

CULTURAL CHANGE AND YOU

DMO is committed to becoming more business-like, and introducing a more commercial culture. Changing our culture to be less bureaucratic and more responsive to our customers will start with every individual in the organisation.

We will:

- focus on results—ensuring we deliver on our commitments;
- empower our people to do their jobs, reducing prescriptive processes to the minimum required to ensure good governance;
- ensure our expectations are clear and well-communicated—and we will work with our Defence customers to ensure that theirs are as well;
- commit to delivering the best value for money to our customers, and constantly identify and act on opportunities for further improvement;
- acknowledge that further reform will be continuous, not conducted in fits and starts;
- provide top quality advice to our customers and owners;
- work to reduce the costs for industry of doing business with us, and work with industry to achieve savings we can pass on to our customers;
- work together across functional and organisational lines, always focusing on finding better ways to deliver results; and
- listen to the ideas and suggestions of our people as we continue to improve both the standard of our product and service delivery and the environment in which we work.

The guiding themes that remain the foundation of the DMO's ongoing reform strategy are:

- **Reprioritise**—to concentrate on the important.
- **Benchmark**—ourselves against domestic and internal best practice.
- **Lead reform**—and embrace change.
- **Professionalise**—maintain and expand individual competencies.
- **Standardise**—our business practices for clear definitions of outcomes.
- **Improve industry relationships and industry performance**—encourage open and honest dialogue and reward good performance.

To achieve these commitments, we need the active support of all DMO and Defence staff. We need to embrace new ways of thinking, look for opportunities to improve performance, and work with our peers in new ways to achieve better results. Quite simply, we need to do business better.

The challenge is significant, but this is a journey we started back in 2000 when DMO was created. There is much to be done, but much that has been done already. We are now well-positioned to reap the rewards of that early work.

Acquisition and Sustainment Reform Division is leading the DMO's cultural change initiative – but everyone needs to contribute and work together to maintain momentum and sustain the change.

For a copy of the Mortimer Review refer to:

<http://www.defence.gov.au/publications/mortimerReview.pdf>

and for the Government's response:

http://www.defence.gov.au/publications/Mortimer_Review_Response.pdf.

Enquiries should be addressed to:

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Australian Government

Department of Defence

Defence Materiel Organisation

DMO

A BUSINESS-LIKE CULTURE FOR THE DEFENCE MATERIEL ORGANISATION

Message from the Chief Executive Officer

Since the DMO's inception in July 2000, we have been constantly improving our delivery of acquisition and sustainment services to the Australian Defence Force. In his Defence Procurement and Sustainment Review, Mr David Mortimer, AO acknowledged the improvements already made. He also identified the need for further reform to ensure that the ADF's capability requirements are met. For DMO to deliver what the ADF requires, we have to adopt a more business-like orientation.

A more business-like and commercial DMO will:

- respond quickly to Government direction;
- understand and be responsive to the needs of our customers and suppliers;
- adapt to changes in external circumstances and to the requirements of our stakeholders;
- have a performance-driven culture; and
- work with defence industry to reduce overheads through the entire procurement system.


This new DMO will be typified by:

- strong leadership;
- timely and clear decision-making;
- a solid understanding of our costs; and
- the constant pursuit of better acquisition and sustainment results for the ADF.

The Strategic Reform Program and the Mortimer Review have proposed numerous reforms to improve capability development, acquisition and sustainment. These reforms will increase our ability to deliver and support ADF assets more efficiently and effectively. We will not compromise our commitment to deliver services to the ADF within budget, on time and to specification. This plan provides an overview of the initiatives we will implement to transform our culture, further improving our support to the ADF.

Whilst Acquisition and Sustainment Reform Division has been given the overall coordination responsibility for DMO reforms, all of our senior managers are actively engaged in making these reforms a reality. In particular, Industry Division will continue to analyse defence industry capacity and work to reduce overhead costs. Better contracting solutions and assistance with achieving value for money outcomes for procurements are provided by the Office of the Special Counsel. Managing the impacts on our people and enhancing DMO's ability to deliver our services in a sustainable way will be particularly important to future success.

My message to everyone in DMO is to be engaged in these initiatives and to adopt the new behaviours. The benefits of reform are extensive. Enhanced product and service delivery to our customer can be achieved in tandem with a better, more productive, working environment for our people.


Dr. Stephen Gumley
November 2009



THE PLAN TO ADOPT A MORE BUSINESS-LIKE AND COMMERCIAL CULTURE IN THE DMO

KEY RESULT AREA	OUTCOME	KEY INITIATIVES	TIMEFRAME	KEY PERFORMANCE INDICATORS
Provide independent advice to Government	Our advice is comprehensive, timely and focused on commercial matters. Our people are accountable for the quality and clearance of the advice they provide. Where we provide cost, risk and schedule estimates, they are robust and underlying assumptions are clearly stated.	We will improve our understanding of Australian and International industry capacity and market viability through economic analysis of sectoral trends, company health, greater engagement with industry and targeted training. We will establish a dedicated team to develop methodologies for preparing lifecycle cost, risk and schedule estimates.	While we are already performing this function, we will establish a specialist cost, risk and schedule estimates team by Dec 2009.	Our advice on industry capacity and acquisition and sustainment decisions is sound. We will seek feedback from Defence and Government that our advice meets their requirements.
Understand and be responsive to customer needs	Our delivery of acquisition and sustainment services is on time, within budget and to required capability, safety and quality standards.	<p>We will ensure that for every activity we undertake, there is a clear, unambiguous, requirement with DMO's deliverables clearly documented and understood.</p> <ul style="list-style-type: none"> » Project Directives and Materiel Acquisition Agreements will directly link Government approvals to project baselines. » Customer requirements will be clearly articulated in the Materiel Sustainment Agreements. <p>Any changes to these agreements will be formally approved and documented.</p> <p>We will agree performance measures with our customers and align our reporting accordingly. Internally, we will establish independent reviews of project and sustainment progress to ensure that we are achieving our authorised outcomes.</p>	We will progressively revamp our Defence/DMO agreements from the Memorandum of Arrangements to shared services agreements with Defence Groups. This activity should be completed by 2011.	<p>At the highest level, the required capability is to be delivered on time and within budget. A number of lead indicators will be monitored to ensure success. These include:</p> <ul style="list-style-type: none"> » Project Directives are issued following Government approval at second pass. » Scope changes are auditable. » Percentage of projects or products meeting performance targets. » Percentage of projects with Gate Reviews performed on schedule. » Projects are closed with all procurement activities ceased.
Align accountability and authority	Our staff will continue to take personal accountability for areas they control and always strive to meet legitimate and auditable customer requirements. We will ensure good stewardship of resources and maximise efficiency, effectiveness and value for money. We will not tolerate or hide poor performance and unpalatable news.	<p>We have already implemented personal charters to clarify the responsibilities and accountabilities of key project and product managers, and the level of support they can expect to receive.</p> <p>We will ensure that personal development programs align with these corporate objectives and that the leaders of tomorrow demonstrate business-like skills and behaviours.</p> <p>We will include specific reference to required business-like behaviours in senior and middle level management performance agreements.</p>	<p>All level 1 and 2 project and product managers will have a personal charter by Feb 2010.</p> <p>Personal development programs are being progressively modified.</p> <p>Reference to business-like behaviours will be included in performance agreements for all senior and middle level managers by 2010.</p>	<p>We will ensure that the authority for decision-making is aligned with the responsibilities established for each position.</p> <p>For all complex and demanding projects and sustainment products, managers will confirm the alignment of required results and available resources.</p> <p>Business-like behavioural requirements will be included in appropriate employee performance agreements.</p>
Drive organisational performance	Our staff will actively engage in cultural change and we will continually improve our performance to remain at the forefront of service delivery organisations.	We will establish performance benchmarks appropriate to our functional areas, adopt best practice across the organisation and continually improve our outcomes for Defence. We will remain focused on streamlining our processes.	Benchmarking surveys have already commenced in some areas. Further work will be undertaken over the next two years at which time we will review the outcomes of this activity.	<p>We will benchmark the performance of the DMO against domestic and international best practice.</p> <p>We will use periodic surveys of our staff to monitor attitude to change, the impact of our leadership and alignment of our organisational direction.</p> <p>The first of these surveys will be undertaken in early 2010.</p>
Deliver Reform	We will deliver against our commitments to the Strategic Reform Program.	<p>While intrinsically linked to driving performance in the DMO, this key result area confirms our integral role in the Defence Strategic Reform Program. We have established a dedicated Division to lead reform within the DMO so that we can deliver against our commitments including to deliver in excess of \$6b of savings over the next decade.</p> <p>We will adopt cost-conscious behaviours including a standardised performance based contracting model and application of process improvement methodologies across our sustainment activities.</p>	The Strategic Reform Program is a ten-year program. DMO has already established a dedicated Division to manage our reform initiatives.	<p>We will report to Government, through the Defence Strategic Advisory Board and other Defence Strategic Reform Program arrangements, on our progress in implementing the organisational reforms and achieving the planned level of savings.</p> <p>Reform targets will be embedded in our employee performance agreements.</p>

