

Change Management – The Price Of Getting It Wrong

UK Defence And Aerospace Edition — Why Optimism Is Not A Change Management Strategy

A Charterhouse Consultants white paper by Bridget Convey, October 2025.

Executive Summary

This paper makes one claim, applied to UK defence and aerospace specifically. When a programme's technical risk is genuinely understated and inconvenient evidence is genuinely under-reported, the resulting failure is not a technology problem. It is a change governance problem, and defence procurement provides the starkest illustration available anywhere in this paper series of what that failure costs. The Ajax armoured vehicle programme has run for more than twelve years and cost over £4 billion, and as of the most recent parliamentary reporting had delivered just 44 vehicles, most usable for training only, none yet fully operational. Trials were paused again in late 2025 over unresolved safety concerns, after earlier testing had already caused noise and vibration injuries to soldiers. An independent review into the programme found evidence of what it termed unsubstantiated optimism throughout, with critical risks understated and inconvenient evidence under-reported at every stage.

The Premise: The Gap Is The Danger, Not The Ambition Itself

Ajax was conceived as a genuinely important capability upgrade, replacing the British Army's ageing Cold War-era reconnaissance vehicles with a modern, digitally connected platform. The ambition was reasonable. What went wrong was how the change was governed once specification changes to the underlying vehicle platform, and the decision to install a new and more complex cannon system, added substantial complexity that the programme's own risk reporting did not honestly reflect. The independent review's finding of unsubstantiated optimism is a precise description of the mechanism this paper is built on: a programme whose actual risk profile diverged steadily from its reported risk profile, because acknowledging that divergence honestly would have meant slowing down, and slowing down was treated as a worse outcome than proceeding on an increasingly unrealistic basis.

The programme's own delivery structure compounded the problem in a way directly comparable to the healthcare sector's National Programme for IT failure covered elsewhere in this series: to save time on the schedule, demonstration and manufacture of genuinely immature technology were run in parallel, rather than sequentially, meaning manufacturing proceeded on assumptions that testing had not yet actually validated. When a related capability, the Type 26 frigate programme, began steel cutting in 2017 before its own design had even been finalised, the same underlying pattern repeated: the desire to show visible progress overriding the discipline to confirm the design was actually ready to be built.

What Twelve Years Of Understated Risk Actually Cost

The financial numbers are extraordinary even by defence procurement's own poor historical standards. The Ministry of Defence agreed a fixed-price contract with General Dynamics worth £5.5 billion for 589 Ajax vehicles. By 2024, over £4 billion had been spent for just 44 delivered vehicles, and by the most recent reporting the total programme value has been cited at approximately £6 billion. A parliamentary Public Accounts Committee report described the programme's history as a litany of failures, including the noise and vibration problems that physically injured soldiers during testing, and stated it doubted the programme could be delivered at all within its existing arrangements. Labour's Shadow Defence Secretary, prior to taking office, described Ajax as the biggest defence procurement failure for a decade.

Ajax is not an isolated case. The Nimrod MRA4 maritime patrol aircraft programme, contracted in 1996 for 21 aircraft, was progressively reduced to 12 and then 9 before being cancelled entirely in 2010, after seven years of overrun, when a redesigned wing was ultimately found not to fit the aircraft's original 1970s fuselage. A further £200 million was spent simply closing the cancelled programme down, on top of billions already invested, and around 1,700 jobs were lost across BAE Systems sites as a direct consequence. The National Audit Office identified combined cost overruns of £4.8 billion across the UK's largest defence programmes running concurrently in the mid-2000s, including Nimrod, the A400M transport aircraft, and the Joint Strike Fighter, describing the Ministry of Defence's procurement record at the time as woeful.

The Evidence: The Same Governance Pattern Recurring Across Decades

Parallel Running Of Immature Technology Is A Recurring, Named Failure Mode

The independent Ajax review's specific finding, that demonstration and manufacture of immature technology were run in parallel to save schedule time, is not a one-off design choice. It is a recurring pattern across UK defence procurement, also visible in the Type 26 frigate's early steel-cutting decision and, in a different but related form, in the HMS Glasgow's gearbox, delivered so late that the ship's hull had to be physically cut open so it could be craned into place. Each instance represents the same underlying change governance failure: proceeding with irreversible physical commitments before the technical or design risk underlying them has actually been resolved.

Erosion Of Domestic Capability Compounds The Governance Risk Further

The consequences of repeated procurement failure extend beyond any single programme's budget. BAE Systems closed its Woodford site in 2011 directly following Nimrod's cancellation, and ended aircraft manufacturing at Brough in 2020. Aerospace and defence supplier Cobham was sold to US private equity in 2020 after multiple profit warnings linked to shrinking UK orders, and was later found to control submarine hunting technology and nuclear reactor control systems for the UK's submarine fleet, now under foreign private equity ownership. Total losses from UK defence procurement mismanagement have been estimated at over £15 billion since 2010, with more than £5 billion of that lost since 2019 alone, a compounding cost that reflects not one governance failure but a persistent, systemic one.

UK Defence And Aerospace In Three Horizons: The Gap Closes Or It Does Not?

Two Years: 2026 To 2028

What happens everywhere: the Ministry of Defence faces a formal decision point on Ajax's future following its late-2025 safety pause, alongside continued delivery pressure on multiple other major programmes.

- Thrive path. The MoD adopts genuinely independent, adversarial risk reporting on major programmes, following the Ajax review's own recommendation, so that unsubstantiated optimism is caught and challenged before billions are committed rather than after.
- Die path. Programme reporting continues to reward visible progress over honest risk disclosure, and a programme currently in early development repeats Ajax's pattern in the next decade under a different name.

Five Years: 2028 To 2031

What happens everywhere: continued consolidation and foreign acquisition of UK defence suppliers tests the resilience of the domestic industrial base underpinning future procurement.

- Thrive path. Government treats domestic capability retention as a formal, weighted criterion in procurement decisions, reversing the erosion pattern that saw Cobham, Ultra Electronics, and Meggitt pass into foreign ownership within a few years of each other.
- Die path. Further consolidation continues unchecked, and the UK's ability to deliver its own major defence programmes without foreign-owned suppliers continues to narrow.

Ten Years: 2031 To 2036

What happens everywhere: whichever governance reforms are adopted following Ajax either demonstrably prevent a comparable failure, or a new programme of similar scale repeats the pattern.

- Thrive path. The specific discipline of sequential, honestly-reported testing before irreversible manufacturing commitment, absent from Ajax, Nimrod, and the Type 26's early steel-cutting, becomes standing procurement policy, backed by independent audit with real authority to halt a programme.
- Die path. Ajax becomes, as Nimrod did before it, a cautionary case study cited in reports rather than a lesson that changed how the next major programme was actually run.

What I Am Recommending To Defence And Aerospace Boards And Procurement Leaders

- Require genuinely independent, adversarial risk reporting on every major programme, with authority to escalate directly and separately from the programme's own delivery leadership, closing the exact gap the Ajax review identified as unsubstantiated optimism.
- Prohibit parallel running of manufacturing against unvalidated design or technology, following the specific, named failure mode behind Ajax, the Type 26's early steel-cutting, and HMS Glasgow's gearbox delay.
- Treat domestic industrial capability as a formal procurement criterion, not an assumed constant, given the pace at which UK-owned defence suppliers have passed into foreign ownership over the past five years.

Conclusion

Ajax and Nimrod, separated by more than a decade, show the identical governance failure playing out twice at a combined cost approaching ten billion pounds: technical risk understated, inconvenient evidence under-reported, and irreversible commitments made before the underlying technology was actually ready. Neither programme failed because British engineering or military requirements were unreasonable. Both failed because the change governance around honestly reporting and acting on emerging risk was absent, replaced by what Ajax's own independent review termed unsubstantiated optimism. For a sector where the ultimate cost of a governance failure is measured not just in billions of pounds but in operational capability the country may need and not have, the lesson is not optional reading. It is the standing question every major UK defence programme now has to answer honestly, before the next Ajax is already too far along to stop.