve business practices and bring greater awareness across the organization.

NAVSUP leaders' change related actions have been very effective in the implementation of the Provider Enterprise initiatives. The annual NAVSUP Commander's Guidance initiates the change vision and brings awareness as to why change is necessary. The strategic focus areas developed to achieve objectives have evolved to drive efficiencies and shift the change vision to the group and individual levels. The application of PBAs to align NAVSUP and customer goals is consistent with recommendations from the literature for enabling employee adoption of change. The benefits of these agreements are that they create a better understanding for the level of effort and expectations required by individuals needed to maximize support and meet mutually agreed objectives. Furthermore, the creation of ACOMs serves as an effective tool for creating greater recognition of customer issues and concerns. The relationship is intended to advance collaboration between Warfare and Provider Enterprise leaders and

therefore increase engagement throughout NAVSUP organization. NAVSUP leaders' actions are consistent with the organizational change process model to encourage behavior and process modifications which institutionalize the change vision.

NAVSUP's understanding of linking aligned organizational structure and control processes with the organizational change process is consistent with recommendations from the literature. The current control processes under Navy ERP enable individual employee adoption of change by providing an enterprise system which offers greater asset visibility, business process standardization, and planning efficiency. The implementation of the Enterprise-wide system has been a key driver in NAVSUP's ability to standardize data and align financial resources to the Commander's vision. NAVSUP's recent renaming convention demonstrates their commitment to sustaining the momentum of change implementation and institutionalizing the change. To better reflect the One NAVSUP approach with global reach, the revised structure is effective in aligning the NAVSUP Enterprise across three dimensions they provide support—numbered fleets, regional shore commands, and Warfare/Provider Enterprises. The modified alignment puts individual employees face-to-face with the customers they support and facilitates greater awareness for efficient solutions to changing requirements.

#### b. Enhanced Decision-Making

The Provider Enterprise structure has not only allowed NAVSUP to enhance its internal decision-making capabilities but has also allowed for the highest echelons of Navy leadership to make informed and timely decisions that have implications throughout the DoN.

The implications of poor decisions which are made early in the acquisition cycle can be far-reaching and long lasting. As a result, TOC has been a key focus area of the Provider Enterprise since its establishment. Through its increased collaborative efforts with a variety of organizations that strive towards reducing TOC, NAVSUP has continued to demonstrate its ongoing commitment to the enterprise management system.

The change related training NAVSUP utilizes in order to instill a culture that thrives on innovation while emphasizing efficiency methodologies for continuous

process improvement has supported the change process. When training is effectively utilized as a change driver, it demonstrates NAVSUP's commitment to the enterprise concepts is perpetual and is in keeping with the model discussed in the literature review. It is evident that NAVSUP desires to have its personnel continuously be cognizant about the overarching Enterprise goals when conducting routine business and making decisions that can have consequences on organizations other than their own.

The importance of collaboration cannot be understated, as decisions made by one entity can greatly impact another. The implementation of the Provider Enterprise allowed NAVSUP to increase its communication with a multitude of stakeholders in order to make informed and timely enterprise wide decisions. NAVSUP participation in numerous initiatives and working groups that are involved in making the highest-level decisions for the Navy have demonstrated that the enterprise concepts that have been developed continue to be a key focus of Navy leadership. The participation of individual NAVSUP employees and their direct involvement in enterprise programs such as ERP also function as change drivers in the organizational change process. This participation allows them to have first-hand knowledge of how the enterprise is beneficial not only for the organization, but for the individual as well. NAVSUP has taken these steps to move the change initiative to the individual level throughout its organization that is in keeping with the model, however there are areas in which aspects of participation mentioned in the model that have not been properly addressed.

The increased participation of NAVSUP personnel in both internal and external initiatives and training programs has been beneficial towards achieving the goals of the Provider Enterprise. Although the processes NAVSUP has implemented have been successful in increasing collaboration and participation in keeping with the enterprise objectives at high levels of the organization structure, increased levels of participation at lower levels of the organization, particularly Echelon III and IV commands, would offer additional benefits.

### c. Improved Conflict Management

NAVSUP Provider Enterprise's ability to create a compelling change vision and leverage communication outlets to support change initiatives is consistent with the organizational change literature. These change drivers are also effective at mitigating the conflict that is the result of most leadership or management decisions that changes the manner in which the organization conducts business.

The conflict that routinely develops when multiple organizations are competing with each other for manpower, resources, equipment, facilities, or money is unavoidable and must be addressed. In addition, conflict often arises out of differing priorities, misunderstanding of roles and responsibilities, technical opinions, and personality clashes. This is precisely what a collaborative enterprise avoids by instilling a greater understanding of the overall mission of the organization.

The current processes being utilized by NAVSUP assist in facilitating increased collaboration and communication in order to reduce conflicts over scarce resources. The Navy Affordability Initiative process assists leadership in making decisions for which programs should be submitted in the POM. The PWG also assists in making decisions that have impacts throughout the enterprise, but ensure all stakeholders are involved in the process. Participation in enterprise-wide working groups reduce conflict in part because by each organization being represented and having the ability to ensure their concerns are heard. Therefore, when determinations are made that have negative implications on their particular organization, they understand the reasoning and are more willing to contribute to the objectives of the larger organization. The enterprise construct allows the stakeholders to pursue a holistic approach to achieving a solution that optimizes an objective that is great than what is visible to each individual command. NAVSUP continues to break through the stovepipe mentality that has been so pervasive and allowed each command to have consumption cultures while being oblivious to the entire process.

Increasing collaboration in order to achieve enterprise-wide objectives is an essential part of the change process envisioned by the Provider Enterprise. In order to

be successful, the personnel involved must be devoted to the change initiative. Although NAVSUP has taken positive steps towards shaping the human resource management practices within its workforce as outlined in the NAVSUP Strategy For Our People, the plan does not modify appraisal and reward systems which reflect the change vision. When applying the model, the area of inconsistency with how NAVSUP utilizes its human resource practices is seen at the group or individual level for sustaining the momentum of change implementation. Human resource practices, such as changing appraisals to include employee adoption of or resistance to the enterprise concepts and properly awarding employees for achievement of enterprise objectives, have not been sufficiently addressed. In order to ensure lasting change has been accomplished, such measures should be adopted to award new work behaviors and outcomes which are aligned with change initiatives.

### **C. RECOMMENDATIONS**

The following are proposed recommendations for improving the organizational change process and overcoming the implementation challenges of the NAVSUP Provider Enterprise:

1. Establish Cross Functional Teams (CFTs) within NAVSUP and across Enterprise.

NAVSUP should establish CFTs within the organization and across the Provider Enterprise which are focused on the whole solution and helping the Enterprise to succeed. While NAVSUP currently does a good job at the strategic level of supporting the enterprise and has high levels of participation of its leadership, more could be done at the operational level to enhance the performance of the enterprise. Leadership at NAVSUP headquarters is involved with stakeholders external to NAVSUP. This participation has provided Enterprise-wide benefits through the working groups such as the PWG, but it does not leverage knowledge and expertise throughout all levels of its internal organization to include Echelon III & IV commands.

Increasing the collaboration and participation of all NAVSUP commands and allowing lower level unit leaders to participate more in enterprise functions would enable

them to realize the impacts their units have on the larger strategy of the provider enterprise. While leadership will continue to communicate across the organization, the members of the CFT's will be able to carry some of the responsibility as well. Members will be able to give the team their own units' feedback as well as disseminate enterprise objectives within their respective organization. The CFT will allow NAVSUP to get one representative group aligned to the enterprise concepts and they will be able to increase organizational awareness and alignment. This recommendation is reached by observing the composition of Enterprise working groups, which are primarily NAVSUP headquarters personnel and involve minimal subordinate command employees.

The entire NAVSUP Provider Enterprise would benefit if participation were expanded to include members from Echelon III & IV commands. This will further drive the commitment of the change vision to the individual level and broaden the scope of meaningful contributions towards improved business practices.

## 2. Develop Human Resource Practices which Reinforce Enterprise Change Initiatives

In order to further advance the importance of the change vision to the individual level, NAVSUP should develop more comprehensive human resource practices to promote collaborative enterprise management concepts. Because there are currently few consequences for not accepting the change vision, NAVSUP could change the appraisal system to evaluate employees in a manner that directly supports enterprise objectives and goals. Employees that are not measured or rewarded for executing the change vision or strategic plan, and who are not held accountable when it the change vision is not successful are not likely to be motivated to accept the change vision. NAVSUP could also adopt incentives and rewards for all employees in order to motivate them to adopt the enterprise concepts of the Provider Support Enterprise. Additionally, NAVSUP should adopt a process of hiring, retaining and promoting personnel who are strong advocates for the enterprise initiative in order to institutionalize the change vision within the organization. This recommendation is based on best practices in aligning human resource programs with the change vision as suggested by the authors.

### 3. Align ACOM Naming Convention and Expand Role

It is recommended that NAVSUP realign the titles and roles of their ACOMs with the current Navy Enterprise Structure. The behavioral model represented by the ACOMs which allows NAVSUP to engage with Warfare and Provider Enterprises regularly in order to validate customer requirements was expanded with changes to the FIEP and has not been updated. The Navy Information Dominance Enterprise and NBMDE need to be incorporated in to the NAVSUP ACOM structure in order to provide clear infrastructure and operational procedures to facilitate enterprise management. Proper leadership alignment is important to the understanding of the governance, communications, leadership and processes of the FIEP. As a supporting Provider Enterprise member, NAVSUP must ensure their own enterprise management implementation is properly aligned with all major customers and stakeholders of the overall organization. This recommendation is derived from observations that NAVSUP has not updated the ACOM naming convention to reflect changes made to the FIEP. Additionally, NAVSUP has not designated a new ACOM for the recently established NBMDE.

Similar to the recommended creation of CFT's previously mentioned, ACOMs being properly aligned with the warfighters they are supporting and having support staffs or Issue Teams that contain Echelon III & IV personnel would shift change vision to the individual level.

#### **D. SUGGESTIONS FOR FURTHER RESEARCH**

This report has established the foundation from which further research on NAVSUP Provider Enterprise implementation and the organizational change process can be conducted. The following questions could be presented for further research:

1. Is the NAVSUP change vision accepted at the individual levels of the organization?

The main assertion of the literature model is that though organizational change unfolds across multiple levels, for organizational change initiatives to be successful it requires change at the individual level. The change vision is the starting point for any successful change implementation. The challenge facing leaders is whether the change

vision is first understood and then accepted. Furthermore, the source of the change initiatives—mandated by leadership versus internally planned—can affect whether the change vision is accepted. Due to the impact accepted change vision has on change initiatives, further research can be conducted to determine if employees at the individual level fully comprehend and are motivated to support initiatives provided in the NAVSUP Commander’s Guidance. Conducting surveys and interviews of both junior personnel across the NAVSUP Provider Enterprise would be the best method to answer this question.

2. Which change drivers are sufficient, individually or collectively, for successful organizational change to occur?

The goal of the literature model is to provide a better understanding of the organizational change process and change drivers, so organizations can more effectively achieve successful organizational change. However, the model does not address whether one change driver is more effective or should have priority over another when executing the change vision. This information would provide numerous advantages for organizations implementing change initiatives. Given the immense scale of effort necessary to promote change across large organizations, it could result in the more effective use of limited resources when deploying different change drivers. It could also shorten the change process by focusing change related events, activities or behaviors to achieve desired outcomes.

3. Which change-related actions, events or behaviors directly contribute to measurable cost savings or increased effectiveness?

The strategies outlined in the 2011 NAVSUP Commander’s Guidance were developed to transform the way NAVSUP operates within each business line, with the objectives of drastically increasing effectiveness and reducing the costs of supporting customers. Our analysis indicates changes have occurred and provides examples of cost savings through various NAVSUP Enterprise initiatives. However, it is difficult to directly link which change-related activities, events or behaviors are responsible for

reducing costs or increasing effectiveness. This information could provide greater focus in developing change strategies and deploying resources in order to achieve desired outcomes.

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## APPENDIX

<b><i>Change Drivers</i></b>	Summary Definition	Move the change vision to group and individual level	Enable the individual employee adoption of change	Sustain the momentum of change implementation	Institutionalize the change
<b><i>Accepted Change Vision</i></b>	Employee belief that change vision is positive for organization and themselves. Provide both rational and behavioral justification for change. Vision should promote enterprise's core values.	Opportunity to clearly define the vision and meaning of change. Provides expectations and roles of various groups and/or individuals. Reinforce employee buy-in and ownership of change initiatives.	Employees not only accept change vision but are prepared to modify behavior. Removal of rational and behavioral barriers. Lowers resistance to change initiatives.	Not Applicable	Not Applicable
<b><i>Leaders' Change Related Actions</i></b>	Actions by the community of leaders that signal the importance of the change vision. Commitment and support to change implementation. Create organization-shared responsibility for leading change.	Maximize interaction with employees concerning change related issues. Signals to groups and individuals the importance of change initiatives. Balance promoting change while ensuring stability. Reinforce the need for change.	Ensure employees have sufficient resources to implement change. Develop appropriate structures and processes. Align individual goals with organizational goals.	Recognize and provide necessary resources for employees to implement change initiatives. Recognize sources of resistance. Signals the ongoing importance of the change initiative through leaders continued focus on and support of the progress of the change initiative.	Focus on linking positive effects of change efforts to organizational success occurring. Validate new behaviors and methods. Enables the change to become embedded in the organization.
<b><i>Change Related Communication</i></b>	Focused on employee understanding on the need for change. Update employees on progress of change implementation. Encourage two-way communication to open discussion provide clarification.	Provide constant communication if change vision. Stress importance of change and why both organization and individual will be better off as a result. Facilitates employee understanding and engagement.	Encourage clear two-way interaction. Addresses employees' questions and concerns. Allows individuals to remain committed to the change. Ensures that any obstacles are properly identified and removed.	Use every communication available to reinforce change initiatives. Provide constant flow of credible information. Promote change goals and objectives in daily routine. Signals the organization's ongoing commitment to the change initiative and ongoing implementation.	Not Applicable
<b><i>Change Related Training</i></b>	Provides an understanding and necessary skills, values and/or frameworks concerning the change initiative. Allows tailored or specialized training for assorted groups or individuals. Aligns employee focus and efforts on change related objectives.	Allows groups and individuals to develop job or role specific understanding of the change initiative. Provides new knowledge, skills and work processes needed for desired change outcomes.	Reinforce comprehensive understanding of change vision. Influence employees to work more interdependently and function as a team. Provides employees with tools to match expectations.	Not Applicable	Not Applicable
<b><i>Change Related Employee Participation</i></b>	Involves employees in tasks specifically related to the change initiative. Increases employee understanding of change vision. Expands number of people committed to change and encourages more active roles.	Deepens understanding of the change vision and related outcomes. Allows such understanding to become specific to a group. Develop champions of change to articulate change vision.	Engage every employee in organization's principal challenges. Employees participate in developing and advancing change initiatives. Large employee involvement in determining their respective job/role/function during change.	Not Applicable	Not Applicable
<b><i>Aligned Human Resources Practices</i></b>	Strategically align human resources practices with the change initiative. Support transformation	Not Applicable	Align performance appraisal and reward to reflect work exemplified by the change initiative.	Align recruitment, selection and socialization of new employees with change initiatives. Signals that	Utilize employee selection activities to reinforce transformation climate. Select

	goals and clarify employee expectations. Reinforce desired behaviors.		Properly reward employees for achieving acceptable performance or desired outcomes. Signals management's commitment to the vision.	the change is important to organizational success. Human resource practices will be based on the change vision and its related outcomes.	individuals whose values match the change vision. The vision and related outcomes become the norm.
<b><i>Aligned Organization Structure and Control Processes</i></b>	Aligns structure and processes to better support change vision. Allows change initiatives to be properly monitored, measured and managed.	Revise appropriate structure and processes to encourage change and better equip employees. Demonstrates management's interest and commitment to the change initiative.	Provide support and resources to meet objectives. Effective control processes measure performance and allows revision. Facilitates employee acceptance and adoption.	Align focus and energy to address organization's principal challenges. Facilitates the implementation of the change by incorporating it as necessary in organizational systems and processes.	Ensure organization's architecture is aligned and integrated with change strategy. Prioritizes change initiatives and prevents employees from reverting to pre-change structure and processes.

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