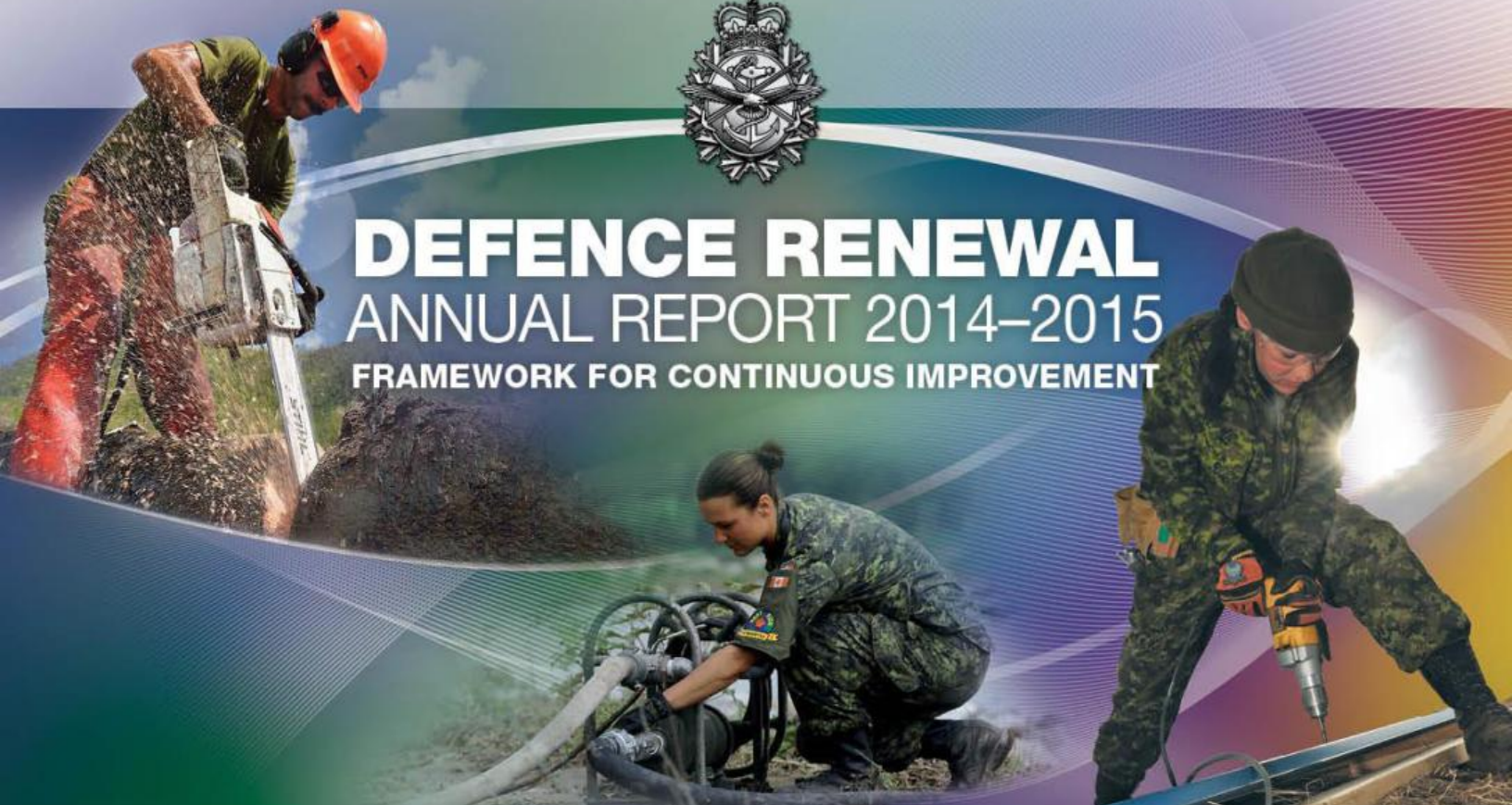




DEFENCE RENEWAL

ANNUAL REPORT 2014–2015

FRAMEWORK FOR CONTINUOUS IMPROVEMENT



National
Defence

Défense
nationale

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Canada

EXECUTIVE SUMMARY

As we finish our second year in implementation, the words of the Defence Renewal Charter remain relevant: Defence Renewal is the Defence Team's ambitious effort to comprehensively transform our major business processes and create a lean and efficient organization that can generate savings to be reinvested in military capabilities and readiness. Through Defence Renewal, we will deliver the modern, first-class military envisioned in the Government's Canada First Defence Strategy, sustain the operational excellence for which we are known, and continue to earn the support and trust of Canadians.

In last year's Annual Report, we spoke of building the foundation for Defence Renewal. This year, we've progressed and are realising a Framework for Continuous Improvement: a framework that relies upon an integrated structure of major business processes -- a combination of people, policies, and tools -- in order to enable successful Force Readiness and Capability Development.

With an additional \$84 million in savings realized in FY 2014/15, the total savings through Defence Renewal is now \$158 million. These savings have been reinvested back into Force Readiness in such areas as operational spares, and support to training infrastructure. We have made significant progress in important areas such as Inventory Management, Warehousing and Distribution, IT Support Management, Infrastructure Management Centralization and Rationalization, Military Career Management, and Renewing the Cadet and Junior Canadian Rangers Programmes. We have also experienced challenges and learned a great deal more through detailed study and analysis. In November 2014, a 9% or \$100 million refinement to the Defence Renewal Programme reinvestment profile was presented to the Investment Resource Management Committee (IRMC). The adjusted and more accurate profile indicates that by moving the overall programme by approximately 18 months, we will achieve an estimated recurring reinvestment opportunity of \$700 - \$1050 million by FY 2019/20.

Concurrently, we have made progress on improving our culture and organizational practices to build the conditions for lasting change. The eight Organizational Practice initiatives represent improving behaviour which was viewed as important to the Defence Team but not adequately visible. There has been significant progress in enhancing Strategic Clarity and initial first steps towards improving Disciplined Business Execution.

Defence Renewal depends upon a robust governance structure led by the Defence Strategic Executive Committee and IRMC. To enable engagement, transparency and oversight from an enterprise perspective, subcommittees -- led by senior leaders and including all stakeholders -- meet regularly throughout the year. For the most part, the governance structure is effective although we have recognized some areas in which it could be strengthened to achieve more focused oversight. As a result, the DM and CDS tasked the VCDS and Assoc DM to chair a newly established Defence Renewal Oversight Committee to ensure consistent application, measurement, analytics, and reporting of Defence Renewal progress, savings, risks, reinvestments and challenges. It will also examine and facilitate stronger horizontal linkages between initiatives and across different groups. To assist in the governance, the External Advisory Committee convened its first meeting in April; the inaugural meeting of four senior executives from relevant Canadian industries has initiated a spirited exchange of best practices and lessons learned in large scale business process improvement.

The Defence Renewal Team completed an initial scan of similar defence department transformation, renewal, and reform initiatives amongst select allies. Given the significant differences in underlying factors in each country, two key insights were offered: it may be better to seek nuggets of wisdom than measure through comparison; and understanding the implementation process is as important as knowing the content of reforms. DRT will continue with this analysis and benchmarking.



In order to assist Defence leaders to understand and take decisions on the broader impact of change the DRT led an extensive effort to catalogue and examine the major change initiatives facing the Defence Team. Synchronizing initiatives will assist the DM and CDS in prioritizing, deconflicting and sequencing major outcomes and activities, and will reduce risks related to unintended downstream consequences. We look forward to the next steps in implementing the processes and governance related to this activity.

Communications is a critical component of any change initiative. In many ways, we have not leaned forward in communicating our story of Renewal and even broader transformation and reform. As mentioned by one of the civilian business leaders at the External Advisory Committee, the fact that DND and CAF are conducting an internally driven organisation-wide continuous improvement programme is a significant good news story. Through the next phase of renewal, we will invest more time and effort in maintaining a two-way dialogue with members of the Defence Team, reinforce leadership driven engagement, and utilize contemporary tools to increase awareness and build confidence.

Looking forward, we can take pride in our achievements in Defence Renewal: it is a continuation of a culture that has proactively embraced continuous improvement, adaptation, and innovation which is a hallmark of the Canadian military throughout its storied history. Given the continued engagement by Defence leaders at all levels, and the hard work of front-line sailors, soldiers, aviators and Public Servants across Canada, we have built an impressive and robust framework to realize our vision of a lean and efficient organization. We will continue to find ways to conduct the defence business smarter; free up resources that can be reinvested in operational capabilities and readiness; and, deliver the best military capabilities at the best value for Canadians.

J.G. Milne, MSM, CD
Major-General
Defence Renewal Lead



1. INTRODUCTION

This 2014/15 Annual Report provides a summary of the Defence Team's progress, challenges and forecast for the Defence Renewal programme as outlined in the October 2013 *Defence Renewal Charter* and *Defence Renewal Plan*. It also builds upon the 2013/14 Defence Renewal Annual Report "*Building the Foundation*."

Since the launch of Defence Renewal in October 2013, the Defence Team continues to comprehensively transform its major business processes. Inspired by a renewal vision that sees the Defence Team as a lean and efficient organisation that continuously finds ways to better conduct the business of defence, work continues to ultimately free-up resources for reinvestment in operational capabilities and readiness – to maximize the value of every defence dollar.

This report is from the Defence Renewal Lead, who has a mandate to lead, coordinate, and drive a comprehensive, organization-wide business process renewal programme, to the members of Defence Strategic Executive Committee (DSX) who serve as the executive steering committee to ensure reinvestment is aligned with Government priorities. This report is presented in the following sections:

1. Introduction
2. Overview
3. Performance Initiatives
4. Organisational Practices
5. Performance Measurement
6. The Reinvestment Framework and Business Planning
7. Continuous Improvement
8. Communications
9. Defence Renewal Governance and Oversight
10. Conclusion – Framework for Continuous Improvement
11. Annexes

The report has been compiled based on information provided to the DSX, the Defence Management Committee (DMC), the Investment and Resource Management Committee (IRMC) and the Defence Renewal Oversight Committee (DROC). Similarly, the information presented was provided to the Defence Renewal Team (DRT) for analysis by the key Defence Team organizations tasked through the *Defence Renewal Charter* as responsible for implementing assigned renewal initiatives.

2. OVERVIEW

Building on the foundation and progress of the Defence Renewal's first year ending March 2014, the period of April 2014 to March 2015 was both successful and challenging: successful in that traction and progress have continued across both the Canadian Armed Forces and the Department of National Defence, and challenging as we work to build the critical foundations necessary to have positive control on improved business and organizational practices, while understanding the value of the changes.



Defence Renewal *is* moving forward:

- a thorough assessment and update of the Defence Renewal reinvestment profile was completed for the IRMC in November 2014;
- based on the latest estimates:
 - in FY 2014/15, \$84 million in reinvestment opportunities were realised through a combination of cost avoidance and efficiencies;
 - a total of \$158 million in pressure relief for National Procurement, Infrastructure and Cadets has been realized so far;
 - Inventory Management has realized \$96.2 million measured in cost avoidance through reduced overbuy expenditures effective end-fiscal year 2014/15 and is tracking towards the upper end of the established renewal opportunity band of \$87- \$162 million;
 - the implementation of a common enterprise-level IT Service Management toolset was completed to support the Defence Wide Area Network. This new capability provides IT business intelligence that assist with the consolidation of IT Service Delivery organizations across DND/CAF – to this end, the first Regional Service Management Centre was established in Halifax with the intention of consolidating 24 local help desks in Atlantic Canada; and,
 - as a part of infrastructure rationalisation, 166 additional buildings and structures were demolished on bases and wings across Canada.
- two new initiatives were added to the Defence Renewal Portfolio based on ideas for improvement from Defence Team members: improving ammunition management; and, enhancing emergency dispatch systems. Two additional ideas -- embracing Electronic Approvals and the creation of a video library -- are being assessed for inclusion in the Defence Renewal portfolio;
- KPMG was awarded a contract to provide solutions to improve maintenance execution, examine and offer solutions for a leaner headquarters, and to provide a framework for measurement and metrics for renewal;
- interdependencies between Defence Renewal initiatives, broader Government of Canada change activities and other changes within the Defence Team have been assessed in order to develop an improved management model of strategic change activities;
- members of the Defence Team – whether in uniform or as civilians – continue to offer suggestions for ways to improve the conduct of the business of defence; and,
- Defence Renewal was the topic of discussions at leadership townhalls at various organizational levels, senior CAF professional development programmes and regularly featured in internal Defence Team media.

DSX recognised a need to improve the level of engagement, review, and issue management of Defence Renewal and formed the new Defence Renewal Oversight Committee (DROC) in April 2015. This committee will not only ensure consistent analysis and reporting of Defence Renewal progress, reinvestments and challenges, but it will also facilitate horizontal linkages between initiatives to ensure an integrated view of investment and reinvestment opportunities.



We begin FY 2015/16 optimistic that the ambitious objectives set by Defence will be met. Defence Renewal is moving forward: past the critical analysis stemming from scoping and development phases that have defined the second year of effort and into the next phase which will see increased delivery and implementation/integration of initiatives.

3. PERFORMANCE INITIATIVES

At the core of the renewal effort is a portfolio of six performance-themed activities that are expected to generate the greatest opportunities for reinvestment into operational capabilities. In FY 2014/15, the Defence Team continued to assess, refine where necessary, and execute the original 22 performance initiatives. Additionally, two new initiatives were added to the portfolio: Ammunition Management (into Operations and Training) and enhancing the delivery of Emergency Communications and Dispatch Services by eliminating duplication of effort and adopting improved technology (into Management Systems).

In FY 2014/15, the Defence Team realised **\$84 million in reinvestment opportunities through a combination of cost avoidance and efficiencies** – with cost avoidance understood as reduction of the anticipated need or cost for future resources, and efficiency meaning achieving the same output or effect with fewer resources.

And when added to last year's reinvestment opportunities of \$74 million, this represents a total of **\$158 million in reinvestment opportunities**.

A summary of the six performance-themed activities follows.

Operations and Training. Director of Staff, Strategic Joint Staff (DOS SJS) continues to exercise oversight of these initiatives through the Operational Readiness and Training Committee; this governance has proven effective in terms of meeting regularly and addressing key strategic issues to maintain schedule. The four initiatives under this portfolio continue to mature over time producing both results and challenges:

- **1.1 The CAF Operational Force Posture and Readiness (CAF FP&R)** initiative has made significant progress. Key activities have resulted in a refined FP&R Directive containing a more informed Strategic Outlook and a focus on Reporting and Force Generation requirements. The FP&R framework and monitoring function was improved through the implementation of a new strategically managed readiness tool, and the development of a FP&R value model with associated performance metrics. Definitions and a set of rules to cost-capture the FP&R outputs have been established in collaboration with Level 1s, with definitions related to institutional and foundation training costs, as well as preparedness and sustainment of immediate or high readiness forces, constituting the backbone and boundaries of the FP&R cost capturing exercise. The work on aligning this initiative with the Programme Alignment Architecture is well under way and set for future success. The goal is to issue guidance in FY 2015/16, and then initiate the cost capturing process of FP&R tasks by FY 2016/17. Ultimately, the resource expenditure transparency that FP&R provides will reduce operational training inefficiencies and will facilitate the effective adjustment of expenditures to ensure that training aligns with evolving operational and policy priorities;



- **1.2 Two of the objectives for the RCAF Simulation & Synthetic Environment** initiative have met with moderate success: developing the capability for networking key RCAF, RCN and CA simulation assets; and, amending RCAF orders to strengthen simulation usage and implement senior advisory boards for simulation and training. The Weapons System Trainer project milestones for the CH-149, CC-177, and CC-150 have been adjusted to be more reflective of expected capital project approval timelines. Mindful of the fact that simulation is inherent in all three services and is a key joint forces enabler, further analysis suggests that embracing the broader DND/CAF Modelling and Simulation Roadmap could serve as a guide for expanding the scope and objectives of this initiative to the broader CAF Synthetic Environment. Key challenges will be the quantification of reinvestment opportunities in light of likely investment requirements -- and cost offsetting -- that result from modelling and simulation projects. However, in cooperation with the Chief of Force Development (CFD), discussions are underway to examine opportunities to leverage Defence Renewal for strategic objectives within the DND/CAF Modelling and Simulation Roadmap that have the potential to realise significant returns on investment through enhanced support to operational capability and readiness training across the CAF;
- **1.3 The Maintenance Execution** initiative has made significant progress and is working to mitigate the effects of the delay in awarding the contract to KPMG. The Defence Team -- supported by KPMG -- is developing a plan to perform maintenance more effectively and efficiently. Supported by KPMG's initial on-site assessments of the 3rd Canadian Division in Edmonton, Fleet Maintenance Facility Cape Scott as well as select HMC Ships in Halifax, and at 14 Wing in Greenwood, the Defence Team continues to review potential reinvestment opportunities. The next phase will examine how to deliver local or service-level solutions across the environments that can be implemented quickly in FY 2015/16; and, identify where more strategic systemic improvements require senior leadership attention and potential investment; and,
- **1.4 Ammunition Management** was approved as a new Defence Renewal initiative in September 2014. A great deal of work was subsequently completed to identify interdependencies between this initiative and other Defence Renewal initiatives and the potential impact of wider Defence Team activities including the establishment of a Strategic J4. The SJS -- supported by KPMG -- continues work on this initiative. One of the key challenges associated with this initiative stems from its dependence on horizontal enablers such as Defence Renewal initiatives relating to Inventory Management, Warehousing and Distribution, and the Rationalisation of the Real Property Portfolio that are critical to its success. Level 1 stakeholders for these initiatives are working together to share metrics in order to ensure a cohesive and supportive development approach.

Maintenance and Materiel. This portfolio of four initiatives is well established, expertly managed and governed, and is progressing towards the achievement of its stated reinvestment opportunities. In FY 2014/15, the portfolio exceeded their forecast realising **\$54.8 million in reinvestment opportunities through cost avoidance and efficiencies:**

- **2.1 The Inventory Management** initiative aims to avoid incurring the cost of unnecessary items by optimizing the amount of inventory procured and held. Renewal opportunities are measured across the National Procurement Corporate Account and are achieved by better enabling equipment management teams with business tools to more effectively plan procurement and thereby reduce overbuy expenditures. The initiative has declared \$96.2 million in reduced overbuy expenditures since meeting its Deficit Reduction Action Plan (DRAP) commitment. The initiative is tracking towards the achievement of stated reinvestment opportunities and focuses on four key lines of operations/sub-projects:



- the Distribution Resource Planning Project provides a business intelligence forecasting capability based on historical usage and Defence Resource Management Information System (DRMIS) data, has been fielded, and is in use across equipment teams;
 - the National Stocktaking Project, which complements existing departmental stocktaking activities to increase inventory accuracy and integrity, completed High Value/High Risk stocktaking as planned at 26 locations and verification visits at 14 locations (including the major depots);
 - the Inventory Management Modernization & Rationalization Project completed the first Disposal Modernization and Rationalization Study which will enable the initiation of dormant stock disposal and enhance data clarity in the system of record to facilitate procurement planning and contribute to reduced warehousing requirements; and,
 - the Automatic Identification Technology Project, which when implemented will enable sustainment of the efficiency gains achieved by the Inventory Management initiative, entered the Options Analysis Phase, confirmed project sponsorship and completed the initial draft of the Project Charter.
- **2.2 The Warehousing and Distribution** initiative progressed well in that there was an improvement in the oversight of the expenditure of designated funds in the Canadian Materiel Support Group transportation budget. The initiative still faces significant issues related to the limitations of DRMIS, and the use of business intelligence tools supporting the management of the supply chain. In FY 2014/15, the initiative was able to return \$2.5 million in the third trimester, contributing to reinvestment opportunities and the offsetting of departmental financial pressures. Looking ahead, this initiative will continue to provide insights into how the Defence Enterprise is managing materiel as well as the potential to generate efficiencies -- and opportunities -- across the spectrum of Defence Renewal. It is also an enabler for other activities: in FY 2015/16, for example, we will identify and take action on dormant stock, and in conjunction with initiative 1.4 Ammunition Management, determine better forecasting techniques for ammunition holdings.
 - **2.3 The Maintenance Programme** Design initiative consists of three distinct lines of activities -- Maintenance Program Rationalization; Sustainment Initiative; and Engineering Flight Test Rationalization:
 - Maintenance Programme Rationalization: aims to optimize maintenance programmes through in-depth analysis of the maintenance actions that are performed on selected fleets. An analysis on 15 different fleets has begun with initial results expected in FY 2015/2016. Additional opportunities will be prioritized to identify those with high-gain rationalization potential;
 - Sustainment Initiative: aims to institutionalize ways to optimize performance and value for money through the implementation of sustainment best practices that leverage the capabilities of the Government of Canada and Industry. This initiative has established strong joint governance with Public Works & Government Services Canada and Industry Canada. A set of ambitious goals for FY 2015/16 were established that include the advancement of four pilot projects. To be successful, the Sustainment Initiative requires close collaboration amongst several departments, industry support, and significant professional development and communications efforts; and,



- Engineering Flight Test Rationalization: aims to reduce the cost of Engineering Flight Test delivery, and will analyze options from three primary focus areas: rationalization; outsourcing; and alternate location. As there is potential to outsource some current functions, industry is being engaged through a deliberate process. Once all related information has been compiled, potential courses of action will be developed and presented.
- **2.4 Departmental Procurement** remains the most significant initiative to achieve reinvestment in the Defence Renewal programme. In FY 2014/15, there was increased focus on leveraging Public Works and Government Services Canada's (PWGSC) Acquisition Card Value Proposition Study that provides recommendations and options for optimizing and increasing acquisition card usage in government procurement. Significant effort has been directed towards identifying linkages to professional development requirements and the development of the procurement community of practice, as well as enhancing departmental efforts to increase procurement capacity and expertise. In order to be successful, however, this initiative relies heavily on achieving synchronization with concurrent PWGSC procurement reform initiatives, industry support to optimize procurement processes, as well as ability to "institutionalize" required changes and sustain momentum after Defence Renewal.

Information Management/Information Technology. The three initiatives within this series of initiatives continue to progress. Governance of these initiatives through the Information Management Board has proven challenging because of the largely de-centralized nature of the Defence IM/IT Programme. This will improve, however, through a robust implementation of the nascent Defence Chief Information Officer (CIO) model. Combined, the portfolio realised **\$4.8 million in reinvestment opportunities through efficiencies:**

- **3.1 The IT Service Management** initiative benefited from an IRMC investment of \$8.8 million in FY 2014/15, a key decision to ensure continued progress without impact on other high priority activities. The first of the two main deliverables of the IT Service Management initiative -- namely the implementation of a common enterprise-level IT Service Management toolset -- was completed in FY 2014/15. This new capability can now be leveraged to support the implementation of the second main deliverables of the IT Service Management initiative: the consolidation of more than 169 IT Service Delivery organizations into 22 or less IT Service Management Centres. To that end, the establishment of the first Regional Service Management Centre in Halifax (with the intention to consolidate 24 points of service in Atlantic Canada into a single help desk) was initiated in FY 2014/15. Work was also started on the development of a National Service Management Centre that will provide oversight to all of the IT Service Management Centres in DND/CAF. Very valuable lessons on the approach to consolidate the current IT Service Delivery organizations were learned during the development of the IT Service Management Centre in Halifax, including the dependency on the Inter-Capability Component Transfer (ICCT) process: the movement of responsibility from other Level 1s to the RCN has resulted in seven separate ICCTs to be managed. Chief of Programme (C Prog) has created an ICCT Process Review Working Group that has been tasked to review and modernise the ICCT process. Defence Renewal is actively contributing to the progress of this working group. The beginning of FY 2015/16 is expected to see improvements to the approach followed by the resumption of the consolidation effort which includes the establishment of a National Service Management Centre;



- **3.2 The Application Portfolio Management** initiative is near completion of the application inventory across the DND/CAF, the first and most critical step in establishing a complete data set. ADM(IM) is receiving active cooperation from across DND and CAF with 929 redundant or legacy applications decommissioned to date amounting to some \$2.6 million in cost avoidance. This reduction of hundreds of applications across the enterprise reduces both portfolio complexity and stress against Network resources. Determination of the level of savings to be realized through this initiative is a significant part of the next analytical phase. The reinvestment potential will reflect a significant level of incentives to encourage continued cooperation and identification of future potential divestments by Level 1s; and,
- **3.3 Rationalizing the Defence IM/IT Programme** initiative has two main focus areas: IM/IT Programme level governance renewal and IM/IT procurement controls. There have been changes to timelines as more granular plans are developed. As well, coordination efforts with the Lean and Governance initiatives have -- and will -- continue to influence this initiative. ADM(IM) has developed a recommended Defence CIO Model and an IM/IT governance renewal plan to strategically align the Defence IM/IT Programme. The establishment of the Defence CIO Model and the execution of this plan will be shaped by DSX.

Infrastructure. The four initiatives under the Infrastructure Portfolio continue to mature, with each of the initiatives moving at a different rate. ADM(IE)'s oversight of these activities is exercised through the Infrastructure and Environment Board. The portfolio realised **\$11.4 million in reinvestment opportunities through cost avoidance and efficiencies:**

- **4.1 The Centralisation of Real Property Management** initiative has accelerated its original schedule by transferring real property custodianship of RCN, RCAF and CA properties on the West Coast in Apr 2015 -- one year earlier than planned. Following achievement of Initial Operational Capability in April 2014 that resulted in reduction from nine to four Real Property custodians, the initiative remains on track for Full Operational Capability in 2016 when the Department will maintain a single Real Property custodian -- ADM (IE). As well, DND has improved how minor construction projects (less than \$1 million) are prioritized; by instituting a standardized approach to M&R planning, DND now has a more strategic view on environmental issues and liabilities at our bases and wings. This initiative is a key enabler of two other Infrastructure initiatives, those being to rationalize the real property portfolio and to optimize facilities management service delivery;
- **4.2 The initiative to Rationalize the Real Property Portfolio** continues to progress as infrastructure and its associated real property replacement cost is removed from the portfolio. With an additional IRMC investment of \$12 million, 166 additional building demolition/disposals were completed in FY 2014/15 as was the strategic disposal of Jericho Beach in Vancouver, BC. For every dollar spent on demolition, we reduce the portfolio value by approximately \$10 to \$15, which in turn affects what we spend on payment in lieu of taxes as well as operations and maintenance. In actual terms, the \$12 million invested in demolition last year resulted in a portfolio reduction of \$120 - \$180 million, meaning \$3 - \$4 million in annual cost avoidance being reinvested in the portfolio stemming from a forecast reduction in Operations, Maintenance and Repair, and a reduction in the amount Paid in Lieu of Taxes. The milestone for the approval of the 20 year rolling National Real Property Development Plan is rescheduled to late in 2015, but once it is approved, it will provide some initial momentum to strategically rationalize the portfolio. In the meantime, the various programmes within IE continue (strategic and routine disposals, demolition and consolidation, transfer and partnership and portfolio adjustments);



- **4.3 The initiative to Optimize Facilities Management Service Delivery** is ongoing. This initiative requires working with Defence Construction Canada and PWGSC, and looks at negotiating new and re-negotiating existing contracts to include bundling of contracts, reducing contract administration costs and leveraging volume of work. It should be noted that Procurement Services within IE is a new function and is in the process of structuring management data and benchmarks; and,
- **4.4 The initiative to improve Real Property Project Delivery** is focussing on using the integrated project delivery (IPD) process. The IPD process is a relatively new process in Canada; however, if project delivery time for multi-million dollar projects can be reduced by years, then there will be cost avoidance by not having to pay inflation on the years that are saved. In addition, since less time is spent on various approval stages, project staff will have more time to spend on other project activities, which could include other programme opportunities. A project to be used as a trial for proof of concept is in the selection stage.

Personnel. The five initiatives under this portfolio continue to mature and produce results while addressing challenges. The Military Personnel functional area is governed through the Canadian Armed Forces Personnel Management Committee (CFPMC). CFPMC has met regularly on a trimestral basis and due to other pressing strategic Military HR issues on the agenda, updates on the Defence Renewal initiatives have tended to be through secretarial review. DR Lead and Assistant Chief of Military Personnel (CMP) are working to improve the level of oversight of CFPMC to discuss Defence Renewal initiatives. Additionally, Defence Renewal Initiative 5.5 Cadets and Junior Canadian Ranger Renewal has been an inappropriate fit in the CFPMC structure; Chief Reserves and Cadets (C Res and Cadets) and DR Lead have been working to find a more appropriate oversight structure for this initiative. The portfolio realised approximately **\$12.9 million in reinvestment opportunities through cost avoidance and efficiencies:**

- **5.1 The Individual Training and Education** initiative is making progress, but has been delayed in some areas due to important strategic NDHQ-level discussions on how to invest in continuous improvement. CMP/Canadian Defence Academy Staff provided a consolidated business case that helped inform the way-forward. This initiative will be managed as an activity with both Vote 1 and Vote 5 components, with funding support sought through the In Year Process, as required. Some discrete activities were advanced including: evolution of the Defence Learning Network; implementation of some enterprise programmes (including the Integrated Systems Approach to Training) to support Learning Management; the development of operational concepts appropriate to a modern learning architecture; and, the development of a CAF Mobile App Store. Additionally, there was implementation of WiFi capability in Borden, seen as the first instance of a planned pan-CAF wireless academic network. A Rationalized Training Delivery concept is currently being trialled;
- **5.2 The modernization of the CAF Career Management Process** continued with efforts that were realized during the last reporting period through the reduction of Temporary Duty costs for annual selection boards and the use of videoconferencing for Career Manager Interviews. The Canadian Forces Personnel Appraisal System refinements continued through FY 2014/15 including a simplification of the Personnel Evaluation Reports process: meaningful feedback is now provided to members in a manner that significantly reduces the work load on supervisors and review boards, and lessens the administrative burden at the unit level. Armed Forces Council provisionally endorsed the Leadership Development Model and associated novel concepts for Career Planning, Personnel Appraisal, Professional Development, and Competency Dictionaries. Additionally, one of the major outcomes of the Cost Move Corporate



Account review was a new cost move model designed to improve the accuracy of cost estimates, which will greatly reduce annual financial fluctuations. Considerable effort is now being placed on the framework encompassing the Policy, Procedures and Practices Review, as well as on career and succession management;

- **5.3 Military Personnel Management Capability Transformation (MPMCT) Project (GUARDIAN)** is well-structured and supported to deliver its objectives and is aggressively following the project approval process. IM Group staff associated with the development team assigned to GUARDIAN were reprioritized by CMP to analyse and build a working interface for the *Canadian Forces Recruiting Information System 2.0* (CFRIMS 2.0), the new recruiting software. As a result, implementation of GUARDIAN Release One has been re-assessed to occur in May 2016. The project continues to progress the definition of subsequent releases;
- **5.4 The initiative to Modernize CAF Recruiting Process (CFRG 2016)** has demonstrated significant progress with process improvements, notably with the creation of the Recruiting Operations Centre. A new centralized model sees the Recruiting Operations Centre performing the intake management that was previously conducted at 39 detachments across the country and allows every applicant to utilize e-applications. Applications to enrol in the CAF have doubled in the past year to 39,000, and 99.9% of all applications are done on-line; and the enrollment process that once took an average of 231 days to complete has been reduced by almost three months to an average of only 137 days. The recruiting and training synchronization process is ongoing, with the objective of better training alignment to reduce wait times. This portion should be completed in the Spring of 2016. The initiative's modernization efforts provide more representative geographic coverage through e-applications, thus enabling quicker response times from recruiters to applicants, and improving synchronization in managing personnel awaiting training and recruiting Reserve Force personnel. The CMP decision to privilege an upgrade to CFRIMS 2.0 will greatly enable improved file management, overall recruiting effectiveness, and efficiency. The Social Media piece of CFRG 2016 is also progressing well and CFRG is now openly communicating on several networks including LinkedIn and Twitter, with others to follow. While intended to modernize the recruiting process through major process transformation, this initiative has also successfully enabled CFRG to meet increased recruiting requirements of the CAF Regular Force Strategic Intake Plan from 3600 to 3900 in FY 2014/15, and is well poised to meet additional requirement of 4200 for FY 2015/16; and,
- **5.5 The Renewal of the Cadet and Junior Canadian Rangers (JCR) Programmes** initiative is making steady progress including restructuring to adopt a centralized command and control model, reducing costs in full-time adult staffing, refocusing operating and maintenance budgets, and reprioritizing specific Cadet, JCR and Cadet Instructor Cadre training activities. As a result, there has already been reinvestment back into front-line Cadet programmes such as the provision of field training uniforms and increased fitness resources, while the Cadet population stands at 52,865 members (down 25 cadets from the FY 2012/13 baseline) and there are a total of 139 JCR Patrols (up +4 from the FY 2012/13 baseline). DR Lead will engage with Commander, National Cadet and Junior Canadian Rangers Support Group to determine a recovery strategy.

Management Systems. This portfolio is diverse with two different Level 1s leading the various initiatives. The oversight of Management Systems is executed by the Civilian Workforce Management Board (CWMB). This Board was originally set up to manage the Public Service targets for Strategic Review and DRAP and as these initiatives are closed out, the overall relevance of CWMB is being reviewed. Additionally, CWMB has met on an irregular basis due to a variety of issues. DR Lead will work with the VCDS and Assoc DM to examine alternatives for overseeing Defence Renewal



Management Systems Initiatives going forward. Overall, the four initiatives within the portfolio continue to advance, albeit at different rates, and realised **\$0.2 million in reinvestment opportunities through cost avoidance**:

- **6.1 Lean Headquarters** is a key initiative within the Defence Renewal portfolio and significant work has been performed by several organisations including C Prog and CFD to define and clarify the extent and nature of National or HQ level support. Working with KPMG, the Lean HQ Team has now completed a preliminary departmental overview of NDHQ National level support organisations -- Lean HQ will provide clear recommendations on the structure and size of a variety of Levels based on a holistic examination of their various functions and the most effective manner through which those functions may be delivered. Going forward, this enterprise-level view will inform ongoing detailed analysis of three candidate organisations in pilot studies: CMP, ADM(Mat) and ADM(IM), which combined, represent 65% of NDHQ Full Time Equivalents (FTEs) to produce macro design options followed by micro designs and plans to implement new structures as appropriate;
- **6.2 The Project Approval Process Review (PAPR)** has completed a detailed study of procurement to meet their mandate *of twice the project approval throughput in half the time*. A new protocol for a less time-consuming way ahead was negotiated with the Treasury Board Secretariat to streamline less complex projects within MND authority, and a phased implementation strategy is being staffed. The PAPR recommendation for a prioritized list of projects proportional to Departmental capacity has resulted in the *Capital Investment Programme Plan Review (CIPPR)* and a computer simulation has been developed that can be used to assess the impact of future changes to the approval process. Further development of this important enabling initiative will proceed and has been identified as an opportunity for investment through the use of a Defence Renewal optional services contract with KPMG. C Prog and the DRT will need to determine an updated forecast and schedule;
- **6.3 The review of Civilian HR Management** is progressing well towards HR planning, programmes and operational service delivery aligned to better support the Defence Team. This goal will be achieved by: having internal business processes and roles clearly defined and communicated; improved self-service capabilities; standardization of work processes, and; smarter use of qualified resources. The DRT will work with ADM(HR Civ) to determine follow-on renewal opportunities in the functional management of DND Public Servants; and,
- **6.4 Consolidation of Emergency Dispatch** was launched as a new DR initiative in September 2014 and is progressing with the agreement of both the CF Provost Marshal and ADM (IE)/CF Fire Marshal. This initiative will also conduct a detailed examination of emergency communications equipment within the CAF with a view to ensuring that our communications equipment is interoperable with other emergency services in Canada. In order to accelerate progress, this initiative is being supported by a Defence Renewal optional services contract with KPMG to further develop the initiative's plan and scope.

It is important to note that the *Defence Renewal Charter* is clear:

The portfolio is not static. As analysis is refined and implementation unfolds, the reinvestment opportunity associated with the initiatives will evolve – some will surely run into roadblocks and will need to be refined, while others will yield greater opportunities than expected....



Over the course of FY 2014/15, the DRT led a substantial effort to work with Level 1s to develop and deliver an updated reinvestment profile to the IRMC in November 2014. They noted that a recurring reinvestment opportunity represented by the 24 performance initiatives of \$700-1050 million is possible by FY 2019/20 compared to the original opportunity assessment of \$750-1200 million by FY 2017/18. The delay in the award of the Change Management Services contract with its focus on two major initiatives (Maintenance Execution and Lean Headquarters) as well as adjustments to the following two performance initiatives, are the primary causes for the revision:

- Rationalization the Real Property Portfolio (initiative 4.2) was originally assessed as an opportunity for \$69-127 million in effectiveness, avoidance and efficiency by 2018. More detailed analysis has determined that this profile extends to 2035. Continued IRMC investment in disposals should assist in recovering some of the schedule; and,
- Project Approval Process Review (initiative 6.2) was originally assessed as an opportunity for \$90-110 million in cost avoidance by 2018. Reviews of the initial modelling and simulation analysis, and other efficiencies such as the Defence Procurement Strategy and Shared Services Canada, have put this schedule at risk.

The FTE opportunity within the overall forecast is currently projected to be 2400-4100 FTEs compared to the original estimate of 2800-4800 FTEs. The primary difference is due to the removal of the Maintenance and Materiel FTEs from the overall total pending further analysis of the *Warehousing and Distribution*, and the *Maintenance Programme Design* initiatives. The FTE opportunity of these two initiatives will become evident as they progress in the near future. Two initiatives, Lean HQ and Maintenance Execution slipped their forecast by 18 months due to delays in awarding the work to KPMG.

These are achievable targets -- targets that were set by defence -- but they will require a determined effort by all members of the Defence Team: civilians and military alike.

4. ORGANISATIONAL PRACTICES

The *Defence Renewal Charter* also emphasizes that efforts to achieve reinvestments in performance regress if there are not concomitant efforts to improve Defence's ability -- *as an organisation* -- to implement, embrace, and sustain improvements over the long term. Work to enhance strategic clarity, promote disciplined business execution, and encourage openness and trust are at the core of the Defence Team's efforts to enhance organisational practices. In 2014/15 the DRT worked with responsible Level 1 leads to define and delineate the non-trivial concepts that constitute the organisational practices portfolio.

The eight Organizational Practice initiatives have been governed by the Organisational Practices Steering Committee. This committee was set up by the VCDS and the previous Assoc DM and was composed of a membership built upon demographic diversity. While this proved to be an excellent forum to discuss larger cultural issues, it was less-effective on the programme management of the Defence Renewal activities and schedule. This was reviewed by the DRT in the summer of 2014 and restructured governance that was more programmatic in focus was identified as the way-forward. Regrettably, this new structure has yet to meet. Although no Steering Committee has met, ADM(PA), the Corporate Secretary and C Prog have each displayed vision and leadership in moving their specific initiatives forward.



Strategic clarity is the translation -- and communication -- of strategic goals and priorities in terms that all members of the Defence Team can understand and in turn appreciate how their efforts contribute to the overall Defence mission. The three initiatives are highly inter-related and the portfolio achieved mixed results:

- **7.1 Enhance Understanding of Strategic Intent:** an initial scan of the current suite of strategic documents was completed. The Performance Measurement work of KPMG through the Change Management Services contract has proven very useful in proposing a set of measurements for this initiative. Work continues on two critical documents that will provide a key contribution to improved strategic clarity and enhanced understanding of strategic intent: the *Defence Plan* and the *Capital Investment Programme Plan Review (CIPPR)*. The *Defence Plan* will articulate strategic defence priorities and key requirements for the current and future force as well as priorities for the departmental supporting elements in the personnel, infrastructure, IM/IT, and acquisition domains. The intent is for other specific guidance documents and directives to be integrated into the *Defence Plan*. Under joint VCDS/CFO lead, the CIPPR seeks to align future capital investment planning with priority capabilities needed to fill anticipated operational performance gaps and requirements in accordance with the Force Posture and Readiness Directive and the Force Capability Guidance;
- **7.2 Defence Governance Review:** the Corporate Secretary has led a comprehensive -- and inclusive -- review of Accountabilities, Responsibilities and Authorities of the executive leadership and all Level 1 organizations. This key document has been prepared for DM/CDS approval early in FY 2015/16, and implementation in FY 2015/16. The next phase -- involving an analysis of key strategic decision points and the development of a revised governance committee framework -- has begun; and,
- **7.3 the Change Alignment Programme** completed the first phase of their work by establishing *Focus on the Future*, a dedicated intranet space to communicate select change activities happening at Defence in one online location. Linking to the existing Defence Renewal Trimestral Reports is being considered to ensure regular content updates on the site for DR initiatives. The *Leadership Spotlight* print and video series has been released, allowing senior Defence leaders to communicate priorities. A *Leadership Toolkit to Communicate Change* is in testing, with expected release in late Q1 2015. The DRT was asked by senior leadership to prioritise and map all change activities at defence. With the introduction of a Strategic Defence Change Synchronization Matrix, leadership will have at their disposal a tool that will help to identify the key decisions -- and outcomes -- necessary to ensure effective change. Going forward, this initiative and the DRT's work on Change Synchronisation will be reviewed with a view to potentially combining these important activities.

Disciplined Business Execution. Three initiatives in this portfolio are progressing and in many ways are illustrative of the scale and scope of the challenge to positively affect organisational practices:

- **8.1 Enhance Performance-based Decision Making:** a draft performance measurement strategy was developed and shared with principle stakeholders before submission to DSX for approval. As well, a dedicated performance data collection tool in DRMIS was launched in March 2015 and will be used to collect data for the 2014/15 Annual Performance Review;



- **8.2 Encourage and Leverage Front-line Innovation:** in order to celebrate front-line innovation happening across Defence, *The Innovators* print and video profile series was launched on the Defence Team intranet and in *The Maple Leaf* -- eight interviews have been published to date. A comparative study of innovation initiatives -- based on a review of existing Defence, Government and private sector efforts -- was completed and three possible approaches to innovation were identified. A task group was formed to further examine best practices found in existing innovation programmes in allied militaries, other Government departments and private companies. A proposal is in development on the way ahead;
- **8.3 Policy and Procedure Continuous Improvement:** continues its efforts to reduce unnecessary bureaucracy and administration. A team has worked with Level 1s to cancel six and review an additional 31 of 254 *Defence Administrative Orders and Directives* (DAODs), to publish 20 new DAODs and to continue the work on 61 new and existing DAODs. These DAODs are being developed or reviewed using a new streamlined process that has reduced DAOD development time by 33%. In addition, the team was able to cancel 54 of 264 *Canadian Forces Administrative Orders* (CFAOs). The review of the DAOD collection and the cancellation of the CFAO collection are, however, progressing slower than expected. Work with Level 1s will continue in an effort to meet targets and to further all initiative milestones. In FY 2015/16, the Corporate Secretary and the DRT will work to aggressively reduce CFAOs further and to look broader at the policy and procedures associated with functional Level 1s; and,
- Embracing Electronic Approvals originated through the Defence Youth Network's #Ideation series in May 2014. Three Proof of Concepts were approved in September 2014 including Military Leave, HR Staffing Approvals, and HR Classification Approvals. Experience with these projects is being leveraged to develop a tool kit for managers considering moving paper-based processes to digital. DRT will complete the process to have this activity formalised as a Defence Renewal initiative in early FY 2015/16 and implement a more robust governance structure.

Openness and Trust - two Defence Renewal initiatives are in place to promote the transparency and knowledge transfer that are critical to effective performance and continuous improvement:

- **9.1 World-class Knowledge Sharing:** the Defence Advisory Board was engaged to develop a comparative study of the attributes and enablers of world-class knowledge sharing organisations with a roadmap of options for the way ahead. Senior leadership will be further engaged to seek approval of the proposed way ahead on this important initiative. In the meantime, the *2010 Organisational Learning Strategy* has been identified as having the right mix of objectives for enhancing organisational, social, and technological components of knowledge sharing. Moreover, the new video library initiative -- a centralised departmental video library to share knowledge and information by academic experts, senior leaders and innovators that was originated through the Defence Youth Network's #Ideation series -- is an opportunity to explore technology-enabled knowledge sharing practices; and,
- **9.2 Coaching on Leading Transformational Change** has leveraged the work of KPMG in value modelling and performance measurement to assist in the initial definition stage.



5. PERFORMANCE MEASUREMENT

The Defence Renewal Charter underscores the importance of establishing a comprehensive performance measurement regime, one that *“underline(s) where we are on track to achieve our commitments, and where we need to re-evaluate and make course corrections.”*

Through the Change Management Services contract, KPMG reviewed the existing performance measures of all 32 renewal initiatives. In particular, they evaluated the metrics associated with measuring initiative performance including efficiency and effectiveness, cost, and value-based themes.

In their First Report on Metrics and Performance Measurement of March 2015, KPMG recommended the retention of 55 of the 121 pre-existing metrics. Moreover, they noted the remainder of the metrics measure a portion of what the initiatives are expected to achieve; do not measure the change that will be required for the achievement of the objective; or, are simply ineffective in what they measure.

Going forward, DRT and KPMG are working with initiative leads to develop more effective performance measures, with a proposed measurement framework deliverable for DND and CAF review. This work is vital: it will ultimately allow decision-makers and stakeholders alike the ability to assess whether activities are achieving objectives and to take action as and where necessary, and contribute to the development of a realistic evidence-based Reinvestment Framework.

6. THE REINVESTMENT FRAMEWORK AND BUSINESS PLANNING

The Reinvestment Framework was briefed to DSX in March 2014 and provided the conceptual model for the reallocation of Defence Renewal reinvestments into the Defence Programme. This is a critical component of Defence Renewal as it is the first element in “operationalizing” Defence Renewal.

With the November 2014 submission of the updated reinvestment profile for IRMC review and the subsequent complementary review of Defence Renewal reinvestment with the IRMC Business Plan reviews in February and March 2015, a notional Reinvestment Model was exercised. DR Lead, CFO, C Prog and CFD will continue to document, refine and validate this model in FY 2015/16. The next update of the reinvestment profile is scheduled for summer 2015 in order to have DROC endorse and IRMC accept by November 2015 in order to be better integrated with the FY 2016/17 IRMC Business Plan reviews.

The process of “operationalizing” the activity of Renewal includes not only determining *where* the opportunities will be spent, but also includes the concept of *incentivization*, whereby Level 1s that identify opportunities are permitted -- with Level 0 review and validation -- to retain some of those opportunities internally and reinvest in higher priorities that privilege force readiness or capability development. This accelerates the reinvestment process and encourages innovative and forward thinking ideas within the Level 1s as part of the overall process of Renewal. This is critical as many of the opportunities that have been identified cannot be directly harvested and reinvested by IRMC.

Another key component of the Reinvestment Framework is incorporating Defence Renewal directly into the Business Planning process. For FY 2014/15, Level 1s submitted their comments on how Renewal



impacted their Business Planning. As this nascent process continues to be refined, it will become a central component in the “operationalization” of Renewal. In future years, this process will ensure that Departmental leadership can take defined opportunities and reinvest those resources identified as part of the Reinvestment Framework into force readiness and capability development as baseline adjustments.

The next key step in the Renewal process will see the “institutionalization” of the activity. As we watch the success of Performance Initiatives through the creation of reinvestment opportunities evident in Business Planning, our current methods of innovation and continuous improvement will become more formally structured.

7. CONTINUOUS IMPROVEMENT -- CHANGE SYNCHRONISATION, NEW INITIATIVE MANAGEMENT AND BENCHMARKING

The portfolio of 32 Defence Renewal initiatives to improve performance and enhance organisational practices represent only a portion of the more than 200 strategic change initiatives that are currently being implemented across the Defence Team: either as creative solutions from Level 1 organisations; broader strategic change activities including the *Defence Procurement Strategy* and the move to Carling Campus; or, as Government of Canada sponsored initiatives such as *Blueprint 2020* and *Workplace 2.0*. In an organisation as large as Defence, it is critical that they be prioritized and de-conflicted to ensure that senior leadership can articulate short, mid, and long-term priorities.

Work continued in FY 2014/15 to develop a method for influencing synchronization and coordination of all Defence strategic change initiatives, monitoring dependencies and interrelationships, identifying potential second and third order effects, and recommending mitigation where required. The intent is to convey a more comprehensive picture of the Defence change agenda, manage interdependencies and risk, set organizational priorities for sequencing of decisions and outcomes, and avoid dissonant messages – that change is deliberate and in step. Annex A provides the draft *Defence Strategic Change Synchronization Matrix*.

The DRT continues to welcome ideas -- regardless of source -- for renewal opportunities. Twenty-one proposals were registered during FY 2014/15 and each was considered using a value-based analysis to determine efficiency gains, likely effectiveness, possible dollar savings and then each was prioritized in the same manner used for broader Government, defence enterprise or Level 1 initiatives. Though none of the additional proposals were selected for further analysis as a new Defence Renewal initiative, ideas were shared with the appropriate Level 1 for consideration and a more fulsome response, or incorporated within the scope of a related project or initiative. Annex B offers a summary of the ideas received by the DRT in FY 2014/15.

Mindful of the fact that Canada is not alone in seeking improvements to the efficiency and effectiveness of its Defence institutions, the DRT initiated and completed the first phases of a research project to understand and evaluate trends in international defence reform. A number of close allies and defence partners were selected for review based on the similarity of their military structures to Canada and their recent reform activities. This survey sought to identify both initiatives that aligned closely to the Portfolio of Initiatives as well as those which fell under the broad themes of our renewal (i.e. personnel, materiel,



infrastructure, etc.) and were motivated by a desire for greater efficiencies, enhanced effectiveness, cost avoidance or the realization of cost savings. Annex C provides a briefing on the survey.

Differences in the geography, history, political culture, military and departmental structures, as well as the size and scope of defence organizations meant that the character of reforms in selected countries was found to diverge as often as it aligned. Furthermore, although other nations' reform/renewal programmes considered were typically established to accomplish specific objectives within a defined period of time, they could only be understood within the longer-term evolution of national defence institutions and policies. Although this complicates efforts to directly benchmark the outcomes of specific Canadian initiatives against those of another country, it nevertheless provides useful insight into how Canada's efforts relate and compare to international trends more generally. Moreover, it confirms that we are addressing the appropriate challenges. The DRT will use this information to help target identified partners to gain additional details about the nature of specific initiatives and the progress of implementation.

8. COMMUNICATIONS

Communication is an essential component of change management and in FY 2014/15, Defence Renewal was promoted and discussed at many levels throughout the Defence Team:

- Defence Renewal was a featured presentation at the combined General Officer and Flag Officer/EX Townhall meetings. Moreover, the Clerk of the Privy Council and the National Security Advisor both underscored the significance – and importance – of Defence Renewal at the strategic level in their presentations;
- Defence Renewal was also an integral part of briefings to future leaders of the Defence Team at the Defence Resource Management Course, the EX Orientation course, and at the Executive Leaders Programme and National Security Programme at the Canadian Forces College;
- a short video was prepared that explained the purpose of the Maintenance Execution initiative and the detailed site visit to CFB Edmonton. It was well-received and will serve as the template for future videos to explain the purpose, intent and results of other Defence Renewal initiatives;
- milestones and quick wins were shared with the broader Defence Team -- in part by leveraging the progress made by initiative 7.3 -- through the *Maple Leaf*, *The Innovators* series, and the *Focus on the Future* internal webpage; and,
- Defence Renewal has been briefed to the DND Union Management Consultative Committee twice in FY 2014/15 and has been added as a standing agenda item.

While progress was made in FY 2014/15 in communicating Defence Renewal, there remains room for improvement, particularly as the Defence Renewal programme matures and key reinvestment decisions are taken. Mechanisms are now established to communicate progress to the Defence Team as a whole, and all members of the Defence Team can have a voice on change. In many ways, we have not leaned forward in communicating our story: our accomplishments are real and by sharing them, we can help maintain the momentum needed to effect lasting change. As mentioned by one of the civilian business leaders at the External Advisory Committee, the fact that DND and CAF are conducting an internally driven organisation-wide continuous improvement programme is news in itself.



Supervisor and employee face-to-face engagement is one of the key enablers of a change management programme. In FY 2015/16, the Defence Team will begin to implement changes impacting greater amounts of Military and Public Service staff. The DRT will need to develop communication toolkits on a general and specific level.

9. DEFENCE RENEWAL GOVERNANCE AND OVERSIGHT

Defence Renewal is of critical importance to the institution and as such, requires deliberate consideration by senior leadership. Additionally, given the broad scope, complexity, level of ambition, and potential consequences of changes, senior leadership will need to engage through a robust, but agile, governance structure. Defence Renewal was a frequent area of discussion during the Defence Strategic Executive Committee meetings where the DM and CDS were able to provide direction on specific initiatives, including Level 1 Trimestral Updates. The Defence Management Committee was similarly able to give general situational awareness and engender broad dialogue of Defence Renewal and other Level 1 initiatives including Land Maintenance Execution, E-approvals, Canadian Army Renewal, Organizational Practices Strategic Context and the Support Contract with KPMG. The Investment and Resource Management Committee provided key strategic oversight on Level 1 business plans and made progress incorporating Defence Renewal investment and reinvestment opportunities as part of the overall Business Planning exercise for FY 2015/16. This committee will become increasingly critical in considering the ultimate dispensation of Defence Renewal generated savings.

Elements of Defence Renewal were discussed at two of Departmental Audit Committee (DAC) meetings in FY 2014/15 to provide an external view of efforts to make the Defence Team more efficient and effective. DAC membership provided valuable feedback on the importance of a strong measurement programme. Plans were finalized in FY 2014/15 for the inaugural External Advisory Committee, held in April 2015, which would invite senior business executives with relevant and recent experience in change management to provide advice to senior leadership on Defence Renewal.

Although these executive-level and outside advisory committees were critical to leadership's overview and guidance of Defence Renewal, much of the key renewal work is done at the sub-committee level where Level 1s can discuss progress and challenges of various initiatives:

- the Operational Readiness and Training Committee met quarterly to oversee the Operations and Training series of initiatives and provided effective surveillance despite lacking functional authority for certain of these initiatives;
- the Material Acquisition and Support Oversight Committee managed the Maintenance and Materiel series of initiatives by meeting every two months. It has proven a highly effective body for the discussion and direction of this critical renewal area;
- reflecting the importance of its portfolio, the Information Management Board has also shown itself to be broadly effective during its quarterly meetings in discussing and managing the IM/IT series of initiatives, although IM initiatives are particularly impacted by activities and financial decisions outside the Group;



- the Infrastructure and Environment Board has continued to show overall success making positive progress on a number of challenging initiatives in the infrastructure series through its regular meetings. Noteworthy were steps taken to tighten overall management of the initiatives and link these with the Infrastructure and Environment strategic policy;
- due to critical and high priority agenda items which drive the agenda and frequency of the CF Personnel Management Council, the three major Defence Renewal initiatives have received mainly secretarial attention which has caused synchronization issues between CMP and DRT business. Going forward, the DR Lead will work CMP to establish a more robust governance of the Personnel Management initiatives;
- originally established to manage the effects of Strategic Review and the Deficit Reduction Action Plan, the Civilian Workforce Management Board has proven a less effective governance body for the very diverse Management Systems series of initiatives and this sub-committee will likely be redesigned; and,
- the Organizational Practices Sub-Committee, which provides a venue to discuss and manage the three broad areas of Organizational Practices, has faced challenges in addressing the initiatives in an effective and consistent manner.

10. CONCLUSION – FRAMEWORK FOR CONTINUOUS IMPROVEMENT

The Defence Renewal Team's second year saw broad progress and in most cases, movement beyond initial scoping and analysis towards implementation and delivery. The foundation has been built, and we have made real progress in framing the structure of continuous improvement. The next year, however will be critical, particularly for the portfolio of performance initiatives where seven initiatives represent approximately 75-80% of the forecasted opportunity.

In this regard, Level 1s have been making deliberate progress and the inclusion of their defence renewal goals in their business plans is a positive step. But the overall business model for *how* reinvestment opportunities are identified and allocated -- governed at the defence enterprise level -- needs to be further developed if we are to achieve our goals. Similarly, the scale and scope of change at Defence demands that we take steps to better coordinate and synchronise change across the organisation.

Our experiences have informed and shaped how we move forward:

- the ambitious timeframe and level of concurrent change is resulting in some initiatives requiring longer timelines or changing their estimated opportunity for reinvestment;
- not all reinvestment opportunities are “harvestable” savings and are the result of cost avoidance and or increased effectiveness;
- a critical requirement for robust measurement and tracking of Defence Renewal initiatives continues;



- more than 20 of the 32 Defence Renewal initiatives depend on planned improvements to -- and investment in -- IT enablers in HR, Supply Chain, Finance, Cadets and the Junior Canadian Rangers, and Infrastructure Management;
- other initiatives require investment to enable or accelerate change – increases to building demolitions, acquisition of strategic software systems to consolidate regional points of service, and improvements to existing enterprise resource planning systems; and,
- we need to look closely at the Defence Teams key machinery of change policies and processes to ensure appropriate and responsible transition of effort which is agile and timely.

We know that much of our long-term success rests on our ability to change our business culture and practices. This is no easy task in an organisation as large and diverse as ours, but it is a task that is critical. Fortunately, progress has been made in raising awareness of what Defence Renewal is, why it is important, how it affects the members of the Defence Team, and how they can take part in the renewal process. Such efforts must continue and be enhanced. They are critical to the continuing success of both the Canadian Armed Forces and the Department of National Defence and will serve to foster and promote the culture of acceptance required to move all renewal initiatives forward.

At the same time, we know that we cannot simply focus on the existing family of Defence Renewal initiatives: that the time is right to consider the scope and extent of Defence Renewal, and pursue additional opportunities for reinvestment across the Defence Team. The family of initiatives that serve as the vanguard of change cannot -- and should not -- be static. They should evolve and move beyond initiative management into the realm of initiative harvesting.

And, there are key lessons that we can learn based on the experience of the private sector. We will continue to leverage the advice of the External Advisory Committee, the Departmental Audit Committee, and KPMG.

Ultimately, however, we are on the right path and moving forward. The recent changes to the governance, oversight and management of Defence Renewal through the establishment of the DROC and the enhanced role of the VCDS and the Associate DM are positive developments that will move beyond information sharing and briefing, and enable timely strategic decision making. The DROC will help resolve issues quickly, assist in recovering or accelerating schedules, manage interdependencies, and ultimately reduce risk.

As Defence Renewal embarks on its third year, it is clear we all have much work to do in honouring the ambitious goals we set for ourselves. But with the continued awareness and a firm commitment to the spirit and intent of change, there is a critical mass of institutional confidence that we will emerge as an organisation that is more effective and efficient for years to come.

ANNEXES:

- Annex A: Defence Strategic Change Synchronization Matrix
- Annex B: Summary of ideas received by the DRT in FY 2014/15
- Annex C: International Defence Reform Briefing





DEFENCE RENEWAL ANNUAL REPORT | 2014-2015

ANNEX A

DEFENCE STRATEGIC CHANGE SYNCHRONIZATION MATRIX



National
Defence

Défense
nationale

Canada



Defence Strategic Change Synchronization Matrix

Information Brief
For DSX – 11 Jun 15

(Briefed 9 Apr 15 to VCDS/ADM)

Canada



Brief - Outline

- Reasons for Synchronization
- Methodology
- Defence Strategic Change Synchronization Matrix Overview
- Focus on priorities for FY15/16
- Strategic Governance?



Reasons for Synchronization

- Given the large number of Government of Canada, L0 and L1 change initiatives, they need to be prioritized and de-conflicted to ensure that DM/CDS can articulate short, mid, and long-term priorities.
- As directed by DSX, DRT had a deliberate look at how *all* change initiatives across Defence were inter-related.
- The intent is to convey the most comprehensive picture of the Defence change agenda, manage interdependencies and risk, set organizational priorities for sequencing of decisions and outcomes, and avoid dissonant messages.
- DRT is responding to a request to brief DSX on the Defence Strategic Change Synchronization Matrix by end of Feb 15



Synchronization Methodology

- Requirement to objectively filter over 200 initiatives across Defence
- Began by:
 - Examining interdependencies;
 - Prioritizing by value (eg. GoC mandate, ops impact, core Defence values, etc); and,
 - Strategic visibility (high risk, profile, significant quick win, etc)
- Then:
 - Grouped into themes;
 - Sequenced in time; and,
 - Aggregated to strategic outcomes
- Result – Defence Strategic Change Synchronization Matrix



Defence Strategic Change – Synchronization Matrix

Draft

STRATEGIC CHANGE PROGRAMS		SHORT-TERM FY14/15–15/16			MID-TERM FY16/17–17/18			LONG-TERM			STRATEGIC OUTCOMES	
		T3	T1	T2	T3	T1	T2	T3	2019	2020		2025
Operational Excellence	CFDS Renewal											All Defence systems, programs, and processes fully aligned in effective and efficient support of current and future force operational effectiveness and readiness
	Defence Plan & Op.Force Dev/Readiness		Prioritized Operational Requirements									
	MYEP – Force Levels				MYEP for Lean HQ						Op Readiness	
Acquisition	DPS – Capital Projects		Start of Independent 3 rd Party Review				Improved IM/IT enabling of Acquisition & Ops Support				Acq	Timely and efficient acquisition of equipment, goods, and services in support of Ops and Readiness providing good value for money
	DPS – Procurement Authority Delegation		\$1M NCR Authority Delegation		\$1M Defence-wide Delegation				\$5M Defence-wide Delegation			
IM & IT & Security	SSC Transition			Transfer to SSC for Ops								Integrated, secure, effective, & efficient IM/IT environment providing timely critical information for support of operations and strategic management and decision making
	Security Reform		DRMIS Roadmap & Initial IM Gov.	Start DRMIS Imp.		Enablers for Final Improvements to Acquisition		Final Enablers for HQ 2020		Rationalized and Aligned IM/IT	IM/IT & Security	
	DND IM/IT Renewal			IM/IT Enablers for Carling								
Defence Renewal	Performance Initiatives		Synchronization & Initial Reinvestments									Lean and efficient organization that continuously finds ways to conduct the defence business smarter, frees up resources that can be reinvested in operational capabilities, and readiness, and delivers the best military capabilities at the best value for Canadians.
	Strategic Change Management			Operationalization of Reinvestments & Start Lean HQ Transition for Pilots							DR	
	Organizational Practices		Initial Org Practice Objectives for Improved Governance									
Strategic Governance	HQ Transformation		Initial Strat. Clarity & Governance Objectives			Complete initial Moves to Carling Campus (Ph1)		Complete Ph 2 Moves & Attain Initial Integration of Strategic Enterprise Management Capability (IOC for HQ 2020)			HQ 2020	HQ 2020: modern, effective, and efficient HQ focused on timely strategic decision making and governance to provide strategic resources in support of Ops & Readiness
People & Workplace	Blueprint 2020 & WP 2.0			Initial Objectives for MPMCT, Attrition Reduction, Complaints Resolution, & Recruiting								Networked efficient environment, enhanced svs delivalue, smart tools, very capable motivated and empowered workforce and leaders, evidence-based decision making. Highly motivated, well supported, competent and empowered personnel and leaders
	Personnel Modernization					Attain Initial Capability for Civ HRMS			Pers	WP2.0	BP2020	

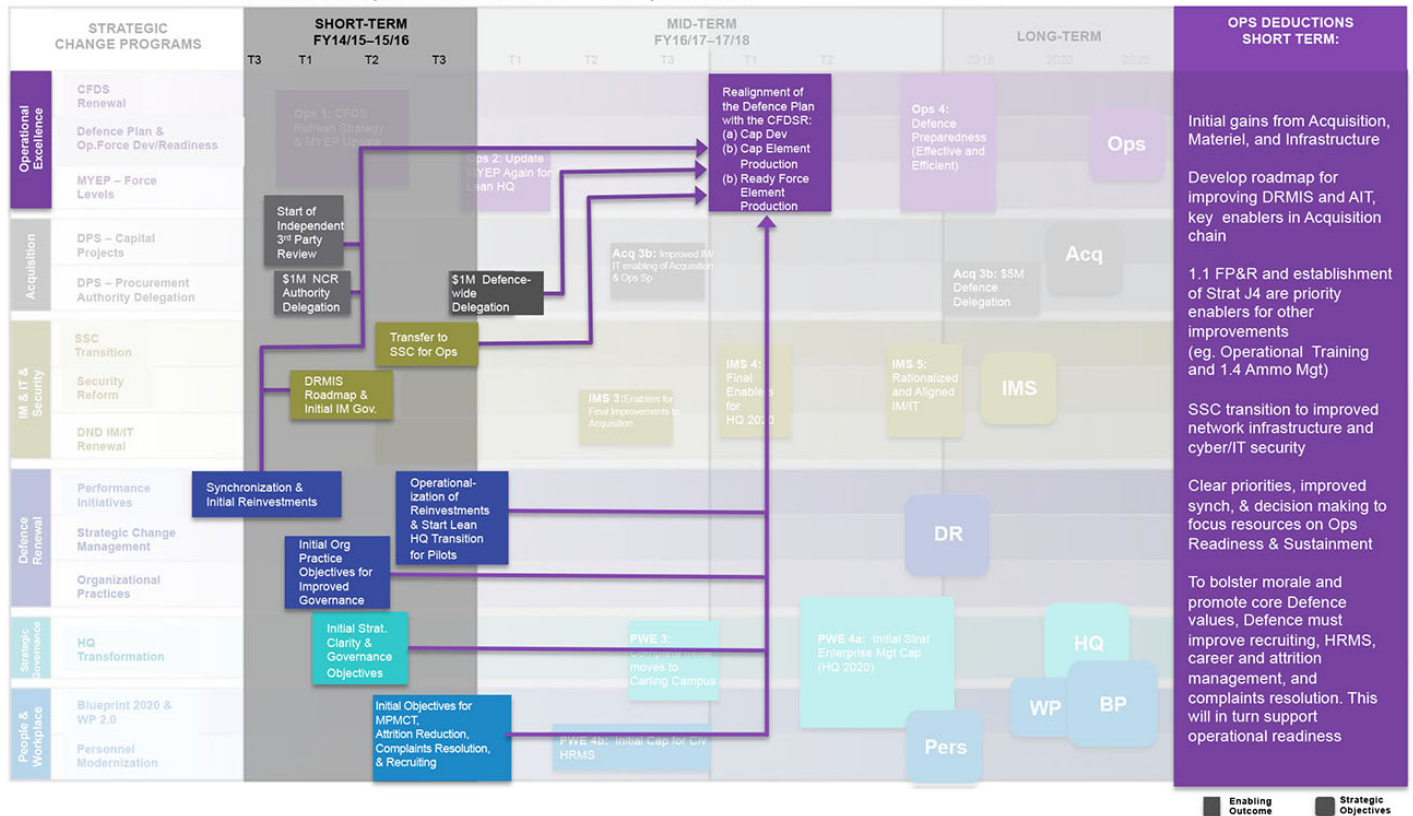
Enabling Outcome Strategic Objectives



Defence Strategic Change – Synchronization Matrix

Short-Term Operational Excellence Interdependencies

Draft



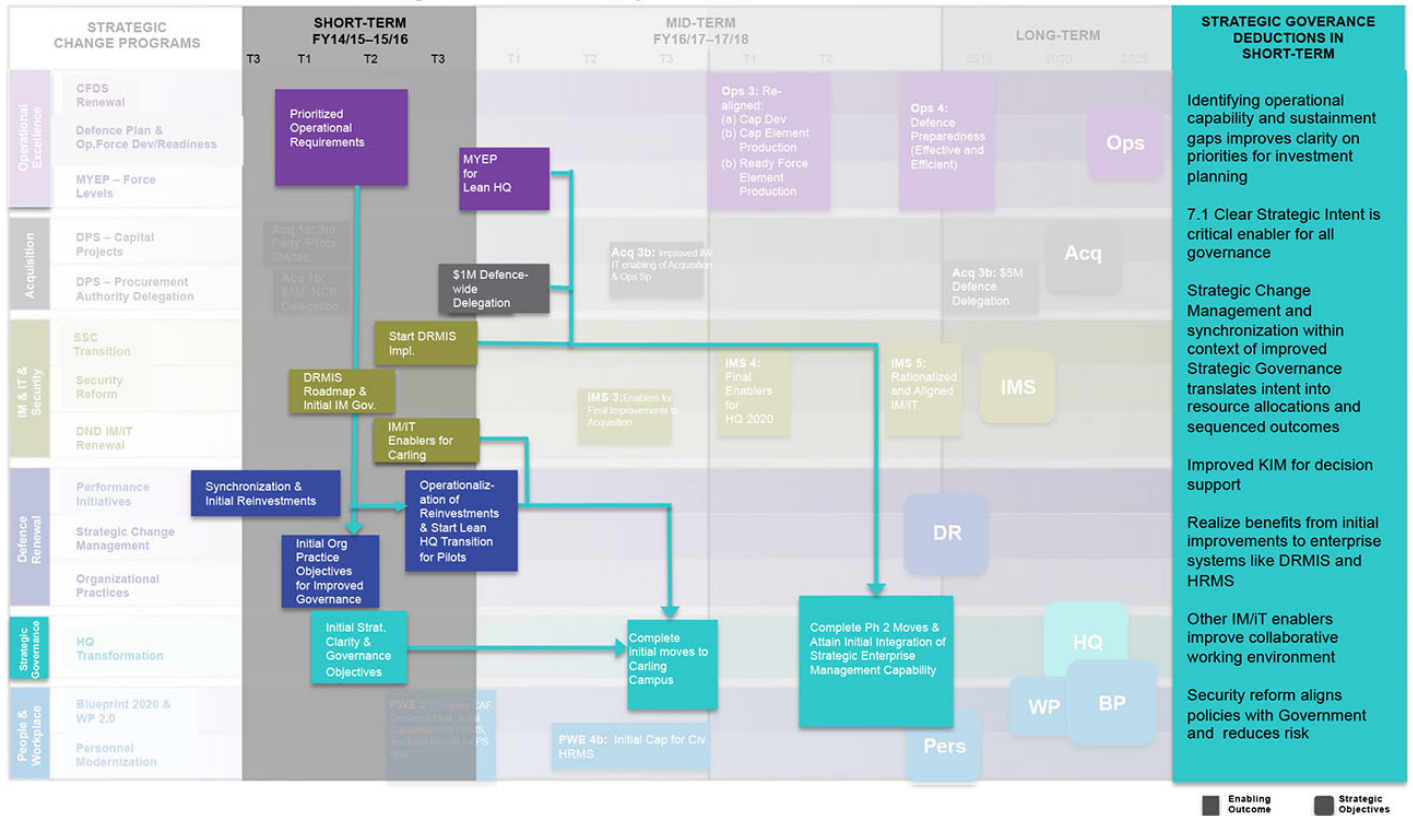
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Defence Strategic Change – Synchronization Matrix

Short-Term Strategic Governance Interdependencies

Draft





Top Defence Strategic Change Priorities for FY15/16

Ops Excellence:

1. In order to assure improvements to operational readiness in the medium term, it is essential in the short-term to identify priority operational requirements addressing concurrency and potential gaps in joint enablers, and to clearly articulate this in the nascent Defence Plan.

Acquisition:

2. In order to ensure continuing improvements in the procurement of materiel and support services, it is necessary to ensure the success of initial contract delegation while defining the strategy for mid-term improvement of IM/IT enablers like DRMIS and AIT.

Information Management, Information Technology and Security:

3. In order to enable Defence business and operations, it is critical that IM/IT activities be aligned with the needs and priorities of the Department. This strategic alignment must be established and maintained through strong IM/IT Governance led by the Defence CIO. Strategically aligned IM/IT is critical to support midterm improvements to operational readiness, acquisition, and improved strategic governance.

Defence Renewal:

4. In order to sustain commitment to renewal in the midterm, it is necessary to coordinate and focus efforts across interdependent areas of Defence by achieving initial improvements to Strategic Change Management.

Strat Governance:

5. It is critical to align Departmental resources around key priorities by establishing initial improvements to Strategic Clarity and Governance.

People and their Work Environment:

6. In order to bolster morale and promote core Defence values in the midterm, Defence must ensure initial improvements are made to recruiting, supporting IM/IT systems (HRMS), career and attrition management, and complaints resolution. This will, in turn, support midterm improvements in operational readiness, acquisition, and strategic governance.



Expanded Top Defence Strategic Change Priorities for FY15/16 (Part 1 of 2)

Ops Excellence:

1. In order to assure improvements to operational readiness in the medium term, it is essential in the short-term to identify priority operational requirements addressing concurrency and potential gaps in joint enablers, and to clearly articulate this in the nascent Defence Plan. This will require the following action:

- Articulating initial operational readiness improvement priorities in the Defence Plan based on concurrency and joint enablers – Jun 16
- Updating operational capability and readiness improvement priorities once the renewed CFDS is approved by Government

Acquisition:

2. In order to ensure continuing improvements in the procurement of materiel and support services, it is necessary to ensure the success of initial contract delegation while defining the strategy for mid-term improvement of IM/IT enablers like DRMIS and AIT. This will require the following action:

- Stand-up Independent Review Panel (IRP) and commence reviews on selected Major Acquisition Projects by Jul 15*
- Commence new streamlined Project Approval Process (6.2 PAPR) on low risk projects by Jul 15*
- Delegation of PWGSC Contract Authority to ADM Mat for up to \$1M by Jul 15, and Defence-wide by Apr 16
- Continue defining priority requirements for mid-term improvements to DRMIS (see IM/IT & Sec Theme below) by Jul 15

Information Management, Technology and Security:

3. In order to enable Defence business and operations, it is critical that IM/IT activities be aligned with the needs and priorities of the Department. This strategic alignment must be established and maintained through strong IM/IT Governance led by the Defence CIO. Strategically aligned IM/IT is critical to support midterm improvements to operational readiness, acquisition, and improved strategic governance. This will require the following action:

- Commence renewal of IM/IT Governance to align IM/IT activities and define requirements for information in support of decision making and performance tracking by Nov 15
- Ensure successful SSC transition to assure initial improvements to network infrastructure and cyber/IT security in order to assure Ops readiness, sustainment, and continuity, enable acquisition, and enable Strategic Governance and HQ Trans/Carling – Mar 16
- Enable midterm improvements to Acquisition by developing an improvement strategy for DRMIS by Jul 15 and commencing phased implementation of priority improvements by Mar 16.



Expanded Top Defence Strategic Change Priorities for FY15/16 (Part 2 of 2)

Defence Renewal:

4. In order to sustain commitment to renewal in the midterm, it is necessary to coordinate and focus efforts across interdependent areas of Defence by achieving initial improvements to Strategic Change Management. This will require the following action:

- Demonstrate and communicate ongoing senior leader commitment to renewal as a key Defence priority - ongoing
- Demonstrate and communicate initial benefits of reinvestments – Jun 15
- Achieve initial synchronization and articulate strategic improvement priorities and milestones in the Defence Plan – Jun 15
- Initial improvements to Strategic Clarity and Governance in support of decision making – Oct 15
- Design (Oct 15) and commence transition (Mar 16) to Lean HQ for pilot organizations, a key enabler for improved strategic governance and HQ Trans/Carling

Strat Governance:

5. It is critical to align Departmental resources around key priorities by establishing initial improvements to Strat Clarity and Strategic Governance. This will require the following action:

- Define initial requirements for improved informational decision support for more effective and agile major acquisition approvals - see IRP, PAPR, and DRMIS under Acquisition for milestones
- Demonstrate initial improvements to Strategic Clarity by articulating in the Defence Plan the Defence Priorities and Intended Outcomes for operations, operational capabilities, readiness, support, and continuity, and for strategic improvements – Jun 15
- Articulate the HQ2020 vision for a modern, effective, and efficient HQ focused on timely strategic decision making and management of strategic resources in support of operational outcomes, key corporate internal services, and strategic improvement, thus integrating and synchronizing Lean HQ and HQ Trans/Carling – Oct 15

People and their Work Environment:

6. In order to bolster morale and promote core Defence values Defence must ensure initial improvements to recruiting, HRMS, career and attrition management, and complaints resolution. This will, in turn support midterm improvements to operational readiness, acquisition, and strategic governance. The following action is required:

- Achieve initial improved CAF HRMS capability (5.3 MPMCT) – May 16
- Continue Op RESOLUTION to reduce Grievance backlog by 80% of those at IA level for 4 months or more – Jun 15
- Digitize Grievance system while developing and testing an Integrated Conflict and Complaint Management approach – Mar 16
- Complete Government pay transformation for civilian personnel – Mar 16



Recommendations

- Note the Defence Strategic Change Synch Matrix
- Consider including the Strategic Synch Matrix in the Defence Plan
- Note priorities for FY15/16
- Consider integrating Strategic Change Governance within overall governance
- Endorse the intention of DRT to operationalize the Defence Strategic Synchronization Matrix by establishing tools, coordination processes, reporting and decision support criteria

Top Defence Strategic Change Priorities for FY15/16 (Detailed)



Ops Excellence:

1. In order to assure improvements to operational readiness in the medium term it is essential in the short-term to identify priority operational requirements addressing concurrency and potential gaps in joint enablers, and to clearly articulate this in the nascent Defence Plan

- Jan 16 - Prioritized Operational Requirements
 - FCG Update – Jun 15 – Prioritized future capability gaps
 - Defence Plan – Jun 15 – Articulated priorities for Ops Capabilities and Readiness
 - MYEP – Jun 15 - baseline readiness pressures of regular full-time establishment
 - CIPPR Update – Nov 15 – Prioritized capability IP
 - FP&R Directive – Jan 16 – Prioritized joint enabler gaps
 - Initial Strat J4 - Dec 16 – Op Support requirements

Acquisition:

2. In order to ensure continuing improvements in the procurement of materiel and support services, it is necessary to ensure the success of initial contract delegation while defining strategy for mid-term IM/IT enablers like DRMIS and AIT

- Jul 15 - Third Party Reviews established on Major Capital Projects in synch with PAPR on low risk projects
 - DR 6.2 PAPR commenced on low risk projects – Jul 15
 - DPS Independent Third Party Review commenced – Jul 15
- Jul 15 – Deleg. of Contract Auth. to ADM Mat
 - DR 2 Series and MA&S Campaign Plan – Jul 15
- Jul 15 - Roadmap for DRMIS and AIT acquisition enablers
 - DRMIS – Jul 15 - Prioritized DRMIS improvements vs time (roadmap)
 - DR 2.1 MA&S – Jul 15 - AIT Project Charter (roadmap)

IM/IT & Security:

3. In order to enable Defence business and operations, it is critical that IM/IT activities be aligned with the needs and priorities of the Department. This strategic alignment must be established and maintained through strong IM/IT Governance led by the Defence CIO. Strategically aligned IM/IT is critical to support mid-term improvements to operational readiness, acquisition, and improved strategic governance.

- Nov 15 - Initial improvements to IM/IT Governance
 - IM/IT Governance – Nov 15 - Initial Improvements
 - DR 3.3 – Jul 15 – Initial Strategy to Rationalize IM/IT Program
- Mar 16 - Initial enablers for improved Ops
 - SSC for Ops – Mar 16 - SSC improved datacentres, bandwidth, and Cyber/IT security and start of network migration
- Mar 16 – Begin implementation of DRMIS roadmap to enabled improved Acquisition and contracting
 - DRMIS – Mar 16 - Start implementing prioritized DRMIS improvements vs time
- Mar 16 - Ready with initial IM/IT enablers for HQ Trans/Carling
 - SSC Carling – Mar 16 - SSC improved datacentres, bandwidth, and Cyber/IT security and networks ready at Carling
 - GC Docs – Mar 16* - ready for initial implementation at Carling
 - Security Single Access Card – Dec 15 – Card and security enablers ready for Carling

Defence Renewal:

4. In order to sustain commitment to renewal in the midterm it is necessary to coordinate and focus efforts across interdependent areas of Defence by achieving initial improvements to Strategic Change Management. This will require the following action:

- Jun 15 – Initial reinvestments and synchronization across Defence of all strategic change initiatives
 - DR Performance Initiatives, particularly 2 Series, 3.1, and 4.1 - Jun 15
 - 7.1 Strategic Intent, 7.2 Ph 3 complete – Initial governance improvements and articulation of renewal priorities in Defence Plan - Jun 15
- Oct 15 - Initial Organizational Practices in support of Strategic Clarity, decision making and Strategic Change Management
 - Continuing engagement of senior leadership - ongoing
 - 6.1 Lean HQ – Lean HQ pilot organizational design ready – Oct 15
 - 7 Series, 8.1 Evidence-based Decision Making - initial improvements in support of decision making – Oct 15
- Mar 16 – Integration of PI reinvestment management into business planning demonstrating benefits for Ops Readiness while commencing transition to Lean HQ for pilot organizations
 - First year of 6.2 PAPR and 2 Series continued improvements in synch with Acq 1b Delegation of Contract Authority – Mar 16
 - 6.1 Lean HQ – Commence transition to Lean HQ for pilot organizations – Mar 16

Strategic Governance:

5. It is critical to align Departmental resources around key priorities by establishing initial improvements to Strategic Clarity and Governance. This will require the following action:

- Jul 15 - Initial transition to Independent 3rd Party Review and commenced PAPR on low risk projects
 - DR 6.2 PAPR commenced on low risk projects – Jul 15
 - DPS Independent Third Party Review commenced – Jul 15
- Jun 15 - Articulate integrated Defence and strategic change management priorities in Defence Plan
 - Defence Plan – articulate Defence Priorities and Intended Outcomes including for strategic change and Defence Renewal – Jun 15
- Oct 15 - Initial Strat Clarity and Governance
 - 6.1 Lean HQ – Lean HQ pilot organizational design ready – Oct 15
 - 7 Series, 8.1 Evidence-based Decision Making – Oct 15
- Mar 16 - Commence transition to Lean HQ organization
 - 6.1 Lean HQ – Commence transition to Lean HQ for pilot organizations – Mar 16
- Mar 16 - Ready with initial IM/IT enablers for HQ Trans/Carling
 - SSC improved datacentres, bandwidth, and Cyber/IT security and networks ready at Carling – Mar 16
 - Single access card and initial security enablers ready for Carling – Mar 16
 - GC Docs ready for implementation at Carling – Nov 16

People and their Work Environment:

6. In order to bolster morale and promote core Defence values, Defence must ensure initial improvements to recruiting, HRMS, career and attrition management, and complaints resolution. This will, in turn support mid-term improvements to operational readiness, acquisition and strategic governance. The following action is required:

- Initial improvements to CAF recruiting, MPMCT, career and attrition management, and complaints resolution, including reduction of military grievance backlog
 - 5.3 MPMCT initial capability – May 16; 5.4 Recruiting/5.2 Career Mgt – tentatively Mar 16
 - Op Resolution, Mil Grievance System Digitization and Integrated Conflict and Compliant Management – Mar 16
 - HR Civ – Complete GoC Pay Transformation – Mar 16

A-12

Note: * The intent is have the capability ready by early 2016, but actual implementation at Carling will be in waves (roughly Aug 16-17) prior to the phase 1 moves.



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ANNEX B

**SUMMARY OF IDEAS RECEIVED BY
THE DEFENCE RENEWAL TEAM 2014-2015**



National
Defence

Défense
nationale

Canada

SERIAL	Date Received	IDEA	SOURCE
001	02-Apr-14	Ammo management: Improve Ammunition allocation expenditures.	Senior Officer, CFB Petawawa
002	03-Apr-14	Base Living Accommodation Standardization: Improve the management of base living accommodations.	Senior Officer, CFB Petawawa
003	14-Apr-15	Recommendation for replacement and consolidation of airframe types in service, and to address the current shortage of pilots.	Senior Officer, Joint Delegation of Canada to NATO, Belgium
004	09-Sep-14	Component Transfer Process for Cadet Organizations Administration and Training Service: Improve the current situation where a currently serving CAF member transferring to COATS has to redo the full recruiting process at the recruiting center.	Senior Officer, CFB Gagetown
005	16-Sep-14	Calibration Program Review: Improve the current management of the CAF maintenance program for calibration equipment.	Senior Leadership, QETE, Ottawa
006	03-Oct-14	360 Balanced Scorecard: Incorporate a 360 degree balanced scorecard approach into the Personnel Evaluation Report system.	Senior Officer, NDHQ, Ottawa
007	15-Oct-14	Augmentation of Employment of RCAF Reserves: Recommendation to increase employment of RCAF Reservists.	Junior Officer, CFB Bagotville
008	07-Nov-14	Processing of Security Clearances for DND Civilians: Improve the management of security clearances for DND civilians for extra-departmental transfers.	Manager, NDHQ, Ottawa
009	15-Oct-14	Dental Services for Locations Without Military Hospital: Improve dental services for members in locations without a DND hospital.	Junior Officer, RCSU (Central) Detachment, London
010	30-Nov-14	Replacing CF Medical Personnel in CF Recruiting Centres: Examine alternate service delivery for medical examinations at CAF recruiting centers.	Director, Calian, Health Sector, Ottawa
011	27-Nov-14	CF Physiotherapy Staffing: Moderate the staffing of civilian providers for Physiotherapy Services at CAF bases in favor of Public Service physiotherapist positions.	Senior Leadership, PIPSC, Ottawa
012	15-Oct-14	Commercial Off-the-shelf Hardware Components Procurement for Spare Parts Scaling: Improve acquisition processes for spare parts scaling for capital projects.	Systems Engineer, CSSC(E), Halifax



SERIAL	Date Received	IDEA	SOURCE
013	15-Oct-14	National/Provincial Trunked Mobile Radio (TMR) System: Implement TMR systems in all provinces to improve the dispatch of and communications between provincial emergency services.	Junior Officer, CFB Greenwood
014	16-Oct-14	Nuclear Safety and Regulatory Oversight Program Improvements: Recommendations for the National program.	Senior Advisor, Director Nuclear Safety, Ottawa
015	16-Oct-14	Commonality of Systems for Emergency Dispatch Services: Recommendation for interoperable communications systems for emergency dispatch services.	Contractor, DGMEPM, Ottawa
016	05-Nov-14	Academic Paper on the Defence Strategy: Submission of an academic paper with ideas for Canada's defence strategy.	Senior NCO, CFB Bagotville
017	28-Jan-15	Aircrew Selection Process: Recommendation to decentralise computer based-testing.	Junior Officer, NDHQ, Ottawa
018	06-Mar-15	Separation of Policy Development and Business Processes: Achieve a more holistic approach to policy development and business processes.	Senior Public Servant, NDHQ, Ottawa
019	11-Mar-15	Reserve Basic Training List (BTL): Increase the Regular Force Trained Effective Strength by converting the BTL into Reserve positions.	Senior Officer, NDHQ, Ottawa
020	27-Mar-15	Academic Paper on Naval Manning Strategy: Submission of an academic paper with ideas for fleet procurement, employment and maintenance as well as crew recruitment, training, employment and retention.	Senior NCO, CFB Bagotville
021	31-Mar-15	Record of Reference Database for Acquisition Projects: Improve the accuracy and accessibility of information from the Capability Investment Database.	Senior Public Servant, NDHQ, Ottawa





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ANNEX C

INTERNATIONAL DEFENCE REFORM BRIEFING



National
Defence

Défense
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Canada



National
Defence

Défense
nationale



International Defence Reform DRT Benchmarking

C-1

Canada



Overview

- DRT international benchmarking project
- Research observations
- International initiatives of interest
- Next steps



Why benchmark?

- Understand how others are adapting to similar fiscal and security challenges
- Enhance dialogue on business of defence – learn from successes and mistakes of others
- Identify areas of possible interest to future Canadian reform efforts



Benchmarking Project

- Methodology
 - Open source survey of selected countries
(Departmental and Parliamentary reporting, audits, etc)
 - Identification of initiatives for further assessment
- Deliverables
 - Catalogue of international reforms aligned against Canadian Defence Renewal portfolio initiatives
 - Briefing notes on key countries
 - Reference placemats mapped against DR initiatives



Initial Observations

- Scale and scope of reforms varies, Canada among more modest of current reformers
- Types of initiatives depend on previous reform efforts, current imperatives, long-term transformation objectives
- Better to seek nuggets of wisdom than measure through comparison
- Understanding implementation process as important as knowing content of reforms



Initiatives of Interest

Governance and Accountability

- **Streamlining senior committee structures, increasing Ministerial engagement**
 - UK: Smaller and more strategic Head Office, creation of Defence Board chaired by Defence Secretary
 - France: Review of decision-making structures
- **Holding to Account/accountability mechanisms**
 - UK: Holding to Account (H2A) process
 - Australia: Increased individual accountability



- Reallocating, relocating senior personnel
 - Netherlands: executive pool for restructuring projects
 - UK: redistribution of senior positions, movement Service Chiefs outside Head Office
 - France: consolidation of Paris headquarters
- Enhancing financial practices, including improved cost estimates for acquisition and operations
 - Australia: Group Chief Financial Officers network
 - UK: re-establishment of Cost Assurance and Analysis Service



Initiatives of Interest – Procurement

- **Early Indicators Warning System**
 - Australia: Early assessment of projects, steps taken to remedy before delays or cost increases unavoidable
- **Projects of Concern List**
 - Australia: Identification of particularly troublesome projects, bringing range of resources to bear, could include “naming and shaming” of suppliers
- **Incorporating private sector expertise**
 - Australia: Negotiation cell established for advice, training
 - United Kingdom: Exemption granted from Treasury HR policies; freedom to recruit, reward and release personnel



Initiatives of Interest – Personnel

- **Outsourcing of recruitment**
 - Australia: successful recruitment in partnership with private contractor since 2003
 - UK Army: current implementation hampered by IT failures; project delays, target failures
 - Partial outsourcing: NZ, Netherlands (considering)
- **Flexible staffing – Whole/total force concept**
 - Australia, NZ: civilianization and flexibility



Initiatives of Interest – Infrastructure

- **Base consolidation and divestment**
 - France: Regional support base concept, Balard
 - Netherlands: Colocation with OGDs
- **Renegotiation, rationalizing base services contracts**
 - Australia: Retendering of base services contracts to rationalize, create tension among competitors



Initiatives of Interest

Innovation and Engagement

- Innovation ideas
 - UK: GEMS Online system for collecting and tracking action on suggestions
- Internal communications
 - France: Ministerial townhalls with Defence personnel on reform implementation



What next?

- Ongoing monitoring and analysis of reform-related developments
- Enhance international dialogue on reform/renewal, capture insight
- Focused outreach on initiatives of interest with L1 organizations, Canadian Defence Attachés