



Concept Symposium 2018

Governing Megaprojects – Why, What and How

Project Governance in UK Defence Acquisition – Still Trying to ‘Get There’

Lord Levene’s report (2011) was the basis for the recent UK Defence Reform Programme. By 2015, Levene had reported successful transformation in the most critical areas. The purpose of this study is to elicit a bottom-up view of the current state of governance in the Department - based on the ‘lived’ experiences of 60 delivery managers. In brief, while there is general agreement that the structural aspects of governance are largely in place for project alignment, P3M framework, organisational responsibility and reporting, financial scrutiny and career structures, there are practical and perceived challenges requiring senior management attention. For example, the Programme’s control processes have created partial duplications and project time and cost continue to be approved at 50% confidence level with no allowance for any individual breach of approval. Terms of reference have not been redefined to capture new responsibilities and activities. Short tenure in role by military staff and on-the-job learning for those new to defence acquisition further compound capacity, capability and consistency concerns.

Key lessons for organisations seeking to design and implement governance in a complex setting are: (1) intent (ambition) must be clearly articulated in terms of purpose, benefits, outcomes and actively communicated, (2) governance design must be true to its principle tenets while cognisant of organisational contexts, (3) a strong understanding of the underlying reasons for prevailing attitudes and norms e.g. ‘fear of failure’, ‘low trust’, ‘high risk aversion’ etc., is essential, (4) implementation must balance direction and defined processes with delegated freedom and accountability, and (5) regular reality checks or ‘stocktakes’ are essential. The annual reviews by Levene are too high-level and focused on progress against the Programme’s ambition for transformation. Grass-root reality must be understood and problems managed before the Programme can achieve its ultimate goal of a “simplified and improved Acquisition System” (ASOM, V4, 2016).



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The Concept Symposia on Project Governance

The Norwegian Ministry of Finance and the Concept Research Program hosts every second year a symposium on project Governance. Project governance, in brief, is concerned about investments and their outcome and long-term effects. In view of the problem at hand, the aim is to ensure that the best conceptual solution is chosen, that resources are used efficiently and anticipated effects realized. Resource persons from ministries, governmental agencies, academia, international organizations, and industry are invited. In order to facilitate professional exchange and direct communication between participants, the number of individuals is restricted. The aim is to initiate further international cooperation and research on important issues related to project governance.

<https://www.ntnu.edu/concept/concept-symposium>

8th CONCEPT SYMPOSIUM ON PROJECT GOVERNANCE

**Project Governance in UK Defence Acquisition:
Where are We and Why are We Still Trying to
‘Get There’?**

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Academic Credentials:



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UK DEFENCE ACQUISITION Overview

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The ‘Organisation’: UK Defence Acquisition

The ‘Department’: Defence Equipment & Support
(DE&S)

Their ‘Task’: to deliver and support defence capability
across *all* domains

Portfolio: ‘overheated’ & ‘overspent’

Drivers for Reform: efficiency (*‘faster, cheaper, better’*)
& affordability (*‘doing more with less’*)

This Study: a ‘bottom-up’ view of current reform status



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REFORMING DEFENCE ACQUISITION

2 Key Reports

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“There is something fundamentally wrong with the procurement process inside the MOD.....”

Daily Telegraph, 2009

The defence equipment budget is “long seen as bloated and inefficient”

Financial Times, 2009

The Department “continues to struggle with managing its equipment programme on an affordable basis, resulting in the cancellation or deferral of major projects and a damaging impact on value for money”

Public Accounts Committee, 2011



**GRAY
Report
(2009)**



**LEVENE
Report
(2011)**



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LEVENE REPORT (2011)

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Goal:

“....a new, simpler and more cost effective model for departmental management, with a clear allocation of responsibility, authority and accountability....”

(UK Secretary of Defence)

Levene's remit:

- 1.To conduct a fundamental review of how the MOD is structured and managed,
- 2.To design a model for departmental management which is simpler and more cost- effective, with clear allocation of responsibility, authority and accountability.

(Defence Reform,2011, p9)



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A NEW DELEGATED MODEL FOR ACQUISITION GOVERNANCE

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**Overarching
System
Description**

Defence Operating Model (DOM)

**Function
Level
Guidance**

**Finance and Military
Capability Operating
Model (FOM)**

**Acquisition System
Operating Model (ASOM)**



**Organisation
Processes**

**Tailored Organisation
Operating Models**

**Acquisition System
Handbook (ASH)**



**Detailed
Processes
(as required)**

Tailored Local Procedures



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DEFINED TOP LEVEL ACCOUNTABILITIES, ORGANISATIONS AND INTERACTIONS

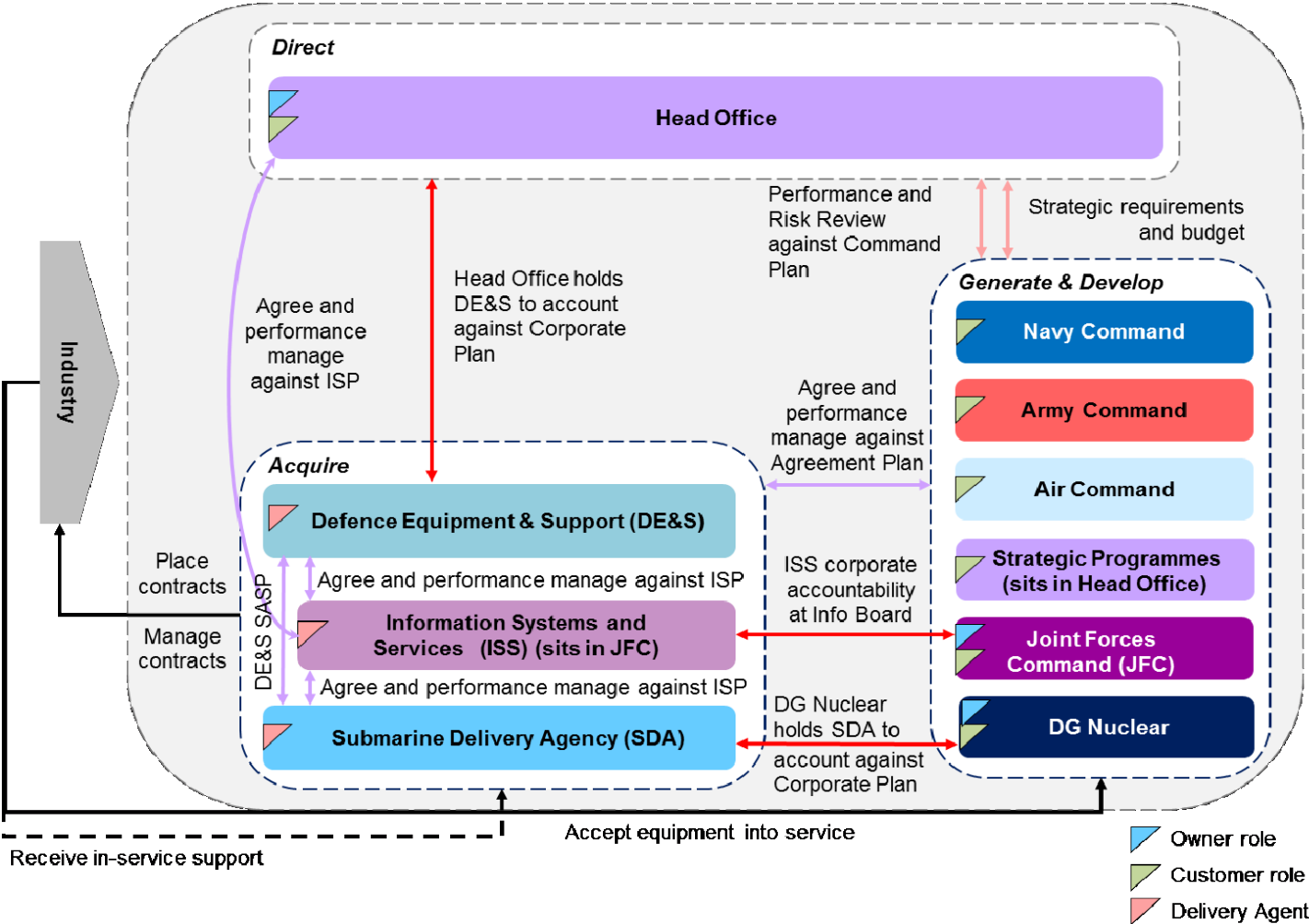


Figure 2: The Acquisition System - an overview ¹⁵¹⁶

WHERE ARE WE?

Reform Progress

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“The way the MOD has reformed itself over the last few years shows that a leopard really can change its spots: it has been an impressive achievement”

Levene, 4th annual reform review 2015



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WHERE ARE WE?

As Reported by Levene, 2015

LEVENE (2011)

Key Areas for Reform

1. Restructure the Defence Board & sub-committees for better top-level decision making and strategic management.
2. Delegate freedom to Service Chiefs for detailed military capability planning equipment, manpower & training requirements
3. Strengthen individual accountability of senior personnel. Freedom for manning, career management, manpower planning & allocation
4. Streamlining Head Office to support to-level decision making
5. Create a Joint-Force Command for joint enablers and joint warfare support
6. Establish a single Defence Business Services as a single shared service
7. Improve financial and performance management

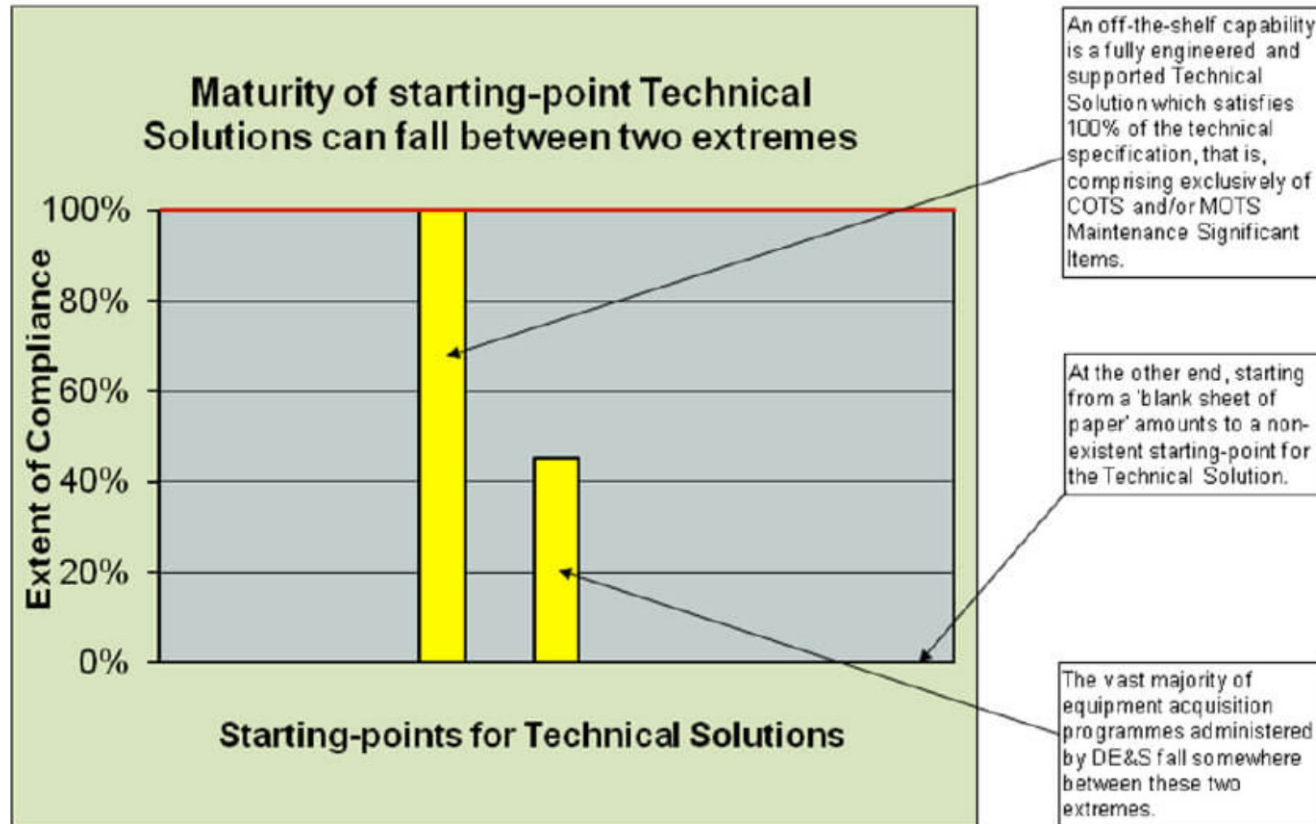
4th REFORM REVIEW (2015)

- ✓ New Defence Board
- ✓ SCs shaping and owning their own acquisition portfolios.
- ✓ Clarified roles and responsibilities.
- ✓ Longer tour lengths for senior levels for continuity & accountability
- ✓ Smaller Strategic HO.
- ✓ Successful creation of JFC. Improved focus on key technological 'enablers' of modern warfare
- ✓ DBS established under a strategic management partner arrangement with private sector
- ✓ Stronger. Department's reputation improved across Whitehall

WHERE ARE WE?

Public Perception

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A system that still suffers from poor solution-to-requirement fit.

WHERE ARE WE?

Delivery Managers' Observations

4th REFORM REVIEW (2015)

Study Observations (2017)

<ul style="list-style-type: none"> • New Defence Board • SCs shaping and owning their own acquisition portfolios. • Clarified roles and responsibilities. • Longer tour lengths for senior levels for continuity & accountability. • New employment model/career structures. • Smaller Strategic HO. • Successful creation of JFC. Improved focus on key technological 'enablers' of modern warfare • DBS established under a strategic management partner arrangement with private sector • Stronger financial management. Department's reputation improved across Whitehall 	<ul style="list-style-type: none"> ✓ Yes for 'hold-to-account' governance structures and processes. ✓ Yes. Service-level portfolios held by SCs <u>but</u> 'low trust' from tribal perceptions ✓ Yes through contextual tailoring of the new model <u>but</u> some confusion at the cross-service interface. X Short tenure in role for delivery-level managers and officers, 'muddling through', 'high risk aversion' . X Accountability concerns – difficulty of 'letting go' from 'fear of failure' X Too few Senior Responsible Officers (SROs) for practical overview ✓ JFC established . X DBS in part, not yet completed. Particular issues yet to be resolved. X Too focused on control, not governance. X Process inconsistencies and duplications X Desired behaviours – intent, not reality.
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WHERE ARE WE?

Delivery-Level - Typical Quotes

- *...the new model focuses on the **mechanics of governance**.*
- *....at the **working level, governance and management** functions are not discrete... very difficult at the PM level to affect change....*
- *...**historic resource problems** at DE&S compounded by the latest round of transformation where staff are aligned to specific functions*
- ***Desired behaviours and strategic needs** are not given enough attention.... Focus is definitely on delivery.....no metrics for assessing behavioural change*
- *...the **tribal nature of the Armed Forces** lends itself to a competitive rather than a collaborative approach to acquisition*
- *....**limited appetite to terminate projects** through the holding-to account governance process...*

WHERE ARE WE?

Behaviour Change -Status & Recommendations (Levene)

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*“...the Department now needs to concentrate to complete the Defence reform agenda around **changing behaviours**”*

(Levene, 4th annual Review 2015)

1.Senior structure –

- Simplify processes to improve efficiency & accountability
- Reduce number of Ministers and senior officers

2. Managing outputs -

- Focus on output, not input & manpower
- Look for alternative performance measures
- Use the control framework to allow delegated budget holders to flex their budget

3. **Treasury** to formally support end-of-year flexibility



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ASOM Behaviours	DE&S Behaviours/Action	Reference
Accountability and Empowerment	<ul style="list-style-type: none"> i. Hitting our Numbers. ii. More 'S' In DE&S. iii. Adoption of Financial and Military Operating Model (FOM). vi. Employ business Acumen. v. Accountability and Delegation. 	<p>DE&S Core Behaviours and OGSM (Objectives, Goals, Strategies and Measures) issued 22 Mar 16.</p> <p>New DE&S Performance Management process 2016/17</p> <p>DE&S Be-Think-Do Behaviours Statement</p>
Integrated Defence Enterprise	<ul style="list-style-type: none"> i. Transformation delivers benefit. ii. Adoption of Financial and Military Operating Model (FOM). iii. Champion the Defence Vision. vi. Communicate and engage with Impact. 	<p>DE&S Core Behaviours and OGSM (Objectives, Goals, Strategies and Measures) issued 22 Mar 16</p> <p>DE&S Be-Think-Do Behaviours Statement</p> <p>DE&S Employee Handbook</p>
Outcome Focussed	<ul style="list-style-type: none"> i. We deliver on our promise. No excuses. ii. Perform to plan. iii. Satisfy or customers. vi. Effective Decision Making. v. Continually Improve 	<p>DE&S Core Behaviours and OGSM (Objectives, Goals, Strategies and Measures) issued 22 Mar 16</p> <p>DE&S Be-Think-Do Behaviours Statement</p>
Open and Transparent	<ul style="list-style-type: none"> i. We support one another. ii. Effective Decision Making. iii. Communicate and engage with impact. 	<p>DE&S Core Behaviours and OGSM (Objectives, Goals, Strategies and Measures) issued 22 Mar 16</p> <p>DE&S Be-Think-Do Behaviours Statement</p> <p>DE&S Employee Handbook</p>
Respect and Develop	<ul style="list-style-type: none"> i. We work as one team with our customer. ii. We support one another iii. We are professional in everything we do. 	<p>DE&S Core Behaviours and OGSM (Objectives, Goals, Strategies and Measures) issued 22 Mar 16</p> <p>DE&S Be-Think-Do Behaviours Statement</p> <p>14 DE&S Employee Handbook</p>

Organisational Tailoring – Desired Behaviours & Ways of Working (DE&S Publications)



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WHY ARE WE STILL 'GETTING THERE' ?

Conclusion

Defence acquisition governance is truly complex

- Diplomatic boundaries; competing political-security-safety-economic criteria & constraints; multiple legal & governance procedures etc

Lessons:

1. Intent (ambition) must be articulated in terms of purpose & defined achievements

- Model should be piloted at each level and in different settings

2. Governance design must be true to its principle tenets while cognisant of organisational contexts

- More than changing structures, tools & processes.
- More than policy & doctrine to achieve behavioural change.



WHY ARE WE STILL 'GETTING THERE' ?

Lessons (cont'd)

3.A strong understanding of the underlying reasons for prevailing attitudes and norms is essential

- Ingrained 'tribal' histories and cultures
- Resource constraint is a practical reality
- Skill and experience remains a personal property

4.Implementation must balance direction and defined processes with delegated freedom and accountability

- Separation of governance from management.
- Measurable success indicators for 'improvements'

5.Regular reality checks or status 'stock-takes'

- Independent review of 'lived' experiences'
- Working party 'action project' approach for timely & specific adjustments to governance model.

THANK YOU

QUESTIONS?

