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GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES

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**THE ESSENCE AND FUNDAMENTALS OF
DEFENCE REFORM**

***NODAR KHARSHILADZE
TORNIKE SHARASHENIDZE***

EXPERT OPINION



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Introduction: Reform and the Defence Sector

The concept of reform (in the modern sense of the term) was established in the second half of the 20th century. At the time reform was carried out en masse by large US corporations which aimed simply to reduce expenditure and increase revenue. Interest in reform increased gradually and consequently, towards the end of the century, the private sector experienced a true boom of change and transformation. Reform (which simply means a change of the form) became an extremely fashionable term. As expected, demand gave rise to supply – all of a sudden numerous large and small consulting companies emerged. All of them offered advice on how to conduct business and implement reform in your own organization which no one knew better than you.

With a slight delay, but very actively and rather successfully, this trend was picked up by the public sector, especially by US military institutions and, primarily, by the US Department of Defence. After the World War II the notion of reform started to spread widely in the security sector outside the US as well. In the same period ministry of defence models entered Europe and the US, replacing the ministries of war of the pre-war era.

The first high-profile example of reform is the change undertaken at the US Department of Defence by Secretary McNamara. He established a civil office, so called Office of the Secretary of Defence at the department that by its nature was very conservative and closed (as a military institution was supposed to be). The Office of Secretary of Defence later became one of the most significant sectors of the US Department of Defence.

Naturally, a question arises: Why were reforms most widely carried out in the military sector and how was success achieved in a field that is traditionally so closed and rigid? The answer has to be found in the dramatic events of 20th century that triggered scientific progress and revolutionized whole spheres of life. This is especially true about World War II which significantly altered the traditional military philosophy and forced the military and, especially, civilian politicians to reassess their previous views and concepts. The post World War II world was too different from what the world used to be in 30-ies (not to mention before World War I). For the first time in history the military and political state of affairs was based on such phenomenon as the nuclear weapons. This phenomenon became the most significant factor in determining balance in military confrontations. Neither before nor after (i.e., the present) had any other weapon overturned the military and political balance in such a drastic way. This, in turn, led to a change in military and strategic thinking and rendered it necessary to develop new approaches for resolving new tasks.

Soon after World War II “the virus of reform” was spread not only in the United States but also in the entire North Atlantic Alliance. Numerous NATO member states acknowledged the necessity for change which was carried out with expected shortcomings – at times successfully, at times not so much – but finally the process undoubtedly brought a great deal of progress to the West. This was reflected in the fact that the NATO troops were not only technologically, but also intellectually, mentally and professionally superior to the Soviet ones.

The Russian Army, a true successor of the Soviet Union, is still staffed with officers brought up under the Soviet doctrine, imbued with a World War II mentality while Western sergeants and officers are truly 21st century military managers with a strategic vision and impeccable knowledge of their tasks. This, precisely, is the merit of the reform undertaken in the West.

Despite the progress achieved by the West, even today it is not easy to assess the capabilities of its armed forces. This is due to the simple fact that the product being delivered by the armed forces – security – is rather difficult to measure. This was true for all periods of history and is especially true for the 21st century, when there are no more global conflicts. Today, for the most of the countries, the principal challenge is posed by unconventional threats against which it is difficult to measure the effectiveness of the army. Thus, numerous countries spend enormous amounts on institutions effectiveness of which hardly can be evaluated. It is hard to tell how the armed forces of a certain country will accomplish their missions if they are forced to engage in armed conflict or tackle unconventional threats. There is no guarantee that they will be prepared to face all of the dangers and problems that may arise at specific time.

Therefore, it is becoming increasingly clear that the reform and development of the armed forces and the defence sector must become the most significant and continuous task. No matter the heights reached by the armed forces (as is the case in the West), their reform must not cease since there is a very high risk that at some point they will inauspiciously fall behind, become unable to sustain the changes ongoing in the world and ultimately fail when it comes to engaging in a conflict. Obviously, war is always full of surprises and no armed forces will be ideally prepared for all kinds of emergencies. In the case of more or less correct and effective reform, however, it is possible to eliminate the majority of the problems and minimize the risks. In short, there is simply no other way but to reform.

Much can be said about the causes and results of military reform but the present work will discuss the philosophical essence of reform with a specific focus on defence and security sector.

As we know, armed forces have historically been and remain one of the largest and the most costly state organizations. To date, the world spends a total of USD 1.75 trillion on armed forces which amounts to approximately 2.5% of the global GDP. This greatly exceeds funds expended in sectors such as education, science, culture, etc.

Despite large-scale expenditures any military department continues to demand more and more. In the point of view of military, there is always new technology or equipment which they absolutely must have. 'Insufficient budget' is perhaps the most wide-spread and popular phrase in the armed forces. Consequently, it is obvious that efficient use of resources is of particular importance in the defence sector. The goal of reform, as stated above, is nothing more than cost reduction and maximization of results. During budget cuts, successful reform allows for a relatively painless reduction of expenses (preferably while maintaining the same capacity) while during a budget increase – for the expansion of existing capabilities and the addition of new ones.

The main philosophical essence of reform is associated with these two concepts of capabilities and costs and aims to attain more capabilities with fewer resources. Although, in practical terms, reform possibly encompasses a much more pragmatic goal and can be divided into several components:

- Improvement of the management system
- Time management
- Increasing staff efficiency
- Modernization/automation of a capacity
- Introduction of a new system
- Revocation/abolition of the old system

Several major factors are required for successful implementation of reform. These are as follows: political will, stability, human resources, organizational will and proper localization.

Political Will and Stability

This is the will of the political leadership to effect change and to support actions necessary to achieve success. Political will is required to initiate reform and successfully conclude the process. It protects the reform process from possible detrimental outside influence. Some reform calls for rather painful decisions, such as the complete retraction of or drastic cuts in specific services which clearly leads to losing jobs within the staff. In other cases, this can be the suspension or termination of an ongoing project which

can lead to cancelling contracts with implementing/contractor organizations. In both cases, individuals and organizations will not willingly accept the changes and may attempt to restore their rights. In view of problems of this kind, of legal, social or financial pressure, political will is absolutely necessary for continuing the troublesome changes necessary for reform.

Stability is no less significant. If political will safeguards the process from external factors, stability is essential for protection from internal factors. Changes in organization's leadership may bring new authorities whose views and ideas about the organization may radically differ from those of previous authorities. At a certain point this is acceptable and necessary (any organization needs new blood) but on the other hand during frequent changes the organization is unable to coalesce new ideas. This can be especially harmful during reforms – the change in leadership will lead to change in ideas about reform and consequently the organization may have to jump from one unfinished reform to another. Consequently, the direction of the reform changes frequently and without result, different processes take place but without any outcome.

There have been many cases where the head of a particular entity initiates reform but is replaced during the period of its implementation (without having sufficient time to complete the reform) and the new leader either simply terminates the reform, does not bring it to a conclusion or shows no interest whatsoever in its implementation. In order to avoid such circumstances, it is necessary to supervise the reform "from above." In other words if, for instance, the reform takes place in a ministry, it should be supervised by the head of the government or his/her deputies who will not allow the reform to fail due to personnel changes.

Human Resources

Human resources are an essential and, possibly, the most significant element of reform. Initiating and implementing reform requires not only creative-minded people but also personnel with work experience at the institution and the ability to foresee future consequences with high accuracy. It is crucial that these people establish a team where each player secures a role based on expertise and knowledge.

Establishing a team of reformers at a state agency is a difficult task. Ensuing from the specifics of the state bureaucratic system the personnel are generally occupied with routine or, at best, scheduled work. Accordingly, they have little time and energy to generate ideas. In addition, a second factor comes into play: most officials become attached to the existing system, become familiar with its management and execution specifics and

are comfortable in this environment. Consequently, they are more likely to be motivated by better performance and career advancement rather than fundamental changes in the system.

Despite these obstacles and difficulties it is still possible to increase the number of reformers and develop them within the institution. This requires the introduction of special criteria to be used to identify creative people. It is preferable that they are representatives of different internal specifications (lawyers, financiers, HR specialists, etc.). Subsequently, a special service/bureau must be established which will bring together the creative staffers. It is essential that this bureau does not have routine activity; otherwise, it will develop into a typical bureaucratic mechanism.

This bureau must be involved in the periodic analysis of the agency in order to identify organizational flaws within the institution and find relevant solutions. Simultaneously, no one within the agency should get a notion that the bureau is engaged in investigative or punitive activities. This will ultimately lead to a complete internal isolation of the bureau. Reform planning and implementation requires close cooperation within the agency.

This is a rather complicated process which often takes place not only at state agencies but also in private companies. Accordingly, in such cases, it is customary to hire consulting firms in order to implement reform. Frequently, agencies are not even aware what type of reform they require and entrust this decision to the consulting firm. The consulting firm, in turn, may have digested volumes of special literature and documents but still may not have a clear understanding of the organizational culture and dynamics of the specific entity. It all ends with the consulting firm ultimately drawing up an attractively packaged conclusion which is rather costly for the agency and which does not bring any tangible result. Such futile practice is quite wide-spread nowadays since lots of ministers and directors attempt to keep up with the requirements and trends of the times.

Very often the reason for the failure of consulting firms is also the fact that agency staff is reluctant to allow outsiders to inspect the specifics of their work. This may take place not only due to the fact that they often completely refuse to cooperate with consulting firms (see below) but also because the agency may be working on sensitive issues which should preferably remain closed to outside intervention.

This is especially true of agencies working in the defence sector. There are countless cases when outsiders were denied the opportunity to familiarize themselves with the specifics of certain agencies working on defence issues and ultimately their recommendations did not even come close to reality.

Needless to say that there are still cases of successful reforms carried out by consulting firms although this is a rarity. As a rule, due to a lack of insight into internal specifics and organizational dynamics, consulting firms have an insignificant and negative effect. Personnel employed at an agency only officially cooperate but, in reality, have no desire or willingness to work with external persons who are being paid much more than them for much easier (and quite unnecessary) work. Due to these reasons, even in the presence of organizational will, achieving success is ruled out from the start.

Internal departmental capacities always surpass externally recruited forces. Internal resource is an integrated part of an entity with a good command of the entire dynamics and tradition. In certain cases, consulting firms may be invited to render assistance to the internal resource. Although, in such cases, an internal team of reformers must govern the process and outline goals and tasks in the implementation of which consulting firms will play the role of a useful auxiliary resource.

Organizational Will and Localization

While implementing reform at any type of institution, one encounters a phenomenon such as organizational will (already mentioned above). Unlike political will, this is an unofficial phenomenon, seemingly difficult to record. In short, this is the will of the organization and primarily its personnel to successfully implement some type of reform in their agency. This, as a rule, encompasses middle and low-level staff, management and executives; in other words, 95% of personnel. Indeed, while reform is agreed with and sometimes initiated by senior management, its support and implementation depends on ordinary employees. Accordingly, the will of these people is essential to achieving success.

In general, while referring to personnel, three major groups can be identified whose average percent ratio in most of the institutions constitutes 20:60:20. These numbers are far from random. It has long been established that success in any undertaking is attained not so much as a result of the active engagement and performance of the entire organization but at the expense of efficiently utilizing 20 percent of the organization. Statistical data has shown that in all kinds of organizations and institutions (ministry, private firm or a group of students) the active and creative 20 percent assumes approximately 80 percent of the workload. These 20 percent are referred to as Pareto's 20 percent in honor of the Italian sociologist who pioneered the principle.

These 20 percent comprise a motivated, ambitious, creative and talented group. These individuals are the main pillar for reform and, via cooperation with them, it becomes possible to create a main driving force. These individuals must understand and believe that through this reform they will not only contribute to the organization's development but also contribute to their own career and professional growth. Then, they will not only become actively engaged in its implementation but also may introduce numerous other innovations. An organization's personnel-based reformers' group (mentioned above) can mainly be composed of the representatives of these 20 percent if reform is being implemented only at the expense of the institution's internal resources.

The second group (the 60 percent) is the core mass, whose members are generally motivated to contribute to the development of the entity, but are more concerned with keeping their jobs and the possible increase in salaries. It is essential for these individuals that reform does not apply to the regulations of their work and their already-habitual schedule, as well as that the new initiative does not pose a threat to them personally. Due to its considerable size, this is a significant group which requires active collaboration, explanation and persuasion in the fact that all of the changes are to benefit them or, in the worst case, are not detrimental to them. Using intimidation and threats, as well as creating a risk of dismissal, etc., is not recommended. This may generate short-term results but will have a long-term negative impact.

We must be aware that it is difficult and almost impossible to engage a large segment of this group in the active process. It is more significant that they follow the ongoing changes and do not create obstacles.

The last, third group is the most difficult and dangerous for reform. This is a group of skeptics. As a rule, such individuals regard new initiatives with distrust and prefer old tested methods. These people, as a rule, are submerged in routine and are hostile to any kinds of changes; in some cases they are experienced specialists who believe that they know the specifics of their work better than anyone and that all new initiatives are a waste of money and time (countless examples of which they will be happy to provide). This group requires a direct and rigid approach since in most of cases it is impossible to re-convince them. So we must try to at least prevent them from causing harm to or disrupting the ongoing process. To achieve this, they must be given a perception that in the case of attempts to hinder the process, their status or jobs will be jeopardized. There is no need for this to take the form of threats, although conveying the relevant message is crucial.

All of these imply one simple but very important truth: it is crucially important to correctly identify these groups (20:60:20) before the work is commenced.

As for localization, it includes taking into account local specificity during reform. This refers not only to organizational culture but also to the peculiarities of the country whose agency must undergo reform – the country's political model, traditions, the work culture of the population, etc. Without taking this into account, it would simply not make sense to do any work. Very frequently there are attempts, for instance, to directly introduce American approaches and models in institutions of countries which have very little in common with the United States. Such attempts are made not only when hiring American consulting firms but also when a head of an entity, upon being fascinated with the American model, attempts to launch this model in his or her organization which is not ready for such an adventure.

In Lieu of a Conclusion

Clearly, the success of reform is not easy. In order to implement it, it is necessary to mobilize and utilize a number of factors. If possible, we must attempt to mainly rely on our own forces for reform. As for consulting firms, their assistance may still be necessary under certain circumstances. In such cases, we must try to find a firm staffed by practitioners who have successfully implemented reform in their own agencies. It is preferable that these practitioners, in turn, have experience working with various consulting firms on reform implementation.

Notwithstanding the foregoing, internal staff has a crucial role and particular significance is attached to the ability to properly cooperate with personnel. In the entity undergoing reform, nepotism must be minimized and everyone should enjoy equal conditions to demonstrate their abilities. Otherwise, it will be impossible to identify the active 20 percent which any organization must always rely on, especially, in the reform period. Moreover, the elimination of nepotism is only a minimum – proper work with staff encompasses numerous other components which are the subject of a separate discussion.

Furthermore, it is essential to recognize that abandoning reform half-way is extremely dangerous. This may prove even more damaging than not implementing reform at all. Thus, it is necessary to demonstrate strong political will and to be in constant control of the reform. It is desirable to communicate in-depth information on the reform to the country's political

leadership and the heads of all relevant agencies, to obtain their support and their interest in the successful implementation of the reform.

This is everything that must be understood prior to deciding on the reform of any entity and, especially, the defence sector. We may have clear insight into the requirements of our armed forces and where work is to be carried out but, nevertheless, if all of these issues are not settled in advance – if political will, stability and correct management of human resources are not ensured, proper localization is not implemented and organizational will is not managed – despite all attempts, there is a very high likelihood that reform will fail.

Reform is a complex, long-term process, frequently very difficult to implement. However, if all components are in place, if there is a motivated team, if political will is guaranteed, if the organization is well prepared for upcoming change, then everything should be accomplished. Reform is not just a change in the shape and form of something. It is a highly significant mental transformation which, if successful, will open the way to innovative and creative processes and turn any entity into a successful and effective institution.