Strategic Management papers are written by course members as part of the Capability and Force Development Block of the Defence and Strategic Studies Course.

Australian Defence Force Strategic Leaders and Change Management

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INTRODUCTION

1. The 2009 Defence White Paper foreshadowed a Strategic Reform Program (SRP) aimed at making the Defence organisation, including the Australian Defence Force (ADF), more efficient. The expected savings are to be reinvested in the ADF in order to meet the challenges of an uncertain strategic future.\(^1\) To this end, the Government has stated that it expects Defence to become ‘more businesslike, efficient and prudent in its use of resources’\(^2\) and that its senior leaders must take responsibility for driving the reform process.\(^3\) Yet while facilitating change is central to successful business leadership,\(^4\) the ADF’s strategic leaders (one star officers and above) might not be similarly well qualified to manage change on the scale of the SRP. After all, the success of the last major attempt to reform the ADF, undertaken as part of the Defence Reform Program (DRP) of the late 1990s, remains questionable.\(^5\) This paper will examine how well prepared the ADF’s strategic leaders are to meet the Government’s expectations for reform.

2. **Scope:** This paper will briefly outline the fundamental role of strategic leaders as change agents before comparing how the ADF and private sector select and develop their senior leaders. The paper will then analyse how some senior private sector executives reformed their organisations\(^6\) in order to make further comparisons with ADF strategic leaders. These comparisons will suggest that while the ADF’s strategic leadership selection and development process generally compares favourably with that of external organisations, the ADF’s strategic leaders are unable to match their private sector counterparts’ agility and consistency in implementing organisational change. Consequently, the paper will recommend areas of strategic leadership that the ADF could improve in order to undertake major reform such as the SRP more effectively. Given the brevity of this paper, these recommendations are necessarily high-level and intended primarily to indicate potential improvements worthy of more detailed investigation.

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6. The observations of private sector leadership were gained primarily through the presentations of, and discussions with, the current and former executives of 10 private sector companies. Exposure to these executives was gained during the Centre for Defence and Strategic Studies (CDSS) Strategic Management Study Block conducted at Weston Creek and the associated study tour of Australia and New Zealand. As discussions were held under the Chatham House Rule, comments are not attributed to individuals.
AIM
3. The aim of this paper is to identify areas of ADF strategic leadership that require improvement in order to ensure the effective implementation of organisational reform.

BACKGROUND
4. Managing Change. A common theme that emerged during discussions with senior company executives was the need for organisations to be highly agile and adaptable in responding to the rapidly changing business environment. While some executives admitted that this capability had been allowed to atrophy in the period of high economic growth leading up to 2008, the subsequent Global Financial Crisis (GFC) forced most companies to change their business practices quickly in order to survive. All agreed that agility and flexibility provided competitive advantages regardless of the economic climate, most notably by reducing costs in the areas of work force structure, business practices and customer selection. Once identified, changes were implemented quickly in order to maximise the potential savings. In contrast, ADF doctrine recognises that military culture tends to be rules-based, conservative and traditional.7 These characteristics are not conducive to change. This requires ADF strategic leaders to be capable of operating beyond the constraints of traditional military leadership culture in order to implement reform effectively.

SELECTING AND DEVELOPING STRATEGIC LEADERS
5. Selecting Leaders. There is significant commonality between how individuals in the ADF and the private sector are selected for senior leadership positions. Like the ADF, all of the companies visited preferred to grow their own leaders internally, not only because such home-grown ‘talent’ understands their business but because recruiting and inducting external leaders is disruptive and costly. The ADF’s imperative to select leaders that possess the military values, training and expertise necessary for war-fighting requires an even more restrictive selection process.8 That said, commercial companies and the ADF both rely on a mix of performance evaluation, formal educational and training qualifications and experience in order to select individuals for progression.

6. The private sector tends to identify its potential senior leaders sooner in their career than the ADF and, in the case of smaller companies in particular, senior executives can be more personally involved in selecting future leaders. However, there appear justifiable reasons for these differences. First, military officers must gain an understanding of an organisation more complex than a private company; the latter tending to have a narrower range of responsibilities and functions. Second, as the ADF relies heavily on good morale, the

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7 ‘Leadership in the Australian Defence Force’, Australian Defence Doctrine Publication 00.6 (ADDP 00.60), Defence Publishing Service, Canberra, 22 March 2007, p. 2-16, paras. 2-37 - 2.40.
8 ‘Leadership in the Australian Defence Force’, p. 2-13, para. 2.32.
promotion system of each of the Services must appear fair and not subject to the nepotism that might result from the excessive intervention of senior officers.

7. **Developing Leaders.** The private sector and the ADF both develop their strategic leaders through varying combinations of experience, education and mentoring. Moreover, both appear to regard experience as the most important development method, a view supported by research in the United States military. A study of senior military leaders across the US forces in the early 2000s examined three groups of officers; direct commanders, newly promoted star-rank leaders and strategic leaders. All three groups indicated experience was the most important developmental tool. However, whereas direct commanders rated institutional education as the next most important, capstone officers rated mentorship second and strategic leaders rated self-education as the next most important. This tends to indicate that development needs and opportunities change with experience. Nevertheless, with the exception of mentoring, ADF strategic leader development compares favourably with that of the private sector.

8. **Mentoring.** The ADF currently appears to underutilise formal mentoring as a strategic leadership development technique despite its wide use in the private sector and in the U.S. military. This is also despite ADF doctrine recognising the importance of both formal and informal mentoring to senior officers. In contrast to the ADF’s professional military education system, which is significantly more comprehensive than anything offered in the private sector, its approach to mentoring is far less advanced. For example, of the 16 ADF officers attending the Centre for Defence and Strategic Studies in 2009, none had received formal mentoring as senior officers despite being marked as potential strategic leaders. While supervisors assume a de facto mentoring/coaching role, this does not ensure that a future leader will benefit from the personal experience of a strategic leader who can advise the candidate throughout the later stages of his/her career. The Navy is currently examining a senior officer mentoring scheme as part of the New Generation Navy program. However, a formal mentoring scheme for all ADF high potential Colonel (equivalent) officers is required.

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9 For the main methods of strategic leader development see ‘Leadership in the Australian Defence Force’, p. 4-11, para. 4.15.
10 Mark A. McGuire, ‘Senior Officers and Strategic Leader Development’, *Joint Force Quarterly*, No. 29, Autumn/Winter 2001-02, p. 94.
11 Leadership in the Australian Defence Force’, p. 4-12, para. 4.18.
12 Leadership in the Australian Defence Force’, p. 4-11, para. 4.16.
MANAGEMENT PRACTICES FOR ADF STRATEGIC LEADERS

9. Although the ADF’s methods of selecting and developing strategic leaders capable of managing change are similar to those of the private sector, the latter’s senior executives appear more capable of effectively reforming their organisations. As previously mentioned, all the businesses studied responded decisively to the GFC in order to survive. Such alacrity appears to arise from three areas of strategic leadership in which the ADF does not appear as proficient. These areas are:
   a. positional tenure,
   b. internal communications, and
   c. delegation.

10. **Tenure.** Generally, private sector executives hold tenure in their senior leadership positions for significantly longer periods than the majority of senior ADF officers. Internally recruited executives are, like their ADF counterparts, required to gain experience across their organisations before assuming strategic leadership roles. However, company executives tend to have fewer roles to gain experience in; a result of most companies having less diverse and/or complex functions than the ADF. Even so, the longer tenures of most private sector executives in strategic leadership positions, typically five years compared to the ADF’s average of two to three years, allows the former to provide organisational stability and oversee change through to its completion.

11. The ADF, and the individual Services in particular, can lack continuity in strategic direction as most leaders below the rank of three or four star officers are replaced more frequently than in the private sector and often hold different views to those of their predecessors. This criticism is not new and at least one analyst argues that the ADF’s senior military leaders spend too little time in their positions to the detriment of the organisation.14 Accordingly, consideration should be given to extending star-rank officer tenure in key non-operational areas, such as personnel management and capability development.

12. **Internal Communications.** One of the more obvious differences noted between how senior private sector leaders and their ADF equivalents manage change in their organisations is the former’s greater emphasis on internal communications. Private sector leaders are convinced this effort is highly worthwhile and essential for obtaining ‘buy-in’ from the workforce. While ADF strategic leaders understand the requirement to explain and convince their people of the need for change, their efforts appear cursory at times and often more focussed on external audiences. Furthermore, senior ADF officers tend to assume, often incorrectly, that their subordinate leaders have the time, aptitude and inclination to tailor the strategic message for the various ADF audience groups. In contrast, private sector strategic leaders tend to develop and

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personally deliver one simple message that is readily understood by everyone in the workforce.

13. The ADF is a large and hierarchical organisation that makes communicating directly with the workforce difficult. However, this does not excuse such internal communication failures as that associated with the SRP. The SRP had been announced for months before any meaningful information on the program was communicated to the majority of ADF members. In the absence of information, people tended to ‘fill in the gaps’ themselves, often incorrectly, and become mistrustful and defensive; behaviours inimical to change. ADF strategic leaders should place priority on communicating to their own workforce, ahead of other audiences, simple and relevant messages that explain why and how change will be implemented.

14. **Delegation.** The most striking area of difference noted between senior leaders in the private sector and the ADF is that the former appear far more willing to delegate responsibility and authority for a range of management purposes, including implementing major reforms. This is ironic given that the ADF is well-practiced in delegating responsibility and authority for independent action in the operational environment where even junior leaders are expected to make literal ‘life and death’ decisions. However, outside of the operational environment leaders are subjected to greater levels of management and bureaucracy; the common requirement to have two-star officers personally approve overseas travel being one example. Furthermore, such requirements appear to contradict ADF doctrine that states ‘Strategic leadership is not about holding on to power. Strategic leaders recognise experienced and skilled members and then empower them’.  

15. The Government has declared that improved individual accountability is required for delivering key SRP outputs and meeting the required standards of performance. Therefore there is a need for greater delegation by ADF strategic leaders in order to implement the necessary changes. Moreover, delegation is necessary to retain ADF members in the longer term by providing them with worthwhile and challenging responsibilities. Instead, the ADF’s highly bureaucratised management processes, including an over-reliance on committees, constrain its organisational agility and undermine the morale of its people. Determining the causes of, and solutions to, this problem is a major task beyond the scope of this paper, especially as it is intertwined with broader Department of Defence processes and requirements. However, the claim that the governance requirements associated with public accountability necessitate such bureaucracy appears specious as private sector leaders are equally accountable to their boards and shareholders. In any case, there is a need for the

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15 Leadership in the Australian Defence Force’, p. 4-9, para. 4.14.
problem to be resolved if the ADF is to match the speed of the private sector’s Observe-Orient- Decide-Act (OODA) loop.17

CONCLUSION
16. Significant reliance is being placed on the SRP to make Defence more efficient and to allow the development of an ADF capable of meeting the challenges of an uncertain strategic future. However, ADF strategic leaders do not share their private sector counterparts’ good reputation for implementing organisational change; the problematic DRP being a case in point. This is not to say that senior private sector leadership is superior in all respects to that of the ADF and, in some areas such as the education of its leaders, it does not match the ADF. Yet private sector management practices illuminate some areas in which the ADF’s strategic leaders could improve their ability to implement reforms such as the SRP.

17. Senior private sector leaders appear more able than their ADF equivalents to impart agility, flexibility and continuity of direction to their organisations when reforming them in response to changing operating environments. While greater use of mentoring provides private sector executives with some benefits in this regard, their superior change management ability derives primarily from their longer tenure in senior positions, stronger emphasis on internal communication and, most importantly, greater reliance on delegation of responsibility and authority. Where appropriate, by doing more to match their private sector counterparts’ performance in these areas, ADF strategic leaders would be better positioned to deliver the reforms required by Government.

RECOMMENDATIONS
18. The following recommendations are made:
   a. The Chiefs of Service Committee (COSC) should consider the development and adoption of a formal mentoring scheme for all high-potential, Colonel (equivalent) officers.
   b. The COSC should consider extending star-rank officer tenure in key non-operational areas, such as personnel management and capability development.
   c. ADF strategic leaders should place priority on communicating to their own workforce, ahead of other audiences, simple and relevant messages that explain why and how change will be implemented.
   d. ADF strategic leaders should delegate greater authority and responsibility to subordinate commanders to implement change.

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