

# Procurement and Military Success



When I became ADM(Materiel) six years ago, DND/CF was an organization that needed to change. Internally, we were grappling with resource constraints, increasing operational demands and competing procurement priorities. On the world scene, emerging threats to security, coupled with the rapid pace of technological change, meant our procurement decisions were becoming more critical than ever. Increasingly, our military success depended on deployment speed, interoperability with allies, and leading edge equipment.

Today, these challenges remain. But on the eve of my retirement, I see the Materiel Group as having made significant strides toward becoming a more effective service organization. “Getting It Right” has been our strategic framework; that is to say, getting the right goods or service, at the right time, and for the right price.

A critical factor in our progress is the attitude of the people who work for me – an attitude I see reflected across the Department. They are dedicated to their jobs and open to innovation. They want to get it right because they understand that military men and women do important work both at home and abroad and make extraordinary sacrifices in their personal lives. They deserve the best equipment and services we can give them.

## How have Things Changed?

One significant change is our increasing collaboration with other countries’ militaries. The approach to our air-to-air refuelling capability requirement is a good example. We recognized that our German colleagues were undertaking a similar initiative, and rather than “reinventing the wheel,” we placed our aircraft in their production line. This project will see the modification of two of our CC-150 Airbus aircraft into the air-to-air refuelling tanker configuration. This approach cut two years from the planned timeframe and saved Canadian taxpayers at least \$50 million.

We also look to industry to save time and money. Good communication is vital

for this relationship to work effectively. An example – we provide industry with draft Request for Proposals (RFP) and they provide comments to us, so their suggestions can be considered and potentially incorporated into the final RFP.

We conducted hundreds of hours of consultation with industry when the draft RFP for the Maritime Helicopter Project (MHP) was released. Roughly 400 changes to the final MHP RFP resulted from this process, none of which, and this is crucial, changed the military’s Statement of Requirements.

Under the direction of the Vice Chief of the Defence Staff, we have developed a 15-year *Strategic Capability Investment Plan*. It allows us to plan and manage our capital expenditures more effectively and provides industry a window into our plans so they can position themselves to respond to our needs.

A second document, *Long Term Equipment Support Cost Projections* identifies anticipated support needs for equipment. For the first time, industry has access to the anticipated costs to support in-service equipment over a ten-year period. This, too, will help facilitate long term planning in the industrial sector.

## Best Practices

Industry also plays a key role in some best practices we have adopted. One of them is Total Package Procurement (TPP) where we bundle together an initial acquisition with long-term support. In so doing, we are able to hold the contractor account-

able for the full life cycle costs of the weapon system.

Another best practice is Optimized Weapons System Management (OWSM). Formerly, equipment was maintained with hundreds of small contracts lasting for two or three years. Under OWSM we bundle the requirements into a few contracts, often no more than three or four, for terms of ten years or more. Doing business this way saves the Crown large administration costs and provides industry with incentives to invest in the program as there is much more money on the table with a longer payback period.

The best practice approach extends to the process of procurement itself. We have adopted the Compliant Lowest Cost method as the preferred option for bid evaluation and for selection of a contractor.

For bidders to be successful, they must first meet our mandatory requirements. Of those, the one with the lowest cost will be selected. This approach makes best use of every dollar in our budget. Any time you can minimize life cycle costs and buy only what you need, you achieve best value. It is the method we followed in acquiring our new maritime helicopters and one we hope to replicate in the future. Each new procurement will be reviewed to determine if this approach is appropriate.

A recent realignment in the Materiel Group has moved us closer to “Getting It Right” by providing clearer oversight and accountability, improved capacity for performance measurement and the ability to redeploy resources against emerging priorities.

We have embraced many changes in the way we do business, the tools we use, and the alliances we foster. Our organization is ready for the future. Funding, however, remains the problem.

I believe strongly that we need to rebuild capacity, to strengthen the military so that Canada can continue its significant role in the world. Soon, I will be only an interested onlooker. But I will continue to hope that the government and Canadians will defend our forces as they so proudly defend this nation. **fl**

*A Certified Management Accountant, Alan Williams was appointed Assistant Deputy Minister (Materiel) for the Department of National Defence in August 1999. He retires in April.*