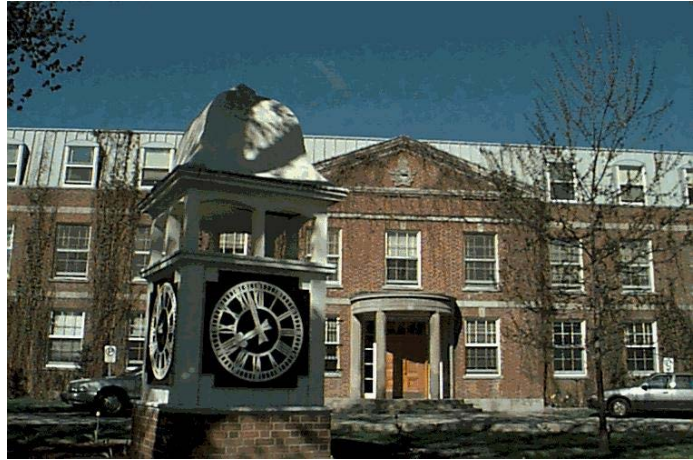


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DND's Real Property Management: an organizational change

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JCSP 40

Exercice Solo Flight

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SOLO FLIGHT ESSAY – RÉDACTION DU VOL EN SOLITAIRE

DND's Real Property Management: an organizational change

By Major S.C.S. Comtois
Par le major S.C.S. Comtois

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INTRODUCTION

The Department of National Defense (DND) is the Canadian government department with the largest real property portfolio counting more than 20,000 buildings¹. The consequences of not adequately managing such an expensive portfolio can have tremendous impacts on the government. In fact, the government identified real property in its 2008 Canada First Defence Strategy as one of its four pillars to build an effective military². The requirement for an effective structure to manage this portfolio is therefore essential. The government of Canada has been criticized for its ineffective management in regards to its infrastructure by both the Office of the Auditor General³ and in the media⁴. This has triggered discussions about whether or not to change the way business is done in the world of government infrastructure management.

Everyone seems to agree that the way DND's real property portfolio has been managed up to now is ineffective especially at the strategic level. The present climate of limited resources has elevated the need to find a more appropriate structure. As with any change of this magnitude, a sound road map is essential to its successful implementation. The Kotter model on leading change is a proven tool as it has been used by numerous organizations to lead them through changes and it has also been referenced by thousands of academic articles. DND has already started on the road of changing its management

¹ Office of the Auditor General of Canada, *2012 Fall Report of the Auditor General of Canada: Chapter 5 – Real Property National Defence*, (Ottawa: Canada Communication Group, 2012), 2.

² Government of Canada, "Canada First Defence Strategy," last modified 27 July 2013, <http://www.forces.gc.ca/en/about/canada-first-defence-strategy.page>.

³ Office of the Auditor General of Canada, *2012 Fall Report of the Auditor General of Canada: Chapter 5 – Real Property National Defence*, (Ottawa: Canada Communication Group, 2012), 19.

⁴ Colin Horgan, "DND failing to keep up with property management targets: AG report," *iPolitics*, October 23, 2012. <http://www.ipolitics.ca/2012/10/23/dnd-failing-to-keep-up-with-property-management-targets/>.

structure with regards to infrastructure and this essay will argue in favour of such a change. This paper will demonstrate that the ongoing transformation of DND infrastructure management can be successful by adhering to Kotter's eight step change model. It will prove that the first four steps of the model have been successfully completed, and provide recommendations for the remaining four steps to ensure the success of this change initiative.

In order to accomplish this, the Kotter model will first be introduced and parallels will be drawn between the case at hand and the model. The first four steps will then be explored and this essay will show that DND has already implemented those relatively successfully. It will be argued that the new proposed structure, based primarily on Daft and Armstrong's organizational theory, will be better adapted to the current environment and help achieve the strategic objectives when it comes to managing DND's real property. The last four steps will then be presented and used to draw warnings and recommendations for the next moves to be taken.

This essay will make the argument that this change in managing DND's real property portfolio is necessary and that the proposed structure will better meet the reality of the current environment. More importantly, it will demonstrate that this change has high success potential as it follows the eight steps of the Kotter model, whether it be intentional or not. By identifying the pitfalls of this change process and the lessons learned from the Kotter model, it is hoped that future potential difficulties can be mitigated. This work however will not offer a full implementation plan to address those potential challenges. That is beyond the scope of this paper and should be the aim of another future study.

KOTTER'S MODEL

Kotter's eight step model for leading change in organizations will be the framework used to demonstrate that DND is on the road to success. Figure 1 offers a visual representation of this theoretical model.



Figure 1 – Kotter's Eight Steps of Change

Source: Kotter, *Leading Change*, 17.

As depicted above, the first part of this process is identified as “Creating a climate for change”. There are three steps in this phase of the model which will be looked at in details in the next section. For now, the lesson to retain as analyzed by Thompson, is that this phase of the change process is critical and has to be dedicated the right level of energy⁵. This represents the foundation of the whole process and sufficient time as to be taken to plan the change before embarking on this journey.

⁵ Rachel Thompson, “Kotter's 8-Step Change Model: Implementing Change Powerfully and Successfully,” accessed 2 May 2014, http://www.mindtools.com/pages/article/newPPM_82.htm.

The second part of the Kotter process is “Engaging and enabling the whole organization”. Again, this is essential in order to increase the probabilities of success. As Kotter states; at least 75% of the management team has to accept the idea that change is necessary⁶. Lieberman reaches a similar conclusion in her analysis of the teachers’ learning program reform in 1995⁷. She concludes that respecting and encouraging all stakeholders to make the change is essential.

The last portion of this model, “Implementing and sustaining change”, is also supported by literature. Berman and McLaughlin found that employees having a “sense of efficacy” and that continuation strategies were powerful variables that affect the sustainability of a major change⁸. This again reinforces the credibility of the Kotter model and validates its use as a theoretical framework in this analysis. While there are many models trying to explain the dynamics of change within an organization, Kotter’s model is widely referenced and presents a solid academic basis to support this analysis. In the following section, each step is analyzed in more details and this paper demonstrates how DND is following the model.

THE STARTING POINT

As seen in figure 1, the first step of any change is to establish a sense of urgency. Kotter states that rushing into a change would be ill advised and that spending extra time on this step is preferable. For this step to be successful, Kotter indicates that not only the

⁶ John P. Kotter, “Leading change: Why Transformation Efforts Fail,” *Harvard Business Review* 73, no. 2 (March-April 1995): 62.

⁷ Ann Lieberman, “Practices that support teacher development: Transforming conceptions of professional learning,” *Innovating and Evaluating Science Education: NSF Evaluation Forums 1992-1994*, 1995, 58.

⁸ The U.S. Office of Education, *Federal Programs Supporting Educational Change, Vol. VIII: Implementing and Sustaining Innovations*, (Santa Monica: Rand, 1978), 34.

case for the necessity of change has to be made but that rationale alone will not suffice. He mentions that a critical mass of three quarters of the organization's management has to believe that change is essential⁹ but Marten goes further and adds that all stakeholders need to be engaged¹⁰. Kotter also offers that leaders need to "aim for the heart" and connect to the deepest values of their people¹¹.

It could be argued that this step was made easier given the context in which the situation developed. The shrinking governmental budgets demanded more effective processes in managing DND's real properties. The media criticized some of DND's managing procedures¹² and the Office of the Auditor General's report concluded that a change was necessary¹³. The environment was ripe for this change to occur.

Another event that contributed to convincing the real property community within DND that this change needed to occur was the chain of events pertaining to the technology and information systems (TIS) group. For many years, the structure used to manage these services was identical to the real property group. In order to streamline the organization and try to achieve savings at the national level, a large portion of these services were contracted out to Shared Services Canada¹⁴. Not only was the transition to

⁹ John P. Kotter, "Leading change: Why Transformation Efforts Fail," *Harvard Business Review* 73, no. 2 (March-April 1995): 62.

¹⁰ Kimberly Marten, "From Kabul to Kandahar: The Canadian Forces and Change," *American Review of Canadian Studies* 40, no. 2 (June 2010): 222.

¹¹ Kotter International, "Step 1: Create a Sense of Urgency," accessed 29 April 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-1>.

¹² Murray Brewster, "DND cuts account for one fifth of cuts over next three years," *iPolitics*, 29 March 2012.

¹³ Office of the Auditor General of Canada, *2012 Fall Report of the Auditor General of Canada: Chapter 5 – Real Property National Defence*, (Ottawa: Canada Communication Group, 2012), 19.

¹⁴ Government of Canada, "Shared Services Canada," last modified 25 April 2014, <http://www.ssc-spc.gc.ca/index-eng.html>.

this new structure painful but a significant decrease in service quality was observed on bases such as Cold Lake, the largest fighter base in Canada¹⁵. The biggest TIS community frustration that accompanied this change was the loss of control over services that used to be their responsibility. Now, many issues need to go through this national contract but the internal perception is still that the TIS group is responsible for delays in responses or the decrease in service quality since they are still responsible to provide the link between DND and Shared Services Canada.

This case was used in many addresses from the Assistant Deputy Minister Infrastructure and Environment (ADM(IE)) team, the Canadian Military Engineer, and the executive leaders responsible to implement the real property change within DND to instill a sense of urgency regarding this change in structure. They connected to the employees' feelings by appealing to their pride stating that "if we don't organize ourselves, it will be done for us"¹⁶.

As can be seen in this case, the external environment was ideal to support this change but additionally, the leaders responsible to make this change also played on "the hearts" of the real property community to engage them. It is true that many people were afraid of what this change might bring about. The union representatives certainly brought up valid concerns such as job cuts due to potential outsourcing and it would be false to affirm that everyone welcomed this change without apprehension. However, in the initial communications with all employees, these fears were addressed.

¹⁵ Conversation with the Wing Technology and Information Systems Officer, Cold Lake, June 2013.

¹⁶ Col Darleen Quinn, Information Session, Cold Lake, Canada, March, 2013.

One could stipulate that given the fact that not everyone knew about this change or that not everyone bought into it, this part of the model was not that successful however, the majority of the management team was on board. The right people at the most senior level were involved and the sense of urgency did reach a critical mass allowing the process to move to the second step. It is almost impossible to get everybody to accept a change but according to Kotter's parameters, the appropriate volume of people was convinced.

While this paper does not claim that all concerns were mitigated in the first step of the change model, it does make the point that the environment supported such a change and that the change leaders did make an effort to instill a sense of urgency in all employees part of the real property structure. The first step is therefore considered to have been met.

BUILD THE GUIDING TEAM

The second step of the Kotter model is to develop the team that will implement the change. This management team was formed in the summer of 2013 when some positions were created and filled¹⁷. This team however was not complete. Only a handful of people represented this organization in becoming. Their prime task was to develop the structure itself and identify all stakeholders.

¹⁷ National Defence and the Canadian Armed Forces, "Defence Renewal Overview," last modified 7 October 2013, <http://www.forces.gc.ca/en/about/defence-renewal.page>.

Kotter mentions that the “powerful coalition” does not only encompass the team leading the change but also the stakeholders which do not necessarily follow the chain of command¹⁸. In this case, although a focus was made on identifying the agents that would facilitate this change within the infrastructure community, it is recognized that other key stakeholders were not reached and convinced. In February 2013 for example, a tentative was made to meet the base commanders and only a few showed up; demonstrating a lack of interest on their part, or that the impact of the change to come was not properly understood¹⁹.

The factor that mitigated this failure in reaching all stakeholders was the fact that senior leaders in Ottawa, close to the Minister, understood the imperative of the situation and were on board with this change so the base commanders were left with no choice but to go along with the planned change. Furthermore, because the first step of the model was so well implemented, even though some stakeholders were informed of this impending change later in the process, the urgency of this change was not overly challenged.

Because this step is still not entirely completed, it is hard to argue against the case that this will represent a challenge for the future of this change. As this process continues to evolve, an effort will need to be made to reach all stakeholders even though they constantly move to the rhythm of postings. Even if this step has not been perfectly completed and is still progressing, it is believed that the team leading the change was sufficiently developed and informed to move to the next step.

¹⁸ John P. Kotter, “Leading change: Why Transformation Efforts Fail,” *Harvard Business Review* 73, no. 2 (March-April 1995): 64.

¹⁹ Assistant Deputy Minister Infrastructure and Environment, *National Symposium on Changes and Challenges Anticipated from the Upcoming Federal Budget* (Ottawa: ADM(IE), 2012), 1.

GET THE RIGHT VISION

The following step is considered by the author of this essay as the most important when any change is contemplated. While each step of the Kotter model is essential, the third step speaks to the pertinence of the change. For that reason, more space is dedicated to demonstrating the validity of the change in this section.

DND is the department within the Canadian government that has the largest budget so when one looks at decreasing the government's budget, it is logical that this organization be targeted. As stated before, the current governmental environment is one of limited resources and the citizens expect the government to manage its resources as efficiently as possible including its infrastructure portfolio. This has been under close scrutiny over the past few years. While the current organization has tried to implement efficiencies within its structure, the level of savings expected demanded a completely new way of reporting and a re-structuring of the real property responsibilities. The political realities of the situation validated the need for a change but whether the plan is sound or not still remains to be demonstrated. To accomplish this, some organizational theory will be provided to help analyze the organization as it currently stands. Empirical evidence will then be used to link the theory to the reality. Finally, this will lead to the demonstration that the planned structure will be better designed to meet the requirements of the present environment.

Organizational Theory

In organizational design theory, as presented by Daft and Armstrong, two very common forms of structures are referred to as vertical or horizontal²⁰. These characterize the way control and authority is distributed within an organization. Furthermore, as Jones presents it, differentiation (vertical or horizontal) is the process by which resources are allocated within an organizational structure thus determining the relationships between positions and departments²¹. This is normally done in line with the distribution of authority. A vertical organization has the authority at the top which trickles down to the sub-levels of the structure. A horizontal structure on the other hand has this authority distributed across the institution usually along functional teams²². Figure 2 offers a visual representation of the proportion of verticality and horizontality within an organization and the strengths associated with each.

²⁰ Richard L. Daft and Ann Armstrong, *Organization theory and design*, (Toronto: Nelson Education, 2012), 89.

²¹ Gareth R. Jones, *Organizational Theory, Design, and Change*, (New Jersey: Pearson, 2013), 97.

²² *Ibid*, 132.

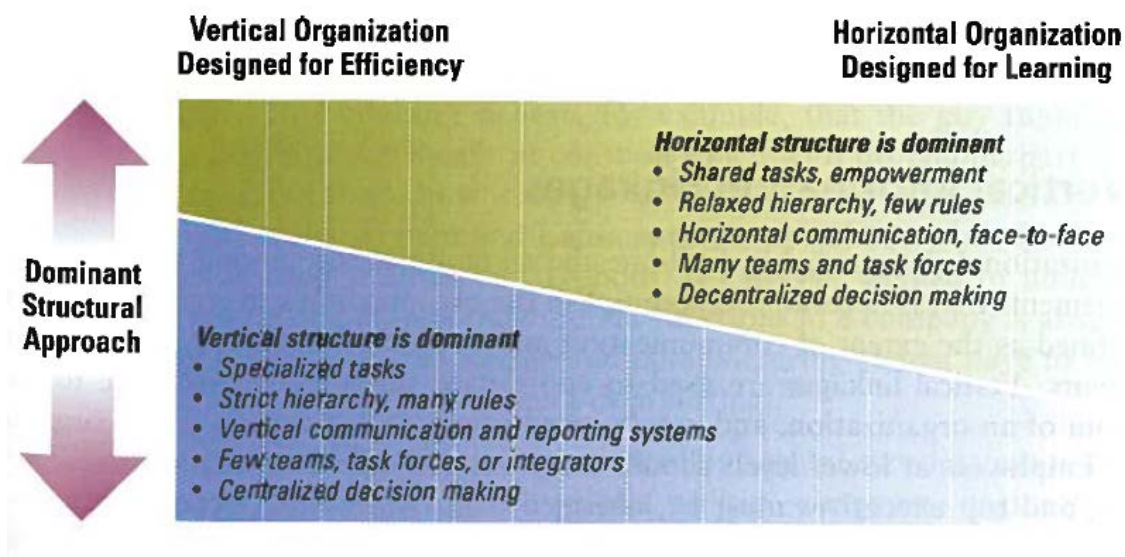


Figure 2 – The Relationship of Organization Design to Efficiency versus Learning Outcomes

Source: Daft and Armstrong, *Organization theory and design*, 89.

Based on this theory, Daft and Armstrong offer that a vertical structure, which offers a more centralized decision making structure and a more vertical reporting system, also has the advantages of economies of scale within the functional department and enables in-depth knowledge and skill development²³. A vertical structure usually offers savings and in an environment of limited or decreasing resources, it allows the organization to allocate resources to the highest priorities²⁴. It can also be qualified as mechanistic; characterized by its “tallness, narrow spans of control, specialization, high centralization, and high formalization”²⁵. This type of structure centralizes control and

²³ Richard L. Daft and Ann Armstrong, *Organization theory and design*, (Toronto: Nelson Education, 2012), 98.

²⁴ Gary Johns and Alan M. Saks, *Organizational Behaviour: Understand and Managing Life at Work*, (Don Mills: Pearson, 2014), 542.

²⁵ *Ibid*, 508.

therefore also increases accountability within the organization²⁶. While it is a fact that a vertical structure decreases the speed of reaction of an organization and therefore might not appear as a viable option, it is argued here that planning for infrastructure should be a long term exercise and should not need to be quickly adjusted. Flexibility is not the main objective in this case, effective management and accountability are. Therefore, a more vertical structure would be better adapted to the realities of managing real property. This type of structure would be absolutely in line with the departmental objectives of having a more effective structure to manage DND's real property portfolio and meet saving targets. The current structure however does not really fit any of these two extremes but rather falls somewhere in-between.

DND's organizational design is qualified as a matrix because the responsibilities of specific themes are found in many sub-groups divided by elements. In other words, it presents characteristics of a vertical and a horizontal structure. For examples, the management of infrastructure is currently conducted by construction and engineering units within each element. A horizontal structure is more flexible and adaptive as was already presented, perfect for fast changing environments, but it also requires much more communication to synchronize efforts than a vertical structure and given the two to three year posting cycle in the Canadian Armed Forces (CAF), the connections between departments are not stable²⁷. This weakens situational awareness and defies the flow of information within DND. In turn, the effectiveness of the resource management is diminished. These are convincing arguments for getting away from the current structure.

²⁶ Gareth R. Jones, *Organizational Theory, Design, and Change*, (New Jersey: Pearson, 2013), 103.

²⁷ Ibid, 229.

A common structure, centralized, for all elements would be more efficient and better meet DND's objectives related to real property management. Figure 3 presents a global matrix structure that applies to the private industry but helps understand the concept of DND's current structure and the horizontality within it.

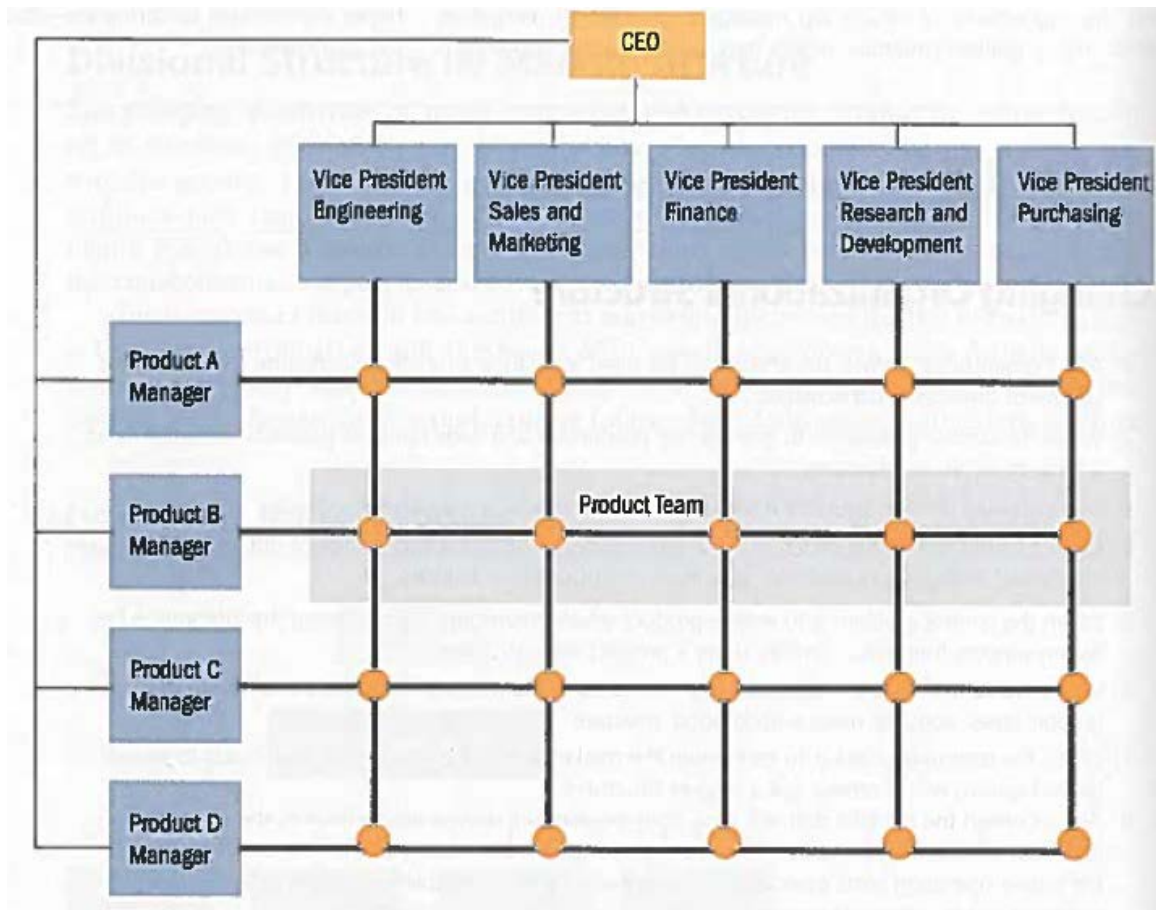


Figure 3- Global Matrix Structure

Source: Jones, *Organizational Theory, Design, and Change*, 166.

In DND's context, the CEO would be the CDS, the various elements (Air, Navy, Army, and Special Forces) would represent the department heads at the top of Figure 3,

and real property management would be a service provided across the organization horizontally.

Now, let's explore the practical organizational charts and how those fit within the theory. Figure 4 indicates how strategic reporting relationships are structured in the Department of National Defence and highlights some of the matrix style relationships.

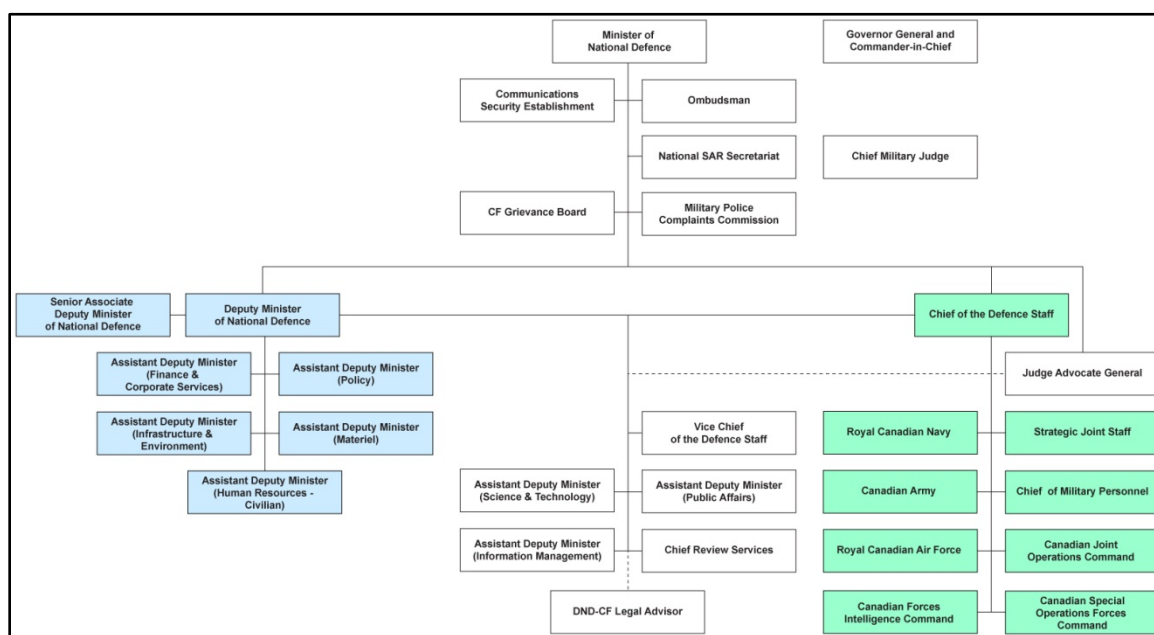


Figure 4 – National Defence Organizational Structure

Source: Government of Canada, National Defence and the Canadian Armed Forces, 1.

An important point to observe in figure 4 is the hard line between the Chief of the Defence Staff (CDS) and the Deputy Minister (DM) of National Defence. While they both report to the Minister of National Defence, there is a requirement for these two positions to communicate since the DM is technically responsible for all assets within his

department under the Financial Administration Act²⁸. In fact, the DM of National Defence is the accounting officer for the infrastructure which gives him ministerial responsibility but also makes him accountable to Parliament. This represents a significant hurdle when it comes to project and budget approval when managing the real property portfolio. A large number of assets are under the CDS so the DM does not have immediate influence or extensive control over its management. Although there are many linkages between the ADM(IE) organization and the CDS team, those relations are used for synchronization of efforts and information sharing but control does not flow from these informal connections. This represents a serious difficulty under the current matrix structure which has led to the present requirement for a change.

When we observe the tactical and operational levels of this real property management structure, it currently follows the military chain of command structure. Figure 5 presents this organizational chart.

²⁸ Privy Council Office, “Accounting Officers: Guidance on Roles, Responsibilities and Appearances Before Parliamentary Committees 2007,” last modified 11 May 2012, <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=ao-adc/2007/ao-adc-eng.htm>.

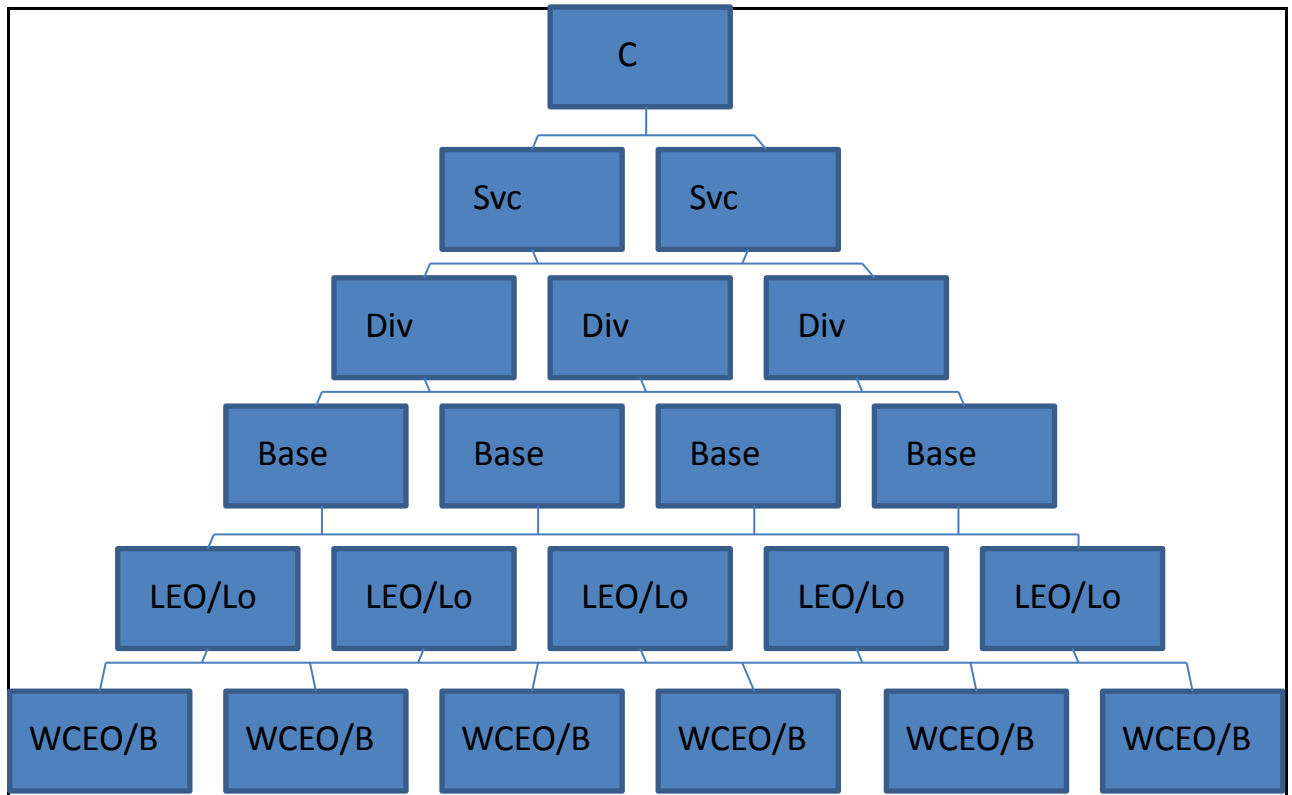


Figure 5 – Real Property Management - Current Structure

As can be seen here, the Wing or Base Construction Engineer Officers (WCEO/BCEO) are the tactical, day-to-day managers of the infrastructure on all Wings and bases across the country. These organizations report to the base Logistics and Engineering Officer (LEO) who in turn answers to the Base Comd, usually a Colonel level position. The latter is responsible to report to the Division Comd who then communicates any issues to the Service Commander (Chiefs of the Army, Air Force, or the Navy). The CDS stands at the top of this organization and deals with the DM and reports to the Minister of National Defence. This demonstrates the vertical nature of the distribution of control within the organization however, technical expertise is distributed horizontally between ADM(IE) and across multiple sub-groups within the different services of the Canadian Armed Forces (CAF). This misalignment is problematic.

Now that organizational theory has been used to properly understand DND's situation and that the current organization utilized to manage DND's infrastructure has been well presented, it becomes apparent that a change in structure is required to effectively manage DND's real property portfolio and therefore, demonstrates that the vision behind this change is indeed valid and supported by theory. If that is the case however, surely, there must be some evidence of inadequate management.

Theory meets Reality

The theory presented here certainly supports the thesis of this paper. The reality of DND indicates a misalignment of the structure and the organizational objectives. Some key observations were made by the Office of the Auditor General of Canada between 1 April 2010 and 31 December 2011. Amongst others, the Fall 2011 report states that DND should complete and implement its Real Property Strategy, its Real Property Management Framework, and its national master real property development plan²⁹. The tools were already developed at the time of the audit but their implementations had not reached all elements of DND and still have not to date. This highlights a lack of coordination within National Defence when it comes to managing real property and that the matrix structure used appears to be too horizontal to adequately meet the organizational needs.

Another practical observation that supports the claim that a change in organizational structure would be advised is the fact that of the 21 bases observed, only one (Kingston) met the department's spending target for maintenance and repair of

²⁹ Office of the Auditor General of Canada, *2012 Fall Report of the Auditor General of Canada: Chapter 5 – Real Property National Defence*, (Ottawa: Canada Communication Group, 2012), 6.

1.4%³⁰. After analysis, the main reason identified for this poor result is the lack of process understanding, technical expertise, and adequate supporting systems³¹. All these shortfalls would be better tackled under a more vertical structure along the functional expertise of real property management.

While it is true that the audit report also points to a slow project approval process which does not take into account the level of risk of the projects, and that a vertical structure is usually heavier in formal processes, it is believed that the gains in effective communication throughout the organization will increase its effectiveness and outweigh the cumbersome project approval processes. On top of this, Prime Minister Harper has clearly indicated through his 2013 budget that cuts would be a reality in the years to come for the CAF³². In the actual geopolitical environment, limited resources (financial and human resources), all point to justifying a more vertical organization structure.

Another significant downfall of this new structure will be the decrease of control over the infrastructure by Wing and Base Commanders. Not having complete control over these important resources will decrease the influence Commanders have over their assets and therefore will reduce their ability to adapt and meet their mission³³. This being said, they will continue to be able to influence ADM(IE) staff although the priority of the latter will be on effectively managing real property while supporting CAF missions and not necessarily reacting to each commander's immediate desires. While this might be

³⁰ Office of the Auditor General of Canada, *2012 Fall Report of the Auditor General of Canada: Chapter 5 – Real Property National Defence*, (Ottawa: Canada Communication Group, 2012), 15.

³¹ *Ibid*, 17.

³² Bruce Campion-Smith, "Federal Budget 2013: Canada's military under the gun in spending cuts," *The Star*, 20 March 2013.

³³ Gareth R. Jones, *Organizational Theory, Design, and Change*, (New Jersey: Pearson, 2013), 404.

frustrating at times for tactical commanders, this new structure will better meet strategic objectives.

Theory and practical observations from the OAG support the implementation of a more vertical organization structure. This again reinforces the claim that the “get the right vision” step was indeed achieved.

COMMUNICATE FOR BUY-IN: A NEW ORGANIZATIONAL STRUCTURE

The fourth step of the Kotter model is to communicate the plan to all stakeholders in order to obtain buy-in and achieve a lasting change³⁴. Parts of this communication plan were already implemented during the first step of the model as discussed earlier in this text but the new structure itself is another important aspect. The end state has to be well understood by all stakeholders and the team leading the change has to properly explain how this new structure will help achieve the desired objectives³⁵. This section first presents how this change was officially communicated and then presents the new structure.

In October 2013, a directive was published indicating that DND would move to a different structure to manage its infrastructure³⁶. This document, entitled “Real Property Transfer of Custodianship”, stated that initial operational command (IOC) would be reached by April 1st 2014 and final operational command (FOC) by 1 April 2016. By FOC, ownership and accountability for real property management would fall under the

³⁴ Kotter International, “Step 4: Communicating the Vision for Buy-in,” accessed 9 May 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-4>.

³⁵ Rachel Thompson, “Kotter’s 8-Step Change Model: Implementing Change Powerfully and Successfully,” accessed 9 May 2014, http://www.mindtools.com/pages/article/newPPM_82.htm.

³⁶ Minister of National Defence, *Real Property Transfer of Custodianship* (Ottawa: 5 March 2013), 1.

ADM(IE). By the first target date, this responsibility would only be transferred for buildings within the National Capital Region (NCR) and Borden. This would consist of a two year trial in order to ensure that the process in place and the resources allocated are sufficient to take over the rest of the national portfolio. This constitutes the official directive that was distributed via e-mail through the CE network. Many non-official meetings also took place to ensure all stakeholders bought into this new structure.

As discussed earlier, this new structure will be a more vertically integrated organization. Figure 6 presents what this new structure will look like³⁷.

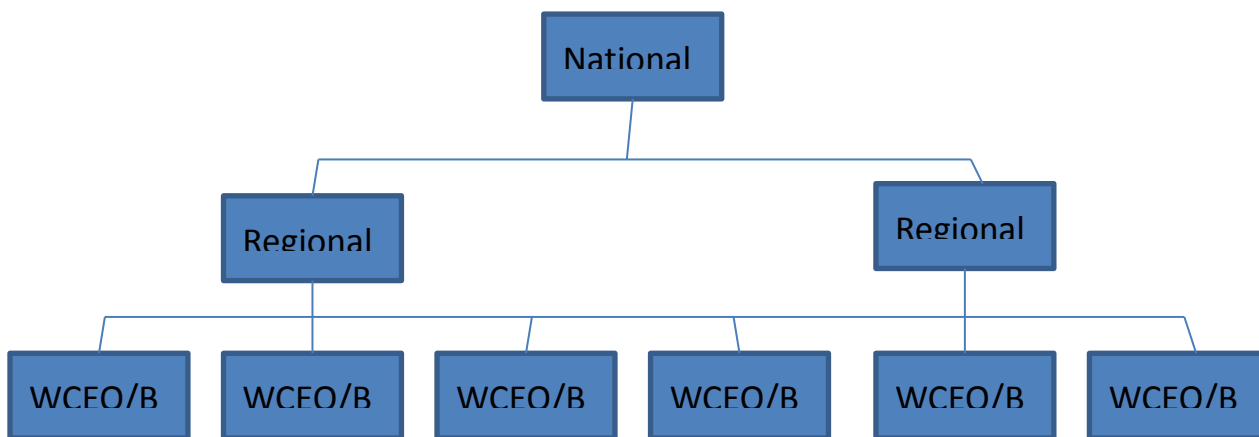


Figure 6 – Real Property Management - New Structure

This new structure will capitalize on the already well established tactical organizations under the Wing and Base Construction and Engineering Officers. These will remain mostly unchanged. New positions of Regional CE Officers will be created to focus departmental attention on real property management. These officers will then report

³⁷ Confirmation of the final organizational structure could not be obtained from ADM(IE) however, the structure presented here is consistent with what was briefed by the Commanding Officer of this new organization, Col Darleen Quinn, during her national information tour to CE units. The auteur of this essay, as a Construction and Engineering Officer, attended one of these sessions in Cold Lake (Ab) in March 2013.

to a national entity that will fall under ADM(IE). This will transfer the custodianship for infrastructure to the DM who already had the responsibility to report on this portfolio but did not have control over it. By centralizing this structure and thus the decision making power, DND will be better positioned to effectively manage and deliver governmental strategic targets.

As Kotter advises, communicating the vision is an integral part of this step. Members of the organization not only have to know what the new structure will be but they also need to understand how this will help achieve the desired goals. Embedding this into a vision and ensuring that every member of the management team is capable of explaining this vision succinctly is very important as it increase the probability that the whole organization will buy into the new structure and will contribute to its sustainability over the long term³⁸.

DND is not completely through with this step. It is true that this aspect of the change model is still being worked on as not all stakeholders are aware or accept this new structure as optimal. It is recognized that the communication plan relied heavily on the abilities of the CE community to connect locally with all stakeholders which has not been entirely successful. The engineering community still has a long way to go before all parties buy into this initiative but the communication effort has been well underway and most of the senior leadership has accepted this change. More time will be required for the informal leaders in the organization, at all levels, to join these ranks but DND is on the right path.

³⁸ Kotter International, “Step 4: Communicate for Buy-In,” accessed 9 May 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-4>.

RECOMMENDATIONS FOR FUTURE SUCCESS

DND is currently at step four of the Kotter model. It is still developing those steps and reinforcing its position before moving to the following steps. For example, the regional positions still remain to be created and staffed. Before this can happen however, DND intends to utilize the two year trial period to prove the concept and build on its success. As stated in the official written directive, IOC started on first April 2014 and will only apply to the NCR and Borden³⁹. This period could be extended as deemed necessary by the executive team. As DND advances along this change process, a few key points will need to be considered.

First, it is at step five, “Empower Action” that the new structure needs to be fully implemented⁴⁰. In doing so, obstacles will inevitably arise. Thompson recommends remaining attentive to any such obstacles and taking prompt action to remedy them⁴¹. Amongst other difficulties, people almost always resist change. Kotter observed that changing the behaviour of people is, as supported by evidence, overwhelmingly the most fundamental problem⁴². Nguyen and Mintzberg similarly offer in their model that to be effective, changes also have to come from the grass roots in order to nurture

³⁹ Minister of National Defence, *Real Property Transfer of Custodianship* (Ottawa: 5 March 2013), 3.

⁴⁰ Kotter International, “Step 5: Empowering Broad-Based Actions,” accessed 9 May 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-5>.

⁴¹ Rachel Thompson, “Kotter’s 8-Step Change Model: Implementing Change Powerfully and Successfully,” accessed 4 May 2014, http://www.mindtools.com/pages/article/newPPM_82.htm.

⁴² John P. Kotter and Dan S. Cohen, *The Heart of Change: Real-Life Stories of how People Change Their Organizations* (Boston: Harvard Business School Press, 2002), 6.

rejuvenation⁴³. If that is the case, which is most likely given the various types of employees within DND, Thompson recommends engaging them as soon as possible to help them understand the benefits of the change. By engaging key employees at all levels of the organizations especially the unofficial leaders, executives can increase the likelihood of change adoption amongst all employees⁴⁴. Other significant obstacles can come in the form of processes. In that case, Thompson advises to remove or change them so they are in line with the vision. While it is recognized that these conditions are not easy to modify, it is highly expected that DND will face these challenges and will have to take quick actions in order to remain on course. Reviewing the most probable challenges as highlighted by the Kotter model and planning to address them early represents a good starting point.

The following step, once the new structure is in place, will be to ensure that short term wins occur in order to reinforce the belief that the change is positive and needs to remain. To accomplish this, the change team should develop short term targets with low risk. These “wins” will reinforce the positive aspect of the initiative. Furthermore, Kotter highlights that the people enabling these “wins” should be rewarded accordingly therefore increasing the overall incentive to welcome the change⁴⁵. As the change team is finalizing its vision and implementation processes, it should start thinking early on about some desirable targets that would be in line with the vision and will demonstrate that the initiative is successful.

⁴³ Quy Nguyen Huy and Henry Mintzberg, “The Rhythm of Change,” *MIT Sloan Management Review*, July 15, 2003, 7.

⁴⁴ Barbara Senior and Stephen Swailes, *Organizational Change*, (London: Pearson, 2010), 263.

⁴⁵ Kotter International, “Step 6: Create Short-Term Wins,” accessed 29 April 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-6>.

The last two steps consist of anchoring the change in the organization so it lasts over time. Step seven states that the leaders need to build on the change, learn from the “wins” and continue ameliorating the processes. By building on the changes themselves, they further become part of the organization⁴⁶. The last step offered by Kotter is to anchor the change in corporate culture. To do so, he states that the change leaders should talk about progress in public forums as often as possible and tell success stories related to the change⁴⁷. He also offers that the change ideals and values should be at the center of hiring and training new staff. DND should therefore take this into consideration when rotating its personnel inside the newly created organization. Members who believe in the change should be handpicked to continue the process on the right path. Finally, he advises to publicly recognize key members of the change coalition so everyone remembers their contributions. By doing so, people will realize the importance this change represents to senior management.

By following the last four steps of the Kotter model, as highlighted in this section, DND will greatly increase its chances of success in implementing this new structure. It is too early to declare victory and in fact, the reduction of resources in DND could impede the ability of the change team to create the required positions and to fill them. If that were to occur, this change initiative would never go past the fourth step. With the right organizational champions however, which are already on board with this change, such barriers are unlikely to arise. The change is already well underway and as demonstrated, the first half of the model has already been well developed. Some minor improvements

⁴⁶ Kotter International, “Step 7: Never Letting Up,” accessed 10 May 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-7>.

⁴⁷ Kotter International, “Step 8: Incorporating Changes into the Culture,” accessed 10 May 2014, <http://www.kotterinternational.com/our-principles/changesteps/step-8>.

could be implemented but overall, this change has high probabilities of success given that it follows the Kotter model.

CONCLUSION

This essay focused on the management of DND's real property. The case was made that in the current environment of budget cuts and the search for efficiencies, DND needed to change its management structure. An ill suited organization, given this expensive real property portfolio, could have disastrous consequences on the government. It is therefore essential to have an effective structure to manage these assets. Any significant change in the private and public sectors are challenging and difficult to lead to success. In order to accomplish such a feat, Kotter has developed an eight step change model that allows increasing the odds of success.

This paper demonstrated that DND successfully implemented half of the Kotter eight step change model and offered some recommendations regarding the remaining four steps in order to complete the process and have this new structure effectively in place.

This was accomplished by first introducing the Kotter model and demonstrating how it applies to DND's case. The first four steps were then analyzed in details to highlight how effective DND has been at implementing them. Daft and Armstrong's organizational theory was used to offer a complete analysis and show the validity of the new proposed structure. Anecdotal evidence was also presented to complete the theoretical analysis with a more practical perspective also supporting the claim that a new structure was needed. Finally, the last steps of the model, not yet implemented, were

presented and recommendations were offered to increase the probability of success of this major change initiative.

As mentioned previously, it is still too early to declare victory but as demonstrated, DND has a valid vision and managed to implement the first half of the Kotter model relatively successfully. This is a very good sign that DND is on its way to significantly improve how it manages this vast real property portfolio and therefore, be in a better position to meet strategic targets determined by the Canadian government. This paper didn't offer a plan to address any future obstacles but did raise some issues that could constitute a starting point for ulterior work. The Kotter model is a powerful tool that managers faced with significant change challenges should keep in mind as it represents a very effective framework.

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