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TRANSFORMATION OF INSTALLATION MANAGEMENT: AN ANALYSIS OF ORGANIZATIONAL CHANGE

by

Lieutenant Colonel Craig L. Johnson
United States Army

Dr. Georgia Sorenson
Project Adviser

U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

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ABSTRACT

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This paper analyzes the dynamics of organizational change that led the Department of the Army (DA) to establish the Installation Management Agency (IMA) as a new field operating agency. Prior to the establishment of IMA, the garrison commander and the installation staff were assigned to the Senior Mission Command organization under a Major Command (MACOM). All installation funding and priorities were passed through the senior mission commander to the installation staff for execution. In the fall of 2002, the Army implemented the transformation of installation management plan. As a result, the responsibility and eventually the resources for the management of installations were transferred to the U.S. Army Installation Management Agency. The establishment of the IMA as a new field operating agency represents the first comprehensive change in organizational structure resulting from the Army's effort to promote internal transformation that began in the 1990s. This paper offers an explanation of the dynamics that resulted in the decision to establish the IMA. Viewed through the lenses of contingency and organizational theory this paper provides answers related to organizational change that are relevant to today's strategic leaders.

TRANSFORMATION OF INSTALLATION MANAGEMENT: AN ANALYSIS OF ORGANIZATIONAL CHANGE

The Army is a continuously transforming organization and it is critical for Army strategic leaders to comprehend the dynamics of organizational change.[1] As one of the largest "corporations" in the Western world, the Department of Defense (DOD) provides many opportunities for the study of organizational change. Analyzing the factors that lead to policy modifications or changes to processes within the DOD is an opportunity for Army strategic leaders to enhance their professional development.

The purpose of this paper is to examine such a process – the establishment of the Army Installation Management Agency (IMA). This paper uses elements of organizational development theory to help explain how and why change occurred within the Army installation management system.[2] Transformation of installation management (TIM) garnered little publicity compared with the more visible, combat aspects of transformation. However, the TIM is essential to the Army's successful transformation. The importance of TIM was highlighted by the former Army Vice Chief of Staff General John Keane when he commented that TIM . . . [is] *probably the most controversial part of this [Army] transformation . . . it dramatically changes the way we do business* [in the Army].[3]

A Theoretical Construct for Organizational Analysis

In order to analyze the dynamics that led to the decision to form a new field operating agency subordinate to the Army staff, it is necessary to borrow concepts from the body of literature on organizations. Contingency theory provides a simple, compelling framework for tracing the complex processes that lead to organizational change. It is based on three broad assumptions. First, there is no single best way to organize. Second, not all ways of organizing are equally effective. And, lastly and most importantly, the best way to organize depends on the nature of the environment to which the organization relates.[4] The premise is that just as a living thing interacts and adapts with its surroundings to survive, so do organizations that perform well over time.[5]

This paper uses these assumptions as well as three central concepts drawn from the contingency theory of organizational development. First, the organization functions and interacts within contextual and task environments. Second, an organization's ability to adapt to the respective environments is essential to success. Third, adaptation is largely a result of a leader's decision, or choice.[6]

An organization interacts with the environment through its leadership, structure and culture. Structure is the established pattern of relationships among the components or parts of the organization, managed by authorized leadership.[7] The culture of an organization consists of the shared values, assumptions and personal beliefs of its members, largely shaped by its leaders. These concepts exist in constant interaction and are referred to collectively in organizational literature as organizational dynamics.[8] Similar concepts are found in Army and Joint military doctrinal publications.[9] Therefore, this theoretical framework provides a relevant model for use in studying change in military organizations.

The environment in which an organization functions is a very significant consideration in studying organizational changes. It is a factor in organizational dynamics at every level of analysis whether internal or external to an organization structure. Organizations conduct routine, daily operations within its task environment. In military terms, the task environment is similar to tactical-level operations. In the case of Army installations, it is the daily routine of communicating with and executing the intent of higher headquarters while providing support and services to tenant units, military families and retirees. The task environment is defined by the daily interaction of the organization with its customers, competitors, government agencies and private contractors.[10]

Organizations are also impacted directly and indirectly by the contextual environment. The contextual environment is similar to the military concept of the operational and strategic level of operations. It consists of the interaction and/or influence of political, social, economic, cultural and demographic aspects of the higher headquarters and society as a whole. Environmental factors influence the nature of organizational structure and culture, particularly in bureaucratic organizations.[11] For Army installations, the laws, regulations and expectations of the Department of the Army (DA) and the DOD constitute the primary contextual environment. In addition, the contextual environment of Army installations is often influenced by U.S. domestic politics and international affairs.

In the last half of the 20th century there was rapid growth in the study of organizations, both in academia and by business leaders. Intense business competition induced by the growing globalization of markets intensified the demand for a greater understanding of organizations and how to make them more profitable. Much of the theoretical discourse on organizations is based on other scientific disciplines ranging from biology to ecology. It has been adapted for application to develop compelling models for the study of organizations. While primarily focused on business enterprises, it can be useful for leaders in the military and other government agencies interested in leading and managing organizational change.

The necessity to keep the costs of defense under control was a continuous feature of late 20th century American government. A primary mechanism of DOD cost-savings was the reduction of overhead costs. The Army closed a number of bases and facilities after World War II and into the 1960s. These closings were completed with minimal collective oversight from Congress. Toward the last two decades, these closings drew the attention of Congress and a commission was established to review the DOD plans for installations. Established in 1988, this is well known today as Base Realignment and Closure, or the BRAC process.[12] The DOD and Army senior leaders continue to actively pursue savings in infrastructure costs through this process. [13]

In 1988, the Chief of Staff of the Army (CSA) initiated the Army Communities of Excellence (ACOE) program. Established to enhance the quality of life on installations it was a low-cost initiative to get soldiers, family members, units and installation management staffs to work together. Installations that met the criteria established by the Army were recognized as "Communities of Excellence" and received limited financial awards that the installation commander could use to supplement his programs. Improved work, home, and recreation installation environments for soldiers and families would, it was hoped, bolster overall recruitment, retention and readiness.

In mid-1993, the Army developed the Installation Status Report (ISR) as a tool for monitoring the fitness of the Army's installations.[14] This report provided the Major Command (MACOM) commander and the Assistant Chief of Staff for Installation Management (ACSIM) with vital statistics during a set period of time. The ISR was fed to the ACSIM and MACOM chains of command. While useful for tracking the general condition of the infrastructure on a given installation, the information was not linked directly to funding mechanisms.

These plans and programs were embedded within the larger political and economic environment of course. Plans on the table to reduce force structure existed when President H.W. Bush took the oath of office in January, 1989.[15] As the Cold War ended, the military build up that began in the late-1970s began to plateau.   With the coming of the framework of the "*new world order"* following the Cold War, U.S. political and military leaders grappled with developing a new national security strategy. Analysts, academics, and experts on defense issues wrote positions papers, articles and books on what this new environment meant to U.S. national security strategy. In domestic political and media circles there was talk of taking a "peace dividend"--a realignment of funds from defense to domestic programs.[16]

In the early 1990s, the domestic economic and political environment was under stress from international economic competition and growing uncertainty that was predicted a decade or so before[17]. Specifically, the U.S. was beginning to transition from an industrial economy based on manufacturing to one characterized more by commerce based on information and services.[18] Efficiency became an imperative for businesses, and remains a dominant theme in business and government literature today. With the rising costs of production in the U.S. and the lower cost competition in other countries, achieving efficiency, in order to achieve lower overhead costs, became a hallmark of successful business.

The DOD budgets of the early to middle 1990s declined steadily within this economic environment. At the same time, in late 1990, the U.S. deployed military forces to Saudi Arabia. In January, 1991, the U.S. launched OPERATION DESERT STORM in order to liberate Kuwait from Iraqi occupation. Despite the fact that the campaign in Kuwait was the largest of its kind since Vietnam and involved every branch of service in the DOD, the U.S. continued to actively plan for force structure reductions and cuts in defense spending.[19] Implementation of these plans to cut force structure began immediately following the return of forces from the Persian Gulf [20].

In the wake of the victory in Kuwait, the U.S. military implemented major force reductions. The overwhelming success of coalition forces in liberating Kuwait was credited by many to the role of high technology weaponry. This technology, it was thought, would dominate the future of American warfare. This line of thought provided momentum to the national discussion on the revolution in military affairs (RMA). Popular RMA literature touted the idea that smaller, mobile, high-tech military forces represented the future of warfare. This vigorous RMA debate led to ambitious plans to transform the DOD.[21] As plans for transformation developed, it was clear that the cost of a genuine RMA would strain on the DOD budget beyond its limits.

The downward trend in real defense spending that began in the late 1980s was reinforced by the weakness of the traditional rationale for defense spending.[22] The end of the Cold War in 1989 was the most significant change in the international system since the end of World War II. While a benchmark in the history of U.S. foreign policy, the strategic implications of U.S. success over the USSR had an immediate impact on domestic politics in the United States. The end of the bi-polar struggle left the U.S. as the world's lone superpower with no clear and present danger from a peer competitor. This new international environment presented American leaders with the challenge of identifying a viable threat on which to base defense planning.[23]

The uncertain international threat made defense budget projections increasingly more difficult. The central question of the early 1990s was how useful is a large, expensive Army, when there appeared to be a significant reduction in the threat to national security. This question was central to both the executive and legislative branches. Political pressure on both branches of government to make the federal government more efficient and effective continued.

As the 1990s began, the uncertain threat and associated ambiguity of military usefulness in a resource constrained environment made the DOD a politically attractive target for budget cuts. Business was largely viewed as more efficient than government. Base closings prior to the1970s represented efforts to save operating costs. Outside of the government, the private business sector was experiencing similar pressures on resources that were cutting into profit margins. By the mid-1990s, regardless of political affiliation, politicians used the idea of making government more efficient as a theme for rallying support.

In order to compete in the growing world economy, achieving maximum efficiency became the focus of U.S. businesses. Best business practices espoused by the private sector drew the interest of the government and DOD in particular. Senior leaders began preaching the virtue of efficiency. Army leadership hoped that savings achieved would result in much needed funding for operations and maintenance, as well as modernization and transformation plans. Pressure to demonstrate efficiency in hearings with Congress developed into a routine portion of nearly every senior leader's testimony by the end of the 1990s. Doing more with less became a virtue. Congressional testimony by both civilian and military leaders consistently emphasized the efficiency of their respective directorates and commands. DOD began adopting other recent popular management concepts to improve productivity and enhance customer service.[24]

Paradoxically, as these reductions were implemented, the commitment of U.S. forces abroad began to increase. The strategy of engagement and enlargement signaled significant increases in troop commitments. From the period immediately following Operation Desert Storm, the trend for U.S. military deployments and operations abroad increased to record levels.[25] Military commitments included presence, peace enforcement, and peace keeping operations in Kuwait, Somalia, Haiti and the Balkan region. In addition, the military was committed to a record number of deployments as part of theater security cooperation (TSC) efforts around the globe. At the same time, public fixation with taking a peace dividend from the DOD persisted through the 1990s.[26]

Growing deficits combined with the constraints imposed on the Congress by the Gramm-Rudman-Hollings Deficit Reduction Act of 1985 forced President Bush to attempt to freeze the defense budget.[27] Actual funding for defense in 1990 was slightly lower than the 1989 level.

The Army's modified budget reflected a 2.6 percent reduction in real terms. By calendar year 1991, the President submitted a budget that was approved by Congress with a final Army program of $77.7 billion, *the fifth consecutive annual decline*. This resulted in cuts to many weapons acquisition programs and to facilities maintenance and repair.[28]

The Bush administration followed the 1990 budget with a budget proposal in 1991 that failed to keep up with inflation—the sixth consecutive annual reduction. In spite of these reductions, there was considerable political and economic pressure to make further cuts.[29] After shutting the government down over Columbus Day and conducting bi-partisan negotiations, the final defense budget was approved at roughly 7 percent less that the previous year.[30] As a result, installation funding, along with other Army programs, continued to fall.

The Quadrennial Defense Review (QDR) of 1997 provides a clear picture of the growing problem with installations. A good example of these issues was meeting the growing needs of increasing numbers of married military members.[31] The 1997 QDR stated that one-third of military families lived on military installations. Further, the report concluded that evidence strongly suggested that the proportion of personnel remaining in service (retention) from bases with relatively higher quality housing was about 15 percent greater than those stationed at places with lower quality housing. Reacting to these conditions and statistics, the military housing budget in FY 1996 was increased over FY 1995 by $500 million.[32] Housing conditions on Army installations were important to retention.

The 1997 QDR identified other installation support challenges. In spite of efforts to reduce overhead over the previous decade, the base closure and realignments in 1988, 1991 and 1992 still left the DOD, as a whole, with too much infrastructure. Ten years after the first BRAC, John B. Goodman, Deputy Under Secretary of Defense John Goodman told members of the House National Security Committee that, "we (DOD) still have far more infrastructure than we need or can afford."[33] BRAC and other programs designed to eliminate unnecessary overhead costs failed to keep pace with the rapid decline in force structure causing unneeded expenditure of vital installation funds on idle assets. Domestic base infrastructure was reduced in the 1990s by about 21 percent, while forces structure and budgets declined 36 and 40 percent, respectively.[34]

One of the three objectives in the plan to continue to incrementally reduce overhead costs included meeting the challenge of installation readiness. By 1995, Congressional and DOD emphasis on installation management resulted in the development of programs by each service designed to improve facilities maintenance and programming. The Army developed the Installation Support Module (ISM) which was designed to standardize management Army-wide

through automation. In addition, the DOD established the goal to reduce utilities costs by 30 percent and industrial energy use by 20 percent in 10 years. As we have seen, after nearly ten years of continuous decline in the Army annual budget in the 1990s, the leadership in installation management responded at local levels with programs designed to save operation and maintenance costs through increased efficiency.

By the late 1990s, the Army installation situation was beginning to get the attention of political leaders.[35] The testimony given by senior Army leaders at congressional hearings during this period indicate that legislators were developing more interest in the poor state of Army installations.   Operational unit funding was the priority through this decade.[36] Senior Army leaders made it clear that installation infrastructure was bearing the brunt of the budget constraints. But as 2000 neared, the choice to use the installation as one of the bill payers for operational costs was a diminishing option. Instead, retention, readiness and recruiting statistics were beginning to indicate that there was a growing crisis caused by the decline in Army purchasing power, the emotional costs of high operations tempo, and poor funding support.[37]

The 2000 budget proposal reflected the first real program growth in 15 years. However, even this increase fell short of the minimum necessary to stop ongoing degradation. As in the 1990s, senior Army leadership developed prioritized plans for making corrections to growing installation management challenges, but they were not adequately funded. In a statement before Congressional Subcommittee on Installations and Facilities, the Assistant Chief of Staff for Installation Management (ACSIM) provided an outline of the Army Facilities Strategy (AFS) which contained three major points: (1) focus investment where soldiers live, work and train; (2) divest in unneeded facilities and (3) reduce the cost of doing business.[38] The budget growth in 2000 was an improvement but was only a one year increase. Long term funding projections remained inadequate for addressing the magnitude of the deficiencies created over years of deferred maintenance.[39]

In October 1999, the Army Chief of Staff declared that in order to meet the changing requirements of the international environment the Army would undergo a major transformation to become more strategically responsive.[40] An outcome of a process that began as a broad concept in the early 1990s, Army transformation was aimed at looking beyond the contemporary threat and into the unseen future of combat. Following the 2000 elections and commitment of the U.S. to the global war on terrorism, criticism of Army transformation surfaced within the defense and political community. Criticism was focused on the poor timing, given the costs of ongoing U.S. military operations tempo, and the method of funding this ambitious program.

Critics argued that the Army would not be able to find enough internal savings to fund the planned transformation.[41]

The gap in resources caused by the increased operations tempo during a period of decreasing force structure and funding was exacerbated by a crisis in the deteriorating condition of the Army installation infrastructure. Suffering from years of insufficient funding, the facilities, ranges, housing, and quality of life programs that form the core of the Army's hometowns were in poor condition. Funding dipped to its lowest in 1995. Overall, the installation real property maintenance (RPM) accounts were often funded at 50 percent or less in the 1990s.[42]

Following Joint Vision 2010, the DOD-level long range modernization program, Army Vision XXI included a long range plan for installations called Installation Vision XXI. In testimony, senior leaders acknowledged that one of the greatest challenges is "balancing today's readiness and tomorrow's modernization requirements".[43] The five tenets of Installation Vision XXI were: maintain readiness; provide power projection; maintain quality of life; sustain the environment; and operate efficiently. Summarized as accomplishing the mission and operating efficiently, these tenets would serve as the new IMA core tasks five years later.[44]

The DOD and Army Installations Since 2000

By the late 1990s, the overall funding trend showed signs of improvement. From 1996 through 2000, funding for the Army grew, but remained well behind the installation requirements. However, the damage caused by decades of shortfalls in funding was done. Modest incremental increases resulted in little improvement in the overall condition of installations. Infrastructure maintenance is a "pay me now, or pay me later" situation according to MG Van Antwerp.[45] Like the damage caused to a poorly maintained motor in an automobile, deferring relatively low cost periodic expenditures on infrastructure can exponentially increase the cost of reversing the trend.[46]

Nothing transforms in the US like the change of political power and a new administration. In the fall of 2000, President George W. Bush was elected. His new cabinet assumed its duties with new leadership. This new cabinet accelerated the DOD transformation effort and the decade's long campaign to make the DOD more efficient. Making government more accountable remains a common thread shared by the current administration with those of the last three decades of the 20th century.[47] Nearly a year prior to his presidential election, then-Governor George Bush announced that his administration would reform the DOD.[48] The transformation of DOD would make it possible to truly do more with less by becoming more efficient through management processes developed and practiced in the corporate world.

As the new administration assumed its duties, more negative data surfaced regarding the potential long term impact of the poor state of installations. Readiness and retention are institutional waypoints for the armed forces. New evidence revealed by the Army Leader Training and Development Panel study released in 2002 provided indications that Army funding and programs were having a direct impact on increased retention of field grade officers and senior noncommissioned officers. It also indicated that readiness was suffering. The results of the ALTDP study, while not directly linked to the poor conditions on installations, caused significant alarm in the ranks of senior leaders in the Army and Executive Branch.[49]

The President's National Security Strategy (NSS) published in 2002 contains eight imperatives, one of which is "to transform America's national security institutions to meet the challenges and opportunities of the 21st Century." [50] This imperative is indicative of the high priority that the Bush administration placed on finding new ways to adapt DOD to changing international and domestic environments. The DOD National Defense Strategy (NDS) derived from this imperative the DOD directive to transform *the way it is run*, especially in financial management and recruitment and retention."[51] Transformation in this context essentially means to optimize bureaucratic efficiency in order to free resources for use in ongoing operations and for investment in future combat systems.[52]

Secretary of the Army Thomas White signed General Order Number 4 directing the establishment of a new field operating agency on October 1, 2002. The Installation Management Agency, a subordinate organization to the Assistant Chief of Staff for Installation Management (ACSIM), was given the mission to establish, transfer, and reassign units, personnel, and equipment from current organizations to the IMA command.[53] Seven regional directorates were established as subordinate organizations to the IMA headquarters. These seven directorates assumed the mission to serve as intermediate headquarters for the installations located within specified geographic regions (see Figure 1 below).

The influence of private sector business on this new structure is substantial. The IMA structure was designed to implement corporate strategies. Particularly important was efficiency through standardization of support and services as well as reinvestment of the savings achieved across the IMA. The process of aligning the Department of the Army funding streams with the new organizational structure began on 01 October 2003. In the words of MG Anders Aadland, eliminating the senior mission commander from direct management of installation funding may have been "[be] the most significant transformational change in the Army to that point in time."[54]
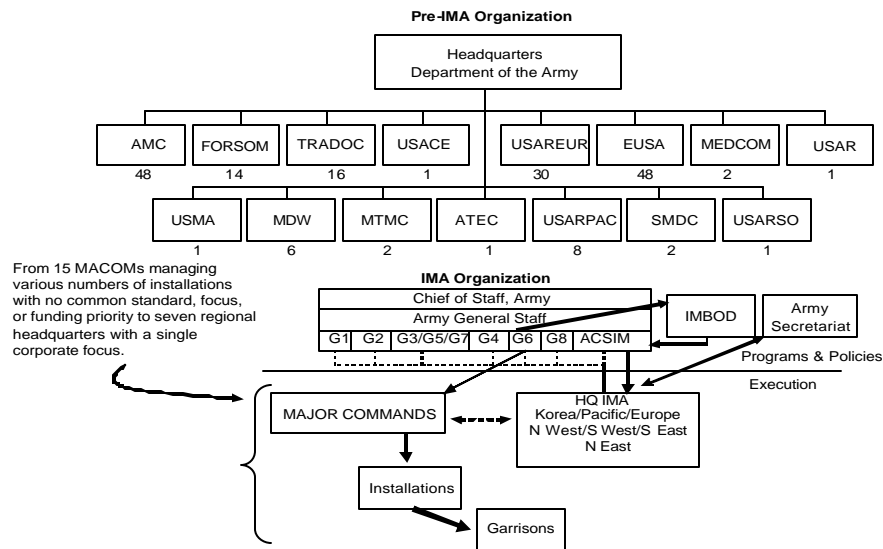
Pre-IMA Organization

Headquarters
Department of the Army

AMC	FORSOM	TRADOC	USACE		USAREUR	EUSA	MEDCOM	USAR
48	14	16	1		30	48	2	1

USMA	MDW	MTMC	ATEC	USARPAC	SMDC	USARSO
1	6	2	1	8	2	1

From 15 MACOMs managing
various numbers of installations
with no common standard, focus,
or funding priority to seven regional
headquarters with a single
corporate focus.

IMA Organization

Chief of Staff, Army

Army General Staff

| G1 | G2 | G3/G5/G7 | G4 | G6 | G8 | ACSIM |

IMBOD

Army Secretariat

Programs & Policies

Execution

MAJOR COMMANDS

HQ IMA
Korea/Pacific/Europe
N West/S West/S East
N East

Installations

Garrisons

FIGURE 1. PRE-IMA AND IMA ORGANIZATION STRUCTURE[55]

<u>Analysis—Environment, Leadership, Structure and Culture.</u>

The narrative above provides a review of more than two decades of significant change in the U.S. national and domestic environment. It is within this environment that the DOD, Army and installations have functioned to support units and organizations charged with implementing defense policy. These "hometowns for soldiers" are where soldiers live, where they recover from deployments, where they train and where often their families live and recreate. How well the installations serve these functions is critical to the readiness, retention and recruitment of a professional, all-volunteer force.

The turning point for improving installations across the Army began on 22 August 2002. Secretary White's signature on General Order Number 4 was the seemly simple act of a leader that initiated significant structural change to the Department of the Army. Secretary White's decision was the result of the interaction of the environment, the leaders, the structure and changes in the culture of the Army installation management organization. The Army's attempts to abate installation deterioration through incremental changes in processes failed through the 1990s. The situation worsened until a crisis great enough to impact critical parts of the Army system of readiness and retention occurred.

Contingency theory helps provide an explanation for why the Army failed to fix the installation management problem when it was apparent a problem existed well before the 1990s. Specifically, Army leadership was more focused on operational unit training and deployments. Senior mission commanders managed their installation challenges by exception and used short term solutions to get through each fiscal year. The Army Communities of Excellence (ACOE) and Installation Status Report (ISR) are good examples of programs intended to address installation issues without providing significant long term funding increases. While effective in improving well-being standards at individual installations and data collection at the national level, respectively, these constituted incremental management interventions that failed to fix the core problem.

Senior mission commanders at each installation often faced the difficult decision on whether to fund housing maintenance or fund unit training. Senior mission commanders at each installation chose to fund unit training and operations rather than reinvesting in infrastructure. However, there were years when the overwhelming need on installations combined with the shortage of funds resulted in the transfer of funds from training and operations accounts to installation accounts. After years of this practice, deferred maintenance and the costs of growing dilapidation continued to grow.

As we have seen, the change in structure that began with the establishment of the IMA in October 2002 was influenced by years of procedural interaction between the installation leaders, the Defense budget process, DOD leaders and congressional politics. Army structure, senior military and civilian leaders and the environment interacted within a powerful system wherein, according to Donald Vandergrin, "costs always grow faster than budgets, even when budgets increase rapidly" [56]. The end of the Cold War resulted in major change in the international system. These changes directly influenced the U.S. foreign policy organs of government, which in turn, influenced the decisions of senior Army leaders. Growing globalization of the U.S. economy in the 1980s and 1990s accelerated the emphasis in American business for efficiency which significantly influenced political and military leaders. As domestic politics reflected the new dynamics of international relations and global economic competition, the Army was expected to get more done with a smaller allocation from the national budget.

Although considered a genuine transformational act by many, the decision to restructure installation management may be explained as a transactional decision, largely forced on the Army by the convergence of years of neglect, budget shortages, and finally, the potential retention problem. Choice was exercised by the Secretary of the Army when he signed General

Order Number 4. According to contingency theory, the role of leadership in the decision to change Army installation management organization structure is explained by the interaction of the senior Army and DOD leaders with the environment.

There are numerous definitions of leadership and theories on why it matters to organizations. James MacGregor Burns provides a comprehensive definition. Leadership, writes Burns, is exercised "when persons with certain motives and purpose mobilize, in competition or conflict with others, institutional, political, psychological, and other resources so as to arouse, engage and satisfy the motives of followers." He also developed two categories of leadership: transactional and transformational. We see the characteristics of transactional leadership as a dominant aspect of installation management prior to the activation of IMA.

Burns' concept of transactional leadership is useful in understanding much of the leadership occurring in a typical bureaucracy like the DOD and Army installation management, especially prior to 2003, when IMA began assuming the mission of managing Army installations.[57] Transactional leadership, according to Burns, involves a transaction between two people. Following Burns, Bernard Bass operationalized some aspects of Burns' work and developed a theory of transformational leadership. One aspect of Bass' model is characterized by leadership behavior centered on setting conditions and standards for follower performance which once achieved provides some type of recognition or reward. This concept, once further developed became better known as "management by exception."[58] In briefly reviewing the installation management of the late 1980s through 2000, we can reasonably conclude that "management by exception" and incremental interventions were the Army norm for making funding decisions.[59]

The role of leadership in the "transformation of installation management" is best viewed in light of how the environment and structure worked to constrain leaders for decades. Efforts by leaders to incrementally influence the installation management funding problem resemble a doctor who receives just enough medicine to keep a dying patient alive but incapacitated. The senior mission commanders (SMC) attempted to balance, as best they could with constrained budgets, to meet the requirements of training and equipping the war fighters while providing for the sustainment of base operations.

The mission of the Army is ultimately to fight and win the wars of the United States. It is logical that the top priority for funding throughout in the1980s and the 1990s was readiness and training. The diversion of funds from installation accounts to operational unit accounts was an accepted practice. It was considered more desirable than to let unit training suffer. Although rare, there were instances in the 1990s when commanders were forced by necessity to move

funds in the opposite direction--from unit training to support installation shortcomings.[60] Army culture served as screening criteria for commanders who found themselves in funding dilemmas in the 1990s. Few would divert significant funds from training and operations accounts to installation management.[61] This led to an organizational crisis that could not be ignored by the Army, the DOD or the Congress.

Former Secretary of State Henry Kissinger wrote in the 1960s that bureaucracies tend to avoid decisions until a crisis is imminent. Until facts bearing on a problem are clear and unambiguous, a bureaucratic organization will not act. As leadership scholar, Burns asserts, oftentimes, "an *organization trades creativity for certainty*.[62] In the installation funding problem, incremental interventions which amounted to transferring money back and forth between unit and installation accounts simply mitigated the short term effects. The decisions to migrate funding between accounts, or robbing Peter to pay Paul, were made at the MACOM and installation level. Local installation problems were managed locally and within the MACOM, regardless of the fact that the organizational structure crux of the problem lay at the DOD level.[63]

In order for organizations to effectively adapt to the environment, the leadership must continuously scan the organization environment and effectively interpret the implications of task and contextual environmental changes.[64] Rather than restructure installation management to meet the changes caused by long term budget contextual and task environment, installation commanders were trapped by structural constraints. Incremental efforts to keep the installations operating at an acceptable standard, just to get through another fiscal year, had the cumulative effect of compounding the long term problem like consumer credit does to debt. And yet, as we have shown, by the turn of the century, objective data indicated that poor infrastructure and deteriorating installation quality of life was causing reduced retention rates and declining unit readiness.

The ineffectiveness of senior Army leadership efforts to address the issue with more than incremental measures was largely due to structural boundaries.[65] These boundaries included the competing needs of unit operations and base operations as previously mentioned. But above this immediate task environment level for the installations lay the complex, politically charged national budget cycle with all its competing priorities across the DOD. Still, Army leaders were forthright in providing the facts during their regular congressional hearings on the budget. But there is also evidence that leadership during the 1990s and early 2000s readily accepted the fact that to push harder for infrastructure meant less money for transforming the war fighting edge of the Army.

The imbalance between high OPTEMPO and available resources that contributed to budget strains that led to the decline in installation infrastructure, also impacted negatively on soldiers, unit training and family quality of life.[66] The quality of training suffered too, as longer more frequent deployments combined with poor funding of training ranges and training facilities. In addition, as an all-volunteer force, the rising average age of soldiers and a corresponding higher number of soldiers with families placed additional stress on the quantity and quality of housing. The ALTDP study provided the senior leadership with an objective measurement of the seriousness of this problem. Efforts at the highest levels of the Army and the DOD were taken in the early 2000s to address these issues. This mobilization of senior leadership to the issues and importance of human resources of the Army served to add momentum to the growing culture of transformation that began in the early 1990s. Opportunity for significant change to the structure of installation management was growing.

By 2002, the idea of transformation was becoming a cultural mindset within Army middle and senior level leadership, within both the military and civilian organizations within the Army. Throughout the1990s there were studies that explored the implications of 21st century warfare to the future of the Army. These studies and the growth in professional and academic literature and interest in Army transformation produced an organizational climate that embraced change, at least in word, if not entirely in deeds. Transformation as a concept developed strong appeal over time. Momentum around this rather ambiguous idea grew with each of three consecutive Presidential administrations. Largely institutionalized by the Army, the idea of transformation led to the beginning of a cultural shift within the DOD. The mindset encouraged by the idea of transformation influenced the Army General Staff and helped prepare the most senior Army leaders for major change in the installation management structure. This was evident in much of the political rhetoric leading up to the national elections in 2000.

While the events on 11 September 2001 did not directly energize Army transformation of installation management, it did cause a notable spike in interest in defense issues. Harkening back to the reference to Kissinger above, the Army's installation management crisis was peaking when terrorists attacked the United States. Building on the Army's growing transformation agenda that began in the 1990s, the aftermath of 9/11 provided the new President and the DOD leadership with the additional leverage needed to accelerate the transformation of DOD and consequently the Army's installation management organization. Imminent crisis spurred the leadership to act.

By 2002, 9/11 and President Bush's NSS provided ample emphasis on change to ensure senior leadership understood the direction of the nation's defense establishment. Following the

NSS, the Chairman of the Joint Chiefs of Staff published its National Military Strategy (NMS) which is directed at providing more specific strategy guidance to the four military departments. Under the new Secretary of Defense (SECDEF), however, an additional strategic document was inserted into the process. Secretary Rumsfeld's National Defense Strategy (NDS) of 2002 addressed the significantly large and powerful civilian agencies that are subordinate to the SECDEF. It is reasonable to assume that the addition of this document to the traditional NSS and NMS, indicates the level of importance the SECDEF places on official, written directives and to his vision of national defense.

Official executive communications, memos and other decrees are generally not credible indicators of genuine change in an organization, especially one as big as the DOD or the Army.[67] However, it is reasonable to note that the timing of the NSS and its content in relation to the domestic and international political environments compelled the leaders within DOD and its departments to act. The crisis in the first year after the 9/11 attacks combined with the effects of several years of transformation themes within the Army facilitated change. The Army, seeking to address the readiness, recruiting and retention challenges acted to make change permanent.

International events increased political opportunity for the President and the Secretary of Defense to rapidly build coalitions at the highest levels to accelerate change. The international environment demonstrated that conflict did not end in 1989, but as some predicted, it continued and in ways not compatible with the traditional western way of war.[68] For years, the Army worked on plans, funded research, developed concepts and conducted experiments in an effort to transform the Army. At the core of the Army's effort was the objective of being prepared for future adversaries. This effort tended to strain the limited resources discussed previously, placing more pressure on installations to find ways to cut operating costs. While the public perception of Army transformation was largely dominated in the 90s by the impact of technology, the human dimension of transformation received growing attention in the late 1990s. It is within the human dimension that transformation of the culture in the Army began.

If we define structure as the "established pattern of relationships among the components or parts of the organization,"[69] we can see how structural considerations led to a crisis in installation management. Since bureaucracies tend to buttress the status quo, the structure of the Army installation management process was both a cause and solution to the funding problem.[70] Installations, like other Army units are resource dependent. Low priority relative to competing requirements for finite resources was the central cause of poor installation conditions. This low priority became structurally and culturally reinforced by norms developed

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over time by decisions. Resource dependency and the structural processes used in appropriating limited resources may be at the heart of addressing this challenge theoretically and in practical application.

Years of managing installations through the MACOMs kept the installations functioning on the margins of failure. In order to match the requirements of the installation management task environment, Army senior leadership decided to significantly alter the headquarters structure within the Army. The structure of the installation relationship with the Army headquarters contained inherent weaknesses. Senior mission commanders were dual-hatted and therefore, found themselves facing the decision of whether or not to fund short term war fighting needs, over long term infrastructure requirements which ultimately effect recruitment and retention. An institutional culture developed out of this structural weakness. For over a decade, in numerous testimonies before congress, in the senate and in interviews, senior Army leaders provided statements that reinforced the organizational status quo.

The DOD-led efforts to deal with the changing nature of the international and domestic environments began with the Base Force program which was followed in 1993 by the Bottom-Up Review (BUR). These efforts were succeeded by three Quadrennial Defense Reviews in 1997, 2001 and 2005. Finding a balanced solution to the fundamental challenge of manning, equipping and sustaining a force structure that fits the desired ends of the NSS with limited resources represents the heart of the strategic leadership challenge. The scope of the challenge is driven by contextual environmental-level factors that exceeded (and continues to exceed) the scope of senior Army, as well as that of DOD, leadership span of control. Ultimately, this challenge is impacted by the highest-levels of the executive and congressional branches of the government.[71]

Summary and Implications for Strategic Leaders

Installations operate in complex contextual environments. The task environment of installations is characterized by relative certainty. Much like small towns and cities, the organization plans and conducts routine transactions with familiar customers and tenant units. But these internal, or core functions are not unaffected by the greater Army organization under which it serves. The Army and the DOD interact daily with what are often turbulent domestic and international dynamics that characterize politics and national security strategy. In the final decade of the 20th century, this daily interaction led leadership to make funding decisions that placed installation funding at a disadvantage relative to training, equipping and deploying operational units.

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The three dynamics of structure, culture, and leadership interacted with the contextual level environment in a way that reinforced the weak funding support for installation management. The structure of the MACOM relationship with the installation appears to have reinforced the default position of commanders who tended to fund installation requirements by exception. Given the Army "can-do" and "mission-first" cultural values, it is no surprise that installations became one of the Army bill payers for the costs of increased operations tempo in the 1990s.[72] Senior leaders tacitly instructed subordinate commanders to fund operational unit requirements at the expense of installation needs.

MACOMs exist to conduct the tasks dictated by Title X, United States Code (USC). Training, equipping and organizing units in order to provide combatant commanders with capable fighting forces has implicitly taken precedence over installation management requirements. While this is intuitive to the military professional, the long term effect was Army installations with deteriorated facilities and sub-optimal support and services. Evidence suggests that commanders began to realize this in the early 1990s.[73] Ultimately, installation requirements failed to compete well against the higher priority task and cultural imperative of the MACOM to provide units prepared to fight and win the Nation's wars. This structural relationship militated against leaders' efforts to address the installation resource challenge.

Leaders create organization structures, foster culture and make decisions that can reinforce, change or have little effect on these characteristics.[74] Ironically, organizational structures, also referred to as bureaucracies, resist change. According to John Gardner, "Just about everything in large-scale organization seems to militate against leadership."[75] This occurred in the case of Army installation management. Establishing a new structure that moved the installation management function out from under the MACOM eliminated the conundrum between funding infrastructure and operational units. Structural change eventually came, but only after the incremental interventions of the 1990s failed and the Army faced a crisis.

In the end, the problem was solved by a top-down major intervention. But here again, the role of the environment on decision making is evident. Senior Army leaders began acknowledging well before the IMA decision that substandard conditions on installations had in readiness, retention and recruiting issues. These environmental pressures grew through the 1990s. By 2000, the misalignment of the installation management structure with the environment was significant enough to force senior Army leaders, who may have initially resisted the proposal to transform installation management, to agree to support major organizational change. Some believe that it takes a crisis in alignment between structure and environment to get large government bureaucracies to change.[76] As Army officials looked for

innovative ways to fund operations, research and development, and transformation, finding a new way to manage installations more efficiently offered some hope of relieving this pressure.

The implications for Army strategic leaders are best summarized by Goethals, Sorenson and Burns in three leadership tasks. Contingent upon the environment, leaders must ensure operation of the organization; alter the organization for the sake of its purpose; and define, or amend the purpose of the organization. For military professionals accustomed to uniformed military organizations/units, this is self-evident.[77] But for Army leaders who lead non-uniformed military organizations, understanding organizational change in non-military government organizations presents a different set of challenges. Finally, these three tasks are for senior leaders and are inherently top-down.[78]

IMA leaders continue to work to develop credibility within the Army. The agency has expanded its scope to reflect a corporate-focus built around achieving continuous improvement through greater efficiency. But reversing the decline in installation conditions will take long term commitment by the Congress, DOD and the Army. In their joint statement before the Congress in 2001, the two top leaders of the Army projected that correcting the problem would require a sustained 30-year effort.[79] Recent gains in installation-level efficiency and economies of scale achieved through corporate approaches to contracting have provided savings for reinvestment in infrastructure.[80] But it is still very early to determine the long term impact of this change in the way the Army manages its soldiers' "hometowns."

Endnotes

[1] General Schoomaker, Chief of Staff, Army, "CSA Remarks (As Prepared) AUSA Eisenhower Luncheon Speech," 07 October 2003, linked from the United States Army Home Page at "Leaders," available from http://www.army.mil/leaders/leaders/csa/speeches/ 20031007.html. General Schoomaker was addressing the annual Association of the United States Army convention which the author believes is the largest annual gathering of military, civilian and business officials in the country. Much like an annual trade convention, like the International Auto Show in Detroit, Michigan, this where the Army and the defense industry showcase the current and future systems for land warfare.

M. Beer and N. Nohria, "Cracking the Code of Change," *Harvard Business Review* 78 (May-June 2000): 133-141; quoted in Michael A. Roberto and Lynne c. Levesque, "The Art of Making Change Stick," *MIT Sloan Management Review* 46, no. 4 (Summer 2005): 53. *Studies note that more than two-thirds of change initiatives fail.*

[2] Department of the Army, *How the Army Runs: A Senior Leader Reference Handbook, 2005-2006* (Carlisle, PA: U.S. Army War College, 2005), 383. This document defines an installation as an aggregation of contiguous or near contiguous, common mission-supporting real property holdings under the jurisdiction of the DOD or a state, the District of Columbia,

territory, commonwealth, or possession, controlled by, and at which an Army unit or activity (Active, Army Reserve, or national Guard) is permanently assigned. They provide a base from which a diverse group of organizations, tasks and missions. They may be referred to with names such as post, camp, station, fort, sub-post, depot, arsenal, proving ground, base, barracks, laboratory, or ammunition plant. No two installations are exactly the same.

[3] Gary Sheftick, "Army Aligns Headquarters, Centralizes Base Operations," *Army News Service* [online]; available from http://www4.army.mil/ocpa/print.php?story_id_key=1441.htm; Internet; accessed on 21 November 2005. General Keane's remarks were made in reference to the elimination of the Major Command (MACOM) staffs from the day-to-day concerns of installation management. Prior to the change, the MACOM General Staff was responsible for all matters pertaining to supervision and oversight of installations.

[4] Jay Galbraith, *Designing Complex Organizations* (Reading, MA: Addison-Wesley, 1973), 2; quoted in W. Richard Scott, *Organizations: Rational, Natural, and Open Systems*, 3rd ed. (Englewood Cliffs, NJ: Prentice-Hall Publishers, 1992), 88-89. Scott's book offers a very comprehensive look at the complexity of organizations as systems. He lists three assumptions which provide the foundation of contingency theory. Two are derived from Galbraith's work above, and a third is derived from Oliver E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985), 274. In summary, Williamson concluded that "organization form matters". The internal characteristics of an organization must adapt to the external environment to optimize efficiency and effectiveness.

[5] Fremont E. Kast and James E. Rosenzweig*, Organization and Management: A Systems and Contingency Approach*, (New York: McGraw-Hill Publishing Company, 1985), 112-113. This text compares interaction of a biological system in a physical environment with organizations. Both are relatively open systems that must continuously *process inputs and transform them into outputs.* Organizations essentially must perform these three critical functions to survive.

[6] W. Richard Scott, *Organizations: Rational, Natural, and Open Systems, 3rd ed.* (Englewood Cliffs, NJ: Prentice-Hall Publishers, 1992), 112-114. Scott provides a comprehensive review of organizations as open, rational and natural systems and merges them in chapter four. As a result, it is possible to borrow from contingency theory variants. Strategic contingency begins with the same assumptions mentioned previously, but emphasizes the role of choice in how an organization interacts within an environment. I believe this is a key distinction from basic contingency theory which, according to Scott, tends to overemphasize the deterministic nature of environment without addressing the critical impact of choice. Scott credits John Child, "Organizational Structure, Environment and Performance: The Role of Strategic Choice," *Sociology*, 6, 1-22, with this idea. In Stephen A. Shamback, Colonel, U.S. Army, ed, *Strategic Leadership Primer, 2d Ed*, (Carlisle, PA: U.S. Army War College, 2004), 36. I conclude that structural change requires a decision by leaders. This Army booklet is a brief guide intended for senior Army leaders. It provides a brief summary of *strategic leadership tasks for shaping the culture Army.* In *Chapter Four, Strategic Culture*, the importance of the structure of the organization is emphasized as a part of changing organizational culture as well as adapting to changing environmental demands.

[7] Fremont E. Kast and James E. Rosenzweig, *Organization and Management: A Systems and Contingency Approach* (New York: McGraw-Hill Publishing Co., 1985), 115.

[8] Bernard Bass and Ronald E. Riggio, *Transformational Leadership, 2nd Ed.* (Mahwah, NJ: Lawrence Earlbaum Associates Publishers, 2006), 99-100. The beginning of chapter seven in this book discusses the definition of organizational culture. It emphasizes the two-way interaction of leadership and culture in organizational development, maintenance and change.

[9] Shambach, 19-20. Also see U.S. Department of the Army, *The Army,* Field Manual 1: (Washington, D.C.: U.S. Department of the Army, June 2005), 1-18 through 1-19; and 3-3 through 3-11. This document provides an overview of the key role of leadership, culture and structure in relation to the environment. Although these terms refer to unique defense-related tasks, the concept of dynamic interaction between organizational traits and adaptation within a given environment are shared with traditional organizational theory.

[10] Gareth Morgan, *Creative Organization Theory*, (London, SAGE Publications, 1989), 72. Morgan posited that, "The distinction between organization and environment highlights the key boundary transactions that sustain an organization on a day-to-day basis and influence its long run survival". Morgan uses the term contextual environment for the larger political, economic, social, cultural and demographic factors that impact an organization.

William R. Dill, "Environment as an Influence on Managerial Autonomy," *Administrative Science Quarterly*, 2, 1958, 409-443. Dill refers to the narrow view of the total environment of an organization as the task environment. Also see Thomas G. Cummings and Christopher G. Worley, *Organizational Development and Change*, 5th ed. (Minneapolis-St. Paul, MN: West Publishing Company, 1993), 495. Cummings and Worley use the term general environment instead of contextual. Their definitions follow those of Morgan and Dill.

[11] Scott, 137-145. Scott assesses the development of organizations within the context of interaction with the environment. He asserts that organizations and the environment are interdependent and ". . . the very existence of organizations is determined by cultural processes, so are their characteristic structural features…There is little doubt that environments shape organizations—their structures, their performances, their outcomes."

[12] Annual Defense Review 1995, *Report of the Secretary of the Army*, linked from the United States Department of Defense Executive Secretary Home Page at "Search," available from http://www.defenselink.mil/index.html; Internet; accessed 23 November 2005. This report implies that Congressional influence in closings prior to the late 1970s was minimal. It states that "in the late-1970s and 1980s, DOD had been effectively stopped from closing domestic bases by a number of legislative requirements. BRAC was established in 1988 to provide a structured process by which DOD and the legislators could work more closely on closings.

[13] Annual Defense Review 2000, Report of the Secretary of the Army, linked from the United States Department of Defense Executive Secretary Home Page at "Search," available from http://www.defenselink.mil/execsec/adr2000/toc.html; Internet; accessed 23 November 2005. Mr. Caldera's report emphasized the BRAC process "is the most important tool for decreasing the expenditure of scarce Real Property Maintenance (RPM) dollars on excess infrastructure…the Army strongly supports the DOD request for additional BRAC authorizations". His report supports previous statements by senior leaders in DOD and the Army that highlighted the need to accelerate infrastructure reductions to more closely parallels the force structure decline. In the 1990s, infrastructure reduction lagged more than 10 percent behind the decline in force structure reduction.

[14] Stephen E. Everett and L. Martin Kaplan, "Department of the Army Historical Summary Fiscal Year 1993," linked to *U.S. Army Home Page* at Center of Military History available at http://www.army.mil/cmh/books/onlinebookshelves/; Internet; accessed 06 January 2006.

[15] Eric V. Larsen et al. *Defense Planning in a Decade of Change: Lessons from the Base Force, Bottom-Up Review and Quadrennial Defense Review* (Santa Monica, CA: Rand Corporation, 2002), 6. Plans for the Base Force were developed in anticipation of a major change in U.S. national security requirements in the post-Cold War. It was followed in 1993 by the Bottom Up Review (BUR) and Quadrennial Defense Reviews (QDRs) in 1997, 2001 and 2005. All sought to identify military ends, ways and means necessary to achieve the requirements of national security assumptions.

[16] Arnold Kanter and Linton F. Brooks, *U.S. Intervention Policy for the Post-Cold War World: New Challenges and New Responses* (New York: Norton Publishers, 1994), 160. The so-called "peace-dividend" is defined by contributing author Timothy Sample in Chapter 6 as an illusive expectation of the population that the end of the bi-lateral military competition of the Cold War would mean more funding for domestic spending.

[17] Alvin Toffler, *Future Shock* (New York: Random House, 1970), 11. The author writes a compelling narrative of change unprecedented in speed and scope. Although he doesn't specifically use terms like globalization, his thesis very accurately predicted the economic shock that faced U.S. businesses in the early 1990s. John Naisbitt, *Megatrends: Ten New Directions Transforming Our Lives* (New York: Warner Books, 1982), 249-252. This author focuses on the globalization of the economy almost ten years after Toffler's first book on change at the end of the 20th century. He envisions a grand opportunity for economic growth, if Americans embrace the future and do not hold onto the past. These two books are just a sample of very influential thinking about business and technological change. Leaders within the DOD and military departments were influenced by these deep thinkers. Charles A. Kupchan, *The End of the American Era* (New York: Alfred A. Knopf, 2002) 304-336. The final chapter of this book provides a more up-to-date analysis of the impact of this change on international relations, particularly U.S. foreign policy, and the implications of change for the future.

[18] Ibid, 27-34. Toffler's chapter entitled "A Clash of Civilizations" describes the world in terms of three categories of economic development: First Wave, or largely societies with largely agrarian and tribally-based economies; second wave, or industrial/manufacturing-centered economies/societies and lastly, third wave, or information-based economies. As each nation progressively develops, Toffler posits, complexity increases. Interaction between nations increases with more development which increases internationally complexity.

[19] W. Scott James, ed., "Department of the Army Historical Summary, Fiscal Years 1990-1991," linked from the U.S. Army Center of Military History Home Page at "Search," available from http://www.army.mil/cmh-pg; Internet, accessed 09 January 2006. In this official historical summary the *continuation of drawdown planning during a period of mobilization* was unprecedented in Army history. Historically, consideration for economy ended as soon as mobilization began.

[20] Office of the Secretary of Defense, Defense Science Board, "Review of the Funding of the Bush FY94-99 FYDP," memorandum for the Secretary of Defense, Washington, D.C., 28 May 1993. This memorandum is a summary of the review conducted by the Defense Science Board for Secretary of Defense Les Aspin. It provides insight into the trend of reduced budget

requests, the complexity of balancing requirements against the budget realities, prioritization and the continuing effort under the Clinton administration to use BRAC as a tool to cut overhead. In the meantime, the long term savings sought through BRAC failed to address the short term base operations shortfall.

[21] Steve Metz, *American Strategy: Issues and Alternatives for the Quadrennial Defense Review* (Carlisle Barracks, PA: Strategic Studies Institute, 2000), 31. Although this paper was published 10 years later, this author summarizes my assertion. He refers to the RMA and transformation as "two interlinked concepts". These two ideas reflect "the emphasis on constant change and improvement that is part of American culture."

[22] David Kassing, "Resourcing the 21st Century Army," in *The U.S. Army and the New National Security Strategy*, ed. Lynn E. Davis and Jeremy Shapiro, linked from the *Rand Corp. Home Page* at "Publications," available from http://www.rand.org/pubs/monograph_reports/ MR1657; accessed 10 December 2005. The author of chapter 12 in this book summarizes the impact of major changes in the international security environment on the complex processes of domestic political pressure. Although this conclusion is the result of the author's research on the 2002 NSS, the author summarizes the dynamics of the contextual environment (DOD/DA level) and its likely influence on the task environment (installations); a process the was present in the early 1990s.

[23] John Lewis Gaddis, *The United States and the End of the Cold War: Implications, Reconsiderations, Provocations* (New York: Oxford University Press, 1992), p. 193-216. Gaddis' provides his readers with a strong feeling of the dilemma strategists and national leaders faced immediately following the end of the Cold War. His concept of integration versus fragmentation captures in the abstract the challenge of assessing threats to the United States in an international system no longer characterized by a bi-polar balance of power.

[24] Frederick W. Kagan, "A Dangerous Transformation," *The Opinion Journal*, 12 November 2003 [newspaper online]; available from http://www.opinionjournal.com/extra/?id=110004289; Internet; accessed on 3 December 2005. For more on details of how the literature and discourse on business practices influenced the DOD and ultimately the Army, this article provides some in-depth analysis. Some examples of the popular business practices that have influenced the DOD and the Army over the past 15 years or so were Total Quality Management (TQM), LEAN management, Sixth Sigma, activity-based costing (ABC) and performance management (PM).

[25] General Dennis J. Reimer, Chief of Staff, U.S. Army, Statement by General Dennis J. Reimer to the House Armed Services Committee, U.S. Congress, 20 January 1999, available at http://www.house.gov/hasc/testimony/106thcongress/99-01-20 reimer.htm; Internet, accessed on 08 January 2006. General Reimer highlights that the Army experienced 14 years of declining buying power to date. He mentions that Army leaders at all levels were continuing to do more and more with fewer resources.

[26] Larsen, 1-18. This is the summary of a thorough review of the shortcomings of the base force, bottom-up review and 1997 Quadrennial Defense Review. It supports the assertion that the reductions in force structure, relatively flat budgets and higher overseas commitment of forces throughout the 1990s combined had a significantly negative impact on the Army.

[27] Gramm-Hollings Deficit Reduction Act, *Wikipedia.org* (12 December 2005): [database on-line]; available from Wikipedia.org; accessed 23 February 2006. The Gramm-Hollings Deficit Reduction Act of 1985 was also called the Balanced Budget and Emergency Deficit Control Act of 1985. It was found to be unconstitutional and failed to significantly impact the actual budget.

[28] Department of the Army, "Department of the Army Historical Summary Fiscal Years 1990-1991," linked from *The U.S. Army Home Page* at "Center of Military History," available at http://www.army.mil/cmh/books/DAHSUM/1990-1991; Internet, accessed 01 January 2006.

[29] Don M. Snider, *Strategy, Forces and Budgets* (Santa Monica, CA: Rand Corporation, 2003), 32-36. For details and analysis of the impact on the Bush Administrations defense budget, decision making and how the Congress and military departments interacted in the immediate years after the end of the Cold War, this study identifies several dynamics. All parties, to include the Army leaders, agreed that cuts were acceptable. The disagreement between the political parties and defense department occurred over which programs would suffer the most.

[30] Ibid.

[31] From 1980 to 1994, the percentage of married military members rose from 50 percent to over 60 percent.

[32] Department of Defense, "The Quadrennial Defense Review, 1995," linked from the United States Department of Defense Home Page at "DOD Office of the Executive Secretary," available at http://www.defenselink.mil/execsec/adr95; Internet; accessed 11 November 2005.

[33] John B. Goodman, Deputy Under Secretary of Defense (DUSD), Industrial Affairs and Installations (IA&I), Statement before the Subcommittee on Military Installations and Facilities of the House National Security Committee, 18 March 1998 available at http://www.house.gov/hasc/testimony/105thcongress/3-18-98goodman.html; Internet, accessed on 8 January 2006.

[34] Ibid, 5. Then Secretary of Defense Cohen proposed more BRAC round for 2001 and 2005 in order to save another $3 billion. These BRAC rounds were held and resulted in additional closures and realignments. Exact savings can be found at the DOD BRAC website.

[35] Joel Hefley, "Statement of Chairman Joel Hefley, Subcommittee on Military Installations and Facilities," 29 April 1998, linked from the *House Armed Services Committee Webpage* at "Schedules and Transcripts," available from http://www.house.gov/hasc/schedules/1998.html; internet; accessed 08 January 2006. Congressman Hefley noted that since FY 1996 the DOD eliminated 27 percent of the programmed level for MILCON and family housing and concluded that *. . . it is clear that the construction programs of the services would need to be at least twice as large as they currently are to begin to address the backlog of serious shortfalls in facilities.*

[36] U.S. Congress, House National Security Committee, *Statement by General David A. Bramlett, U. S. Army before the Subcommittees on Military Readiness, Military Personnel and Military Installations and Facilities*, 105th Cong., 2d sess., 25 September 1998; available from http://www.house.hasc/testimony/105thcongress/98-02-25.htm; Internet; accessed 08 January 2006. General Bramlett, Commanding General U.S. Army Forces Command (FORSCOM) stated that in FY 1998 and 1999, he directed the commanders to *…maintain go-to-war readiness at the expense of infrastructure and quality of life if they were unable to balance all*

three. He also testified that he'd submitted a memorandum reporting that *…we could no longer train and sustain the force, stop infrastructure degradation, and provide for our soldiers the quality of life programs critical to the long term readiness of the force.*

[37] General Gordon R. Sullivan, U.S. Army Retired, "Statement before the Committee on National Security, House of Representatives, 105th Cong., 2d sess., 07 October 1998, linked to House Armed Services Committee Website, at "Transcripts and Statements," available from http://www.house.gov/hasc/schedules/1998.html; Internet; accessed 08 January 2006. General Sullivan gave a blunt assessment of the negative long term impact that the high operations tempo and poor funding combination was having on the Army.

[38] Robert L. Antwerp, Major General, U.S. Army Assistant Chief of Staff for Installation Management (ACSIM)," Statement by MG R.L. Antwerp to the Subcommittee on Military Installations and Facilities," linked to *House Armed Services Committee Website* at "Schedules and Transcripts," available from http://www.house.gov/hasc/schedules/1999.html; Internet; accessed on 04 November 2005.

[39] These largely unfunded long term plans represented a kind of institutionalized practice of building new plans with no change in resources. This continuity is supported by years of annual congressional testimony and official statements. I reviewed the majority of statements made each year during hearings before congress in the spring time frame. In general, the factual statements reflected the poor state of installations, but were cast in optimistic language, probably attributable to the Army culture. We cannot fault the senior leadership for failing to plan. However, a plan without resources is difficult to execute.

[40] Neil Baumgardner, "Shinseki Lays Out Vision for 'Major Transformation' of the Army," *Defense Daily Online*, October 13, 1999 [journal online]; available from http://www.defense daily.com; Internet; accessed 04 November 2005.

[41] Ibid.

[42] Lieutenant General David K. Heebner, Assistant Vice Chief of Staff, U.S. Army, Statement to the House Armed Services, Subcommittee on Military Readiness, "Statement by LTG David K. Heebner on the adequacy of the Fiscal Year 2000 Budget on Critical Requirements," 24 February 1999 available at http://www.house.gov/hasc/testimony/106thcongress/99-02-24heebner.html; Internet, accessed on 08 January 2006.

[43] Major General David A. Whaley, U.S. Army, Assistant Chief of Staff, Installation Management, Department of the Army, Statement before the Subcommittee on Military Readiness, Committee on National Security, United States House of Representatives, 2nd Sess., 105th Cong., "Hearing on Improving Readiness Capabilities", 13 March 1998. This pre-9/11 testimony highlights the Army plan to take steps complement the Army Vision XXI modernization plan with a plan to improve Army installations.

[44] Ibid, 3.

[45] Robert L. Van Antwerp, Jr., Major General, U.S. Army, Assistant Chief of Staff for Installation Management, "Statement by MG Robert L. Van Antwerp, Jr.," 01 March 2000, U.S. House of Representatives, 106th Congress. MG Van Antwerp states that, "Years of under funding have made most of our (Army) facilities only marginally mission capable".

[46] U.S. Congress, Senate, Committee on Armed Services, United States Senate, *Joint Statement by The Honorable Thomas E. White, Secretary of the Army and General Eric K. Shinseki, Chief of Staff, United States Army*, 107th Congress, 1st sess., 10 July 2001. This statement provides a comprehensive summary of the poor state of installations and reviews the causes and consequences of decades of under funding. It acknowledges a significant increase in the budget for 2002, but articulates that one year of increased funding is a drop in the bucket relative to the requirements.

[47] Office of the Secretary of Defense, Defense Science Board, Philip Odeen, Chairman, "Review of the Funding of the Bush FY94-99 FYDP," memorandum for the Secretary of Defense, Washington, D.C., 28 May 1993 and U.S. Congress, House of Representatives, Subcommittee on Military Readiness, Committee on National Security*, Hearing on Improving Readiness Capabilities, Statement by MG David A. Waley, Assistant Chief of Staff for Installation Management, Department of the Army,* 105th Congress, 2nd sess., 13 March 1998. For more details see, Jim Garamone, "Bush Calls for Military Transformation," *American Forces Information Service News Articles*, [online]; available from http://www.defenselink.mil/news/DEC 2001.htm; Internet; accessed 30 November 2005.

[48] Office of the Assistant Secretary for Public Affairs, "From Facing the Future: Meeting the Threats and Challenges of the 21st Century. Highlights of the Priorities, Initiatives and Accomplishments of the U.S. Department of Defense: 2001-2004," February 2005; available from http://www.defenselink.mil/pubs/facing_the_future/home1.html; Internet; accessed 30 November 2005. On September 23, 1999, Governor George W. Bush stated that he would give the new SECDEF, if elected, a broad mandate to challenge the status quo and envision a new architecture of American defense for decades to come.

[49] Thom Shanker, "Army Chief Seeks Changes to Improve Lives," *The New York Times* (May 29, 2002): pg A.13 [database on-line]; available from ProQuest; accessed 5 December 2005. General Shinseki acknowledged that too many qualified personnel and future commanders were leaving the Army and began focusing on ways to improve morale and welfare of soldiers and families through installation improvements. Two-thirds of the Army junior and middle grade leaders surveyed said the Army had unacceptable standards for quality of life.

[50]The National Security Strategy (NSS) provides a glimpse of the way the President views the world. It reflects the personality of the President and reflects his long term guidance for senior national leadership. It provides a description of the ends, ways and means required to defend the vital national interests. In support of the NSS, the Chairman of the Joint Chiefs of Staff publishes the National Military Strategy (NMS). In 2002, the Secretary Rumsfeld was the first SECDEF to sign a National Defense Strategy (NDS). This was a new document that provides guidance to all agencies within the DOD. Intended to amplify the ends, ways and means that the armed forces use to support implementation of the President's NSS, the NDS and NMS are foundational documents that set the direction of all four services, as well as other agencies.

[51] George W. Bush, President of the United States, "National Security Strategy, 2002." Washington, D.C., 2002, 30.

[52] Bush, 2 and 29.

[53] Headquarters, Department of the Army, "General Orders No. 4, Assistant Chief of Staff for Installation Management (ACSIM)," Washington, D.C., 22 August 2002. This order superseded DAGO 2002-04, dated 15 August 2002. DAGO 24, dated 30 December 1994, at the time of General Order No. 4 was still active and official.

[54] Sgt. Chuck Wagner, "Aadland Reflects on Legacy of Radical Change," *Pentagram*, 13 August 2004 [newspaper online]; available from http://www.dcmilitary.com/army/pentagram/ 9_33/features30594-1.html; Internet; accessed on 21 November 2005. Retiring MG Anders Aadland, the first Director, IMA, asserted that the transformation of installation management was ". . . the most comprehensive Army reorganization in the last three decades."

[55] Pamela Bhudda, U.S. Army Installation Management Agency briefing slides, Alexandria, VA, U.S. Army Installation Management Agency, 2006 available from www.hq.osd.mil/ 2006msp c/slides/Tues_0800_Army_Bhudda.ppt; Internet; accessed 08 March 2006; lower half of chart is adapted from Phillip Sakowitz, U.S. Army Installation Management Agency briefing slides, "IMA 101," Alexandria, VA, U.S. Army Installation Management Agency, November, 2005 available from www.ima.army.mil/sites/initiatives/FinalIMA101(small).ppt; Internet; accessed 08 March 2006.

[56] Donald E. Vandergrift, Major, U.S. Army, ed, *Spirit, Blood and Treasure: The American Cost of Battle in the 21*st *Century* (New York: Random House, 2001), available from http://www. belisarius.com/modern_business_strategy/vandergriff/sbt_intro.htm.

[57] James MacGregor Burns, *Leadership*, (New York: Perennial, 1978), 18.

[58] George R. Goethals, Georgia J. Sorenson, James MacGregor Burns, eds. *Encyclopedia of Leadership* (Thousand Oaks, CA: Sage Publications, Inc., 2004), 1558-1568. This concept is discussed in detail in this volume. I also recommend this encyclopedia for its treatment of bureaucracy.

[59] Bass, *Transformatinal Leadership*, 87. These authors assert that "more transactional leadership is likely emerging and be relatively effective when leader face a stable, predictable environment. Although the operational units in the Army were experiencing a high deployment tempo, installations functioned in a relative stability, albeit poorly funded…it was culturally accepted that readiness of units, specifically in war fighting tasks and equipment maintenance would always get funded at the expense of infrastructure.

[60] General Gordon R. Sullivan, USA (Retired) U.S. Congress, House of Representatives, Statement by General Gordon R. Sullivan, USA (Retired) Before The Committee on National Security House of Representatives, 2nd Sess. 105th Cong., 07 October 1998, available at http://www.house.gov/hasc/testimony/105thcongress/98/10-07sullivan; Internet, accessed on 08 January 2006. General Sullivan's statement strongly supports the negative impact of flat line funding and high operations tempo overseas on Army readiness. Funds were moved out of training and operations to fund base operations and maintenance in the late 1990s as cumulative effects of a decade of deferring infrastructure funding could no longer be ignored.

[61]The conclusion in this paragraph is not intended to place value on the quality of the decisions over the past decades. Given the situation, there appears to have been little choice for commanders until the structure was changed in 2003.

[62] Burns, 300. Dr. Kissinger's remarks were made while he served on the faculty of Harvard University and were directed at what he viewed as the limiting effect of the foreign policy bureaucracy on diplomatic creativity. Burns adds that later as Secretary of State Dr. Kissinger circumvented the organizational structure in a manner that was referred to some as "Lone Ranger Diplomacy". Unfortunately, there was, and remains, little legal opportunity for Army leaders to be creative with Army funding. See Bramlett cited earlier.

[63] Bramlett, 6.

[64] Chun Wei Choo, "Environmental Scanning as Information Seeking and Organizational Learning," *Information Research Online*, October 2001 [journal on-line]; available from http://informationr.net/ir/7-1/paper112.html; Internet; accessed 10 March 2006.

[65] Stephen M. Koziak, *Analysis of the FY2005 Defense Budget Request*, (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2004), 11. This document provides a good example of how structures and processes can impede decisions by leaders. Although DOD would like to move funding to address infrastructure issues, the scheduled 2005 BRAC was used as justification to delay further intervention.

[66] Tom Donelly and Gary Schmitt, "A Look at…the Readiness Debate," *The Washington Post* (August 27, 2000) 2-3 [database online]; available form ProQuest; accessed 25 February 2006. Regarding the Presidential election rhetoric of the late 1990s between candidates, the journalists conclude that "the bottom line is that there are simply too few soldiers. . . to keep up with the high tempo of operations…there are shortages of spare parts and training. . . you can't remain the world's sole superpower by investing less than 3 percent of GDP in national defense."

[67] Richard Meinhart, *Chairman of the Joint Chiefs of Staff Leadership Using the Joint Strategic Planning System (JSPS) in the 1990s: Recommendations for Strategic Leaders*, (Carlisle Barracks, PA: Strategic Studies Institute, 2003), 48-50; available from http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?PubID =278; Internet; accessed 23 February 2006. The author provides five recommendations for strategic leaders who want to successfully transform their organizations. Central to this paper is his implication that a leader must do more than make written declarations to ensure true organizational change. He must cultivate interpersonal relationships and expend personal leadership capital.

[68] Alvin and Heidi Toffler, *Creating a New Civilization: The Politics of the Third Wave*, (Atlanta: Turner Publishing, 1994), 33.

[69] Kast, *Organization and Management: A Systems and Contingency Approach*, 115.

[70] Burns, 296.

[71] Larsen, Defense Planning in a Decade of Change: Lessons from the Base Force, Bottom-Up Review and Quadrennial Defense Review, p. xxviii-xxix. This report concludes that the failure of both the executive and legislative branches in resolving the gaps between strategy, forces and resources retards the ability to address requirements efficiently and effectively, while balancing reasonable-risk. So it is that installation-level (task environment) challenges are impacted by the external, or strategic/domestic political level (contextual environment).

[72] Ellen M. Print and Rachel Hart, "Public-Private Partnerships: Proceedings of the U.S.-U.K. Conference on Military Installation Assets, Operations, and Services April 14-16, 2000," available from http://www.rand.org/pubs/conf_proceedings/CF164 ; Internet; accessed 6 March 2006. Section Four of this report contains the authors' account of the discussions in the Base Operations Working Group (BOWG). The BOWG consisting of installation management leaders from both the U.S. and the U.K. identified part of the problem with the U.S. Army installation management system in 2000 was the 'can-do' culture.

[73] Ibid.

[74] Edgar H. Schein, "Organizational Psychology, 2d Ed. (Englewood Cliffs, NJ: Prentice-Hall, 1970), 70-71; quoted in Kast, *Organization and Management: A Systems and Contingency Approach*, 558. This quote captures what I believe to be a central aspect of Schein's theory of leadership and organizational culture. Kast in supporting his assertion that conceptual skill is critical for an effective manager quotes Schein, "The successful manager must be a good diagnostician and must value a spirit of inquiry. . . There is no one correct managerial strategy that will work at all times." I combine this concept with Schein's idea of *embedding*, or the leader's role in influencing organizational culture, and therefore, over time the structure as well.

[75] J. Gardner, *On Leadership* (New York: Free Press, 1990), quoted in George R. Goethals, Georgia J. Sorenson, and John MacGregor Burns, eds., *Encyclopedia of Leadership* (Thousand Oaks, CA: Sage Publications, Inc., 2004), 130.

[76] Rick Jackson, "Achieving Strategic Change in Government," Public Manager 34:1 (Spring 2005): 41. Jackson asserts that the lack of a "market" allows misaligned government organizations to continue to operate until issues reach crisis levels. This study supports Jackson's statement. It took the convergence of funding shortages, readiness worries and external pressure from Congress to get the Army to make a significant change that achieved the desired purpose.

[77]General Peter J. Schoomaker, Chief of Staff, Army, quoted in a briefing presented by Geoffrey G. Prosch, Assistant Secretary of the Army, Installations and Environment (ASAI&E) in briefing slides from The Office of the Assistant Secretary of the Army, Installations and Environment dated 13 August 2004, briefing available from www.aogusma.org/as/leaders/2004/proceedings/prosch.pdf; Internet; accessed 06 March 2006. General Schoomaker is quoted in this set of official charts, "A rapidly changing world deals ruthlessly with organizations that do not change. . . Guided by a comprehensive enduring vision and supporting goals, we must constantly reshape ourselves to remain relevant and useful members of the joint team." This view of the Department of the Army clearly conveys that he expects senior leaders to exhibit adaptive leadership behaviors that transform the organization at all levels. The emphasis on relevancy is indicative of an organization with good structural and cultural alignment to the demands of the environment.

[78] Jackson, 42-43. This article is a clear, concise reference written for leaders serving in organizations at the strategic level. I highly recommend it for anyone who doesn't have time to read a full length text on strategic or transformational change. Unlike Jackson's example, the Army senior leaders perceived a problem, but it took new leadership and external pressure (Congress) combined with internal budget challenges to produce the crisis. Top-down directed change is the beginning and does not eliminate the necessity for the senior leader to ensure

bottom up involvement that will lead to real transformation. For more on true transformational leadership, see *Leadership*, by James MacGregor Burns referenced earlier.

[79] Thomas E. White, Secretary of the Army and General Eric K. Shinseki, Chief of Staff, US Army in a Joint Statement before the Committee on Armed Services, United States Senate on the Fiscal Year 2002 Defense Budget, 1st Sess., 107th Cong., 10 July 2002. This statement occurred just months before the attacks on September 11, 2001.

[80] U.S. General Accounting Office, *Defense Infrastructure: Issues Need to Be Addressed in Managing and Funding Base Operations and Facilities Support* (Washington, D.C.: U.S. General Accounting Office, June 2005). This study concludes that it is too early to determine if the centralization of installation management programs of the Army and the Navy justify encouraging the other services (USAF) to adopt them.