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MASTER OF DEFENCE STUDIES

Preparing for Change in Canadian Forces Logistics

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ABSTRACT

There have been significant external forces causing change within the military forces in most western nations. These forces began with the end of the Cold War and the tightening of fiscal policies. However the expected peace dividends of the end of the Cold War were not realized due to increased regional instability. In order to achieve the desired financial benefits, while maintaining or developing combat capabilities, other methods were required.

The goals and strategies chosen by the Canadian Forces (CF) to deal with these forces focused on reengineering and reducing the costs of non-core capabilities. The benefits would come from finding new, less costly methods to provide non-core capabilities and the resulting cost savings could then be used to increase spending on core, combat capabilities. The Alternate Service Delivery (ASD) process has been used as the main method to transfer non-core capabilities to the private sector in attempts to save costs as well as increase the level of service.

In order to examine the effectiveness of the chosen strategies and initiatives, their impact on the basic organizational structures of policy, doctrine, management and operations must be considered. These structures are interdependent as can be seen in the logistics ASD initiatives; the Supply Chain Project (SCP), contractors on the battlefield and the Information Technology (IT) advances of Canadian Forces Supply System Upgrade (CFSSU).

The potential for savings through ASD, while not yet realized, is significant, however there are many factors impacting on the success of each initiative. All the

necessary preparations must be made and each problem must be solved before proceeding. The logistics initiatives are of such a size and scope as to have broad reaching impacts and if they are not implemented correctly there will be an impact to CF operations.

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CHAPTER 1 INTRODUCTION - STRATEGIC CHANGE

The end of the Cold War in 1991 is used as a marker for most current discussions of military issues and events. It had a significant impact on every aspect of the military from choices in technology, to organizational structure, to doctrine and policy. The end of the Cold War was not a boon to the military. The perception was that there would be fewer requirements for the military and that downsizing of the military would be the logical result of the end of a major war that had lasted fifty years.

There were other factors at play at the same time. The fiscal position of western states was precarious as a result of the deficit financing that most states had been practicing for several decades. The disadvantages of these practices were becoming more evident so that as the Cold War was ending there were also pressures to reduce government spending. The Canadian government was in just this position. The budget of the Canadian Military is the largest discretionary component of government spending and is therefore the most directly and quickly accessible source of budget cuts. The move toward reducing government (and military) spending had started before the end of the Cold War, but the war's end added a greater impetus. The 1994 Canadian Defence White Paper acknowledges this;

“Canada and most other NATO allies have seen their military budgets decline, acknowledging the fundamental changes on the world scene and the need to reduce overall government expenditures.”¹

¹ Canada, Department of National Defence 1994 Defence White Paper, (Ottawa: Department of National Defence, 1994) Chapter 1.

The Government wasted no time in seeking significant savings from the military. The military had to absorb these reductions while trying to develop a strategy to deal with the dramatic change in the security situation. The initial savings were found in operating and maintenance costs, but it was obvious this was only a temporary solution that would have dire consequences on the effectiveness of equipment and personnel if it were allowed to continue.

1.1 The 1994 White Paper

By the time the Department of National Defence (DND) produced the White Paper of 1994, the military had come to a new realization. Peace was **not** breaking out all over. By the mid '90's there were more personnel deployed to more missions in more locations than there had been prior to the end of the Cold War. And these were serious missions: the Gulf War, Bosnia, Somalia. At a time when the quality of military equipment and training was more critical than ever, there were fewer resources available to ensure mission success. These realities are reflected in the White Paper.

“To maintain this general capability, we have had to make some difficult choices. We will continue to assess the relative costs and benefits of various capabilities in order to make trade-offs which, while difficult, will be essential if the Forces are to contribute to a broader range of Canadian objectives.”²

The combined considerations of fiscal restraint and the increasing demand to provide resources for unpredictable missions were opposing requirements in the 1994 White paper. In order to achieve it's objectives, the White Paper identified several areas of change in DND that would allow for greater resource efficiencies. They are in management, command and control, in capital equipment and procurement, in

infrastructure support and in personnel reductions. Chapter 7 of the White Paper, *Implementing Defence Policy*, assesses and provides the following direction for these areas of change. Management, command and control are assessed, as “responsive and adaptable, but takes up too large a proportion of the resources available to defence.” Capital equipment and procurement will acquire new equipment “only for purposes considered essential to maintaining core capabilities of the Canadian Forces.” Core capabilities are defined as those activities that can only be accomplished by military resources; and we assume all other capabilities can be provided by non-military agencies. For capital procurement and service provision, DND sought to divest itself of non-core activities.

“The Department will also enhance its partnership with the private sector. Where business-case evaluations demonstrate potential for increased cost effectiveness, support activities currently conducted "in house" will be transferred completely to Canadian industry or shared with private industry under various partnership arrangements.”³

Previous reductions made by DND in infrastructure support had “made considerable headway in reducing defence infrastructure and support, [but] further reductions are both possible and necessary”. Personnel reductions “will continue” and “will be implemented in an orderly, fair and equitable manner.”⁴

“The Canadian Forces will reduce military staff in certain occupations and trades as functions are contracted out or reassigned to civilian employees.”⁵

² White Paper, Chapter 3

³ White Paper, Chapter 7

⁴ White Paper, Chapter 7

⁵ White Paper, Chapter 7

This White Paper definitely focused on resource management. It called for reductions and savings that were “hard-nosed and realistic”, while realizing the requirement to maintain credible capabilities to meet “our global responsibilities”. DND now had to find specific ways to implement the objectives of the White Paper.

1.2 Implementation Strategies

The Federal Government’s fiscal reality of the late ‘80’s and early ‘90’s did not allow the luxury of time to consider many options. Much of the consideration had been completed in order to produce the White Paper. The decision to reduce overhead by rationalizing management and command and control was implemented via the Management, Command and Control Reengineering Team (MCCRT). The main goal of the team was to reduce headquarters by at least one-third while eliminating one layer of headquarters by 1997.⁶

These goals could not be accomplished without ripple-down effects. There would be fewer people to do the same work meaning non-essential tasks were eliminated and others would have to be devolved to lower levels. So while the MCCRT was not specifically looking at reengineering any function other than management and command and control, there would have to be significant alterations at all levels of the organization to accommodate these changes. As a result, there was widespread reengineering happening within the department. Most efforts were small and independent as there was no national level guidance in place. In the support functions many of the previous

⁶ Canada, Department of National Defence, Management, Command and Control Information Package for Senior Managers, January 1996 (Ottawa: Department of National Defence, 1996) 4.

regulations and restrictions were removed allowing for the implementation of alternate methods of providing services.

In the beginning, many of these alternative methods were found 'in-house' but soon Alternate Service Delivery (ASD) became synonymous with 'contracting-out'. This same process was happening in most other government departments as it was in DND, in an ad hoc and uncoordinated manner. The Treasury Board Secretariat (TBS) developed a specific policy for implementing ASD in the government through a 1995 document called a Framework for Alternative Program Delivery. The TBS goals of ASD were to improve the level of service, to ensure value for money and to balance innovation with public core values.⁷ Below is the current TBS policy statement.

“The Government of Canada encourages continuous improvement and innovation in the delivery of its programs and services. Innovative organizational forms and arrangements can play an important role in improving performance. Alternative Service Delivery arrangements must deliver sustainable results for Canadians and reflect the public interest.”⁸

The White Paper requires that DND target non-core capabilities for contracting-out. Defence Planning Guidance '99 estimated that savings from ASD would be \$175 million per year by the end of planning period 1999-2004.⁹ These savings would be used to invest in combat capabilities and thus the pressure to proceed with identified projects for ASD was significant. In attempts to maximize the returns on ASD, “DND aggressively competed sectors of support services end-to-end... major ASD initiatives

⁷ The Treasury Board Secretariat, “Policy on Alternative Service Delivery” [http://www.tbs-sct.gc.ca/pubs_pol/opepubs/tb_b4/asd-dmps1_e.html#1.0] 2002-02-20.

⁸ TBS Policy on ASD.

⁹ Canada, Department of National Defence, Defence Planning Guidance'99, (Ottawa: Department of National Defence, 1999)

were launched including the Supply Chain Project (SCP), Military Pay and Site Support Services Project (SSSP).”¹⁰

Also at this time, an ASD Capacity Check was underway to review the department’s effectiveness in using the ASD process. The ASD Capacity Check was undertaken by external consultants to determine whether the capabilities needed to deliver ASD existed within the DND. The goal of the report was to assess the DND’s ability to “properly situate ASD within the strategic change perspective, and to ensure ASD is clearly oriented to optimizing combat capability.”¹¹ The report has several objectives but for the purposes of this paper only the assessment of the state of DND practices will be examined. The overall assessment of DND is that it is in the ‘Early Stages of Development’ of the ASD process. Sections of the report, such as ‘Human Resource Management’ and ‘Performance Measurement and Reporting’ will be referenced later to support specific points and arguments.

1.3 Aim

The aim of this paper is to evaluate whether the CF Logistics leadership, responsible for support functions, has taken the appropriate steps to prepare the organization for the fundamental changes that will occur as a result of the various initiatives to be implemented through ASD and make suggestions for the way ahead.

This paper will review the organizational structures of logistics that include policy, doctrine, management, and operations to determine how these will

¹⁰ Canada, Department of National Defence, “Director General of Strategic Change: ASD Policy” [http://www.vcds.dnd.ca/dgsc/asd/tem2_e.asp?sec=2&doc=page2a] 2002 01 24, About ASD..

¹¹ KPMG Consulting, Department of National Defence: ASD Capacity Check Assessment, (Ottawa: Department of National Defence, 2001) 3.

be impacted by the completed implementation of current ASD initiatives. The ASD projects to be studied in this way will include the Supply Chain Project (SCP) which is mandated to find a single contractor to provide the complete range of supply chain activities to the CF, the "Canadian Forces Contractor Augmentation Program" or CANCAP which will bring contractors to deployed theatres of operations as well as the major IT/IM project, the "Canadian Forces Supply System Upgrade" or CFSSU which aims to provide better asset management capabilities to the CF. Once the impacts have been identified, a review of how these same initiatives have been managed in other militaries as well as in the private sector will be used to develop a proposed way ahead for the CF.

1.4 Expected Benefits

The 1994 White Paper stressed the requirement to make significant changes within DND. "The new defence policy heralds a fundamental transformation of the way in which the Canadian Forces and the Department of National Defence will conduct their operations and do business in the coming years."¹² The expectation was that innovative and alternative ways of doing business would be found throughout the department. The goal was to provide better services more efficiently. The elimination of levels of headquarters would reduce personnel and streamline staff. Infrastructure rationalization would save on operating and maintenance costs and make funds available for capital procurement. Procuring 'off-the-shelf' or in partnership with industry would make the limited funds go farther. And the most promising of all was "the transfer or contracting

out of support functions and activities to Canadian industry.”¹³ Using the ASD process personnel could be reduced; infrastructure could be reduced and support services could be provided for less than the current costs to DND.

“The challenge will be to design a defence program that will deliver capable armed forces within the limits of our resources.”¹⁴

What is not obvious is how the department will go about implementing the actual ASD process and ensuring the promised benefits are realized. Projects the size of SCP, Military Pay and SSSP will have to be addressed at a high level but there are more practical considerations as well. Each ASD project requires specific skills and experience in order to ensure successful results.

Recent experience by DND with ASD has been less than successful in meeting the goals of financial savings. In 1996 it was believed that annual saving of \$200 million would be realized from various ASD projects by 1999. This was revised to \$175 million per year by 2004.¹⁵ The report of the Office of the Auditor General of Canada (OAG) on the use of ASD in DND identifies several problem areas including business case analysis, adequate policy for partnering with the private sector and lack of qualified personnel to implement the ASD projects. The OAG has concerns for the use of ASD by all government departments. “Our results indicate that the federal government has much to do before realizing the full advantage of service contracting.”¹⁶ This concern is reflected

¹² White Paper, Highlights.

¹³ White Paper, Highlights.

¹⁴ White Paper, Chapter 7.

¹⁵ Canada, Auditor General of Canada, 1999 Report of the Auditor General: National Defence, Alternative Service Delivery, (Ottawa: Office of the Auditor General, 1999) Chapter 27.

¹⁶ Auditor General, Chapter 27.

in the new policy for ASD approved by the government and published by Treasury Board called the “New Policy Oversight of Alternative Service Delivery Arrangements”.¹⁷

The Treasury Board is concerned that major ASD projects have not delivered innovative service solutions and “have not respected the need for openness, transparency, visibility and accountability for the expenditure of public money as well as the achievement of the results.”¹⁸ This new ASD policy provides national level guidance with respect to responsibility and accountability to the Government. The more specific problems of DND have been addresses by the OAG in a report on ASD practices in DND that concludes:

“The Department currently has an adequate framework to manage alternative service delivery. This framework had not yet been put into practice for many of the projects we audited. We found that improvements have been made that appear likely to address problems in the future.”¹⁹

The earliest initiatives of ASD within DND were not successful and, as the report indicates, much work has been done by the department to ensure the goals of the ASD process are met. The framework developed by DND is designed to address the lessons learned to date about the implementation of ASD projects. The ASD Methodology is a process that is designed to help department personnel make the proper analysis and assessment when considering ASD solutions. It is an implementation tool that ensures a comprehensive, transparent, standardized and auditable result.²⁰

The success of ASD projects does not end with successful implementation. The long-term success of the project will be dependent on the planning that was done to

¹⁷ Treasury Board of Canada, “New Policy Oversight of Alternative Service Delivery Arrangements”, [http://www.tbs-sct.gc.ca/media/nr-cp/2002/0220_e.html] 02 20 2002.

¹⁸ “New Policy Oversight of Alternative Service Delivery Arrangements”

prepare the remaining organization for the changes that will result from the ASD project. Have the appropriate policy and regulation changes been implemented to address the new methodologies? Have the users of the new service been properly prepared for the change? Will users need new skills, new knowledge? Are the managers responsible to provide the service that will come from the contractor able to ensure contractor compliance? Have the appropriate authorities been provided to department personnel to allow them to deal with the new service contract? These are the requirements for success that should be addressed well before implementation has occurred.

Most support activities and functions of the CF have been identified as non-core and are targeted for ASD. In DND's comments at the end of the OAG report it confirmed "as a strategy to carry out the 1994 Defence White Paper operational requirements, the Department remains firmly committed to divesting itself from delivering non-core activities where it is cost-effective and practical."²¹ The expected benefits of personnel and infrastructure reductions resulting in increased funds for combat capabilities have yet to be fully realized but the department has addressed the problems that have slowed the progress of ASD initiatives with a policy framework and methodology.

As mentioned the ASD capacity study has assessed DND as being in the early stages of development and it is obvious from the OAG report that there is much development still to be done. But the progress the department is making is focused on the implementation of ASD and not on the longer-term issues that need to be addressed to prepare the organization for these initiatives. The department must review its policies

¹⁹ Auditor General 1999, Chapter 27.

²⁰ ASD Policy, Methodology.

and doctrine to reflect the new processes. The management of personnel, their employment paths and training requirements must be addressed. Changes to one process in the organization will have impacts on other processes. These must be evaluated to ensure new efficiencies in one area do not cause inefficiencies in other areas.

CHAPTER 2 SURVEY OF REFERENCE DOCUMENTS

This chapter provides a short discussion of the documents used to support the investigation process of the paper. The usefulness and value of most of the major references and how they support various points and arguments is explained in the following paragraphs.

2.1 CF Documents Supporting the Change Process

The following Defence documents mandate change as a result of the fiscal pressures of the late '80's and early '90's. The 1994 Defence White Paper²² provides the vision and goals of the CF. There is a heavy emphasis on the impacts of the fiscal reality that was in place at that time. It identifies support functions as potential areas for resource saving and actually suggests out-sourcing as a solution. It provides background for the decisions leading to reengineering, the Supply Chain Project and other ASD methods for support activities.

The project which captured most of the desired down sizing and 're-engineering' that took place during the '90's was the Management, Command and Control Reengineering Team (MCCRT) which was mandated to reduce the CF overhead, specifically the NDHQ and command structures. The Canadian Department of National

²¹ Auditor General, Chapter 27.

Defence MCCRT Briefing Package for Senior Managers of January 1996²³ illustrates the proposed changes that would take place to create the environment in which the various options for reengineering the support functions in general and logistics activities specifically would be developed. These documents are still the main influence for the structural changes taking place in the CF.

The DND policy with respect the selection and implementation of alternate service delivery methods and outsourcing for any function or service was provided in the VCDS document, DND Policy – Alternate Service Delivery.²⁴ This policy was developed as a result of the report written by the Auditor General assessing the problems with the department's ASD process.²⁵ The DND policy is helpful in as much as the implementation process requirements for ASD as well as a methodology are included. The methodology assumes that the transition to the new service delivery process will be managed as part of the ASD project yet provides little information on how that might be achieved.

The specific information required for assessing the Supply Chain Project is found in Project Charter: Supply Chain Project (SCP).²⁶ This document provides background information, objectives and scope of the SCP. It includes such things as the procurement strategy, requirements and proposal information. The most current details and a tracking

²² Canada, Department of National Defence 1994 Defence White Paper, (Ottawa: Department of National Defence, 1994)

²³ Canada, Department of National Defence, Management, Command and Control Information Package for Senior Managers, January 1996 (Ottawa: Department of National Defence, 1996)

²⁴ Canada, Department of National Defence, "Director General of Strategic Change: ASD Policy" [http://www.vcds.dnd.ca/dgsc/asd/tem2_e.asp?sec=2&doc=page2a] 2002 01 24, About ASD.

²⁵ Canada, Auditor General of Canada, 1999 Report of the Auditor General: National Defence, Alternative Service Delivery, (Ottawa: Office of the Auditor General, 1999) Chapter 27

of the progress and changes that are occurring over the implementation period can be found at the Supply Chain Project DWAN Web Page.²⁷ It presents ongoing issues and addresses concerns of future customers of the supply chain as well as concerns and questions of Logisticians.

2.2 Documents Assessing Issues with respect to ASD

This group of documents reviewed for this paper were those dealing with assessments or analysis of the problems associated with these initiatives for contracting services with the private sector.

A Canadian report Management & Renewal Services: Embedding Military Personnel in Outsourcing Contracts²⁸, identifies potential issues with embedding military personnel in outsourcing contracts and discusses proposals for the solution of these problems. It provides information with respect to the management of personnel, training and employment in the context of a contracted military function.

As part of the process of the SCP, there is an Environmental Chiefs of Staff working group on embedding military personnel in contractor facilities. The working group's most recent report²⁹ covers a complete range of general and detailed concerns that have not yet been addressed by the project. By examining these concerns, a very clear picture can be produced of the potential problem areas resulting from the lack of preparation for the changes resulting from the SCP.

²⁶ Canada, Department of National Defence, Vice Chief of the Defence Staff, "Project Charter: Supply Chain Project", (Ottawa: Department of National Defence, 1999)

²⁷ Canada, Department of National Defence, Assistant Deputy Minister of Material, "Supply Chain Project" [http://www.dnd.ca/admmat/scp/intro_e.asp]

²⁸ Canada, Director General Management & Renewal Services, "Management & Renewal Services: Embedding Military Personnel in Outsourcing Contracts" (Ottawa: Department of National Defence, 1998)

The Office of the Auditor General prepared a report³⁰ in 1999 assessing the use of ASD within DND. The report reviewed 14 projects, some of which were initiated prior to the development of the department's policy on ASD. The report finds the department's ASD program is still in the early stages and that those projects that were initiated under the new policy show promise of better performance. The SCP has followed the department's ASD policy and thus is expected to provide the desired benefits of cost savings and personnel reductions.

KPMG Consulting was hired to make a capacity check assessment of the department's ability to manage the alternate service delivery process. The KPMG final report' Department of National Defence: ASD Capacity Check Assessment,³¹ assesses the department's capabilities to deliver ASD, to properly situate ASD within a strategic change perspective and to ensure ASD, is clearly oriented to optimizing combat capabilities. While the report is generic to the CF and ASD it often refers to the SCP. The conclusion of the report is that DND is inee

2.3 Guides for Best Practices for Logistics

There are a series of documents that must be reviewed prior to establishing the background of the functions of logistics in the CF as well as logistics in the general sense as practiced by the private sector. There are several texts available to provide an academic understanding of the principles of logistics. The text, Contemporary Logistics³² presents an overview of logistics and the supply chain concept from a civilian perspective. It is useful as a comparison for the military process chosen by the CF. The principles for justifying the move by the CF to an integrated Supply Chain managed by a third party is consistent with the current practices in the private sector but there are issues specific to the CF such as employment of military personnel, customer expectations and unforecast requirements that are not addressed by the supply chain concept.

The principles of change management can be found in a wide variety of texts. The Change Management Handbook: A Road Map to Corporate Transformation³³ is an example, dealing with the principles of change management in the private sector. This book is useful to assess the CF change management process that is associated with the various logistics initiatives.

The Canadian Forces Logistics Handbook³⁴ provides background on the current policy for the training and employment of Logistics officers in the CF. A review of this document quickly reveals that the preparation training requirements of the SCP have not been considered. Other documents covering logistics doctrine such as Out of The Sun:

³² James C. Johnson, Donald f. Wood, Daniel L. Wardlow, Paul r. Murphy, Jr., Contemporary Logistics, (New Jersey: Prentice Hall, 1999)

³³ Lance A. Berger, Martin J. Sikora, Dorthy R. Berger, The Change Management Handbook: A Road Map to Corporate Transformation, (Chicago: Irwin Professional Publishing, 1994)

Aerospace Doctrine of the Canadian Forces³⁵ and Land Forces Sustainment³⁶ provide an understanding of the operational environment into which the SCP and other initiatives must fit seamlessly in order to provide the level of service expected by the customers of support functions.

2.4 Documents from Other Armed Forces Related to Logistics Change

There are many sources of documents that describe the new horizons of military logistics in other armed forces. An article in the Air Force Journal of Logistics, “Competitive Sourcing and Privatization”³⁷ provides a US analysis of the impact that a series of ‘change agents’ will have on the military logistics functions. It identifies the functional changes that must be addressed by the implementation of projects similar to the SCP and the impact that these functions will have on operational capabilities. The following documented briefings prepared by Rand’s Project Air Force address the United States Air Force (USAF) progress in outsourcing. ‘Sourcing Decisions for Air Force Support Services: Current and Historical Patterns’³⁸ deals with the patterns of USAF identification of functions for outsourcing. ‘Strategic Sourcing: Theory and Evidence from Economics and Business Management’³⁹ addressed the issues related to outsourcing from a USAF perspective. It provides an evaluation of USAF commercial practices.

³⁴ Canada, Department of National Defence, Logistics Handbook, [http://www.dnd.ca/admmat/logbranch/handbook/index_e.htm] 1993

³⁵ Canadian Air Force, Out of the Sun: Aerospace Doctrine for the Canadian Forces, (Winnipeg: Craig Kelman & Associates, 1997)

³⁶ Canada, Department of National Defence, B-GL-300-004/FP-00 Land Forces Sustainment, (Ottawa: Director of Army Doctrine, 1999)

³⁷ Steven E. Newbold, Lt Col. “Competitive Sourcing and Privatization: An Essential USAF Strategy.” Air Force Journal of Logistics, Vol XXIII, No. 1. (Spring 1999)

³⁸ Edward G. Keating, Frank Camm, Christopher Hanks, “Sourcing Decisions for Air Force Support Services: Current and Historical Patterns”, (Washington: Rand, 2000)

‘Strategic Sourcing: Measurement and Managing Performance’⁴⁰ deals with the requirement to develop mechanisms to measure the performance that will aid in the management of service contracts.

CHAPTER 3 ORGANIZATIONAL STRUCTURES

3.1 Military Structures

All aspects of the military have similar structures and procedures to accomplish the complex activities that are part of combat operations. Policy, doctrine, management and operations are key components of military organizations. They are required to ensure that the military is able to meet national objectives arising at the strategic level by communicating these goals to all levels in all parts of the organization, by organizing personnel and resources and by demonstrating capabilities through actions.

At the strategic level there are policies and directives. National policy guidance such as the Defence White Paper is used to define the operational capabilities required to meet the strategic objectives of the nation. The Defence White Paper provides the guidance and identifies restraints that mandated a strategy to divest the organization of non-core competencies using processes such as ASD.

Doctrine the combination of principles and theories by which military forces guide their actions in support of objectives and is an essential part of military

³⁹ Ellen M. Pint, Laura H. Baldwin, “Strategic Sourcing: Theory and Evidence from Economics and Business Management”, (Washington: Rand, 2000)

⁴⁰ Laura H. Baldwin, Frank Camm, Nancy Y. Moore, “Strategic Sourcing: Measuring and Managing Performance”, (Washington: Rand, 2000).

organizations that can be used to capture strategic change⁴¹ It describes in broad terms how operations should be conducted. Doctrine is not absolute; proper application requires judgement and it must be used with experience and understanding to be most effective. Doctrine is useful as a tool for conveying military concepts and is a prime means of influencing military thinking. Doctrine will be affected by changes at the strategic level, as objectives and capabilities are modified due to changing priorities and resources. Basic changes in the organizational structures, equipment, infrastructure and procedures must be reflected in the military doctrine.

Leadership is the primary skill of the military profession but it must be backed up by sound management practices. Management is the efficient planning for and employment of resources, including financial, material and personnel. Many of the principles to be considered for military management can be found in doctrine. Once strategic change, such as that resulting from fiscal restraint and ASD initiatives, is reflected in doctrine, the management of military operations then has the direction it needs to meet objectives related to force capabilities. It is critical that the leadership and management practices of the organization are matched to the long term, strategic objectives, as this is the only way to ensure effective and efficient use of resources in operations.

Military operations are organizational outputs that are planned according to doctrine, consume resources and meet objectives. As defined, core capabilities are those activities that can only be accomplished by military resources; and all other capabilities

⁴¹Canada, Canadian Air Force, Out of the Sun: Aerospace Doctrine for the Canadian Forces, (Winnipeg: Craig Kelman & Associates, 1997) 1.

can be provided by non-military agencies. For this reason the support capabilities such as supply, transport, finance, human resources and maintenance have been considered for provision by non-military means allowing for limited military resources to be diverted to core capabilities.

The interrelationships between core and non-core capabilities are reflected in the management practices of the CF and thus in the doctrine and policy. As new strategic guidance causes significant changes in the planning and employment of forces, these changes must be reflected in the management, doctrine and policy of the organization. In order to determine if the appropriate changes are being made as a result of the initiatives under ASD the current organizations in DND must be described with respect to policy, doctrine and management.

3.2 Emerging Logistic Organizational Trends

As a result of the DND policy of unification in the 1960's, where the separate Naval, Land and Air forces were unified in single Canadian Force organization, all logistic and support functions were combined and organized along functional lines; including supply, transport, finance, human resources and food services. When environmental affiliation was reintroduced, logistician's training added an environmental focus. Since many of the support activities for each of the environments is similar it is still viable to maintain a single logistics branch. All logisticians must have knowledge and skill in both environmental and joint operations.⁴²

⁴² Canada, Department of National Defence, Logistics Handbook [http://www.dnd.ca/admmat/logbranch/handbook/index_e.htm] 1993, Volume 1, Chapter 5

The logistics organizational doctrine is established on the Continental Staff System in all the environments as part of the overall doctrine of the CF and to more easily integrate with other nations' militaries. There is also a focus on joint operations. The requirement for the CF to support a constantly increasing number of deployed operations with fewer resources and personnel has led to the establishment of a joint unit, the National Military Support Capability (NMSC).

Recent logistics management activities have emphasized reengineering to achieve the financial savings that have been demanded of the department. These activities have touched all aspects of the organization, including infrastructure, personnel and financial management, but have been mostly locally based and on a small scale. However, there have been several more significant reengineering projects.⁴³

In 1992 the Vice Chief of the Defence Staff (VCDS) mandated a Military Occupational Structure (MOS) Review. It was a quantitative review "to determine the optimal number of military personnel required in each occupation to meet the existing operational requirements."⁴⁴ Once identified, these numbers of personnel would be required to support core operational capabilities and the personnel numbers for each occupation would not be reduced below these numbers through reengineering or other initiatives.

⁴³ A significant national level initiative that resulted in large infrastructure and personnel saving was the Depot Modernization Project that saw a 50% reduction in national storage infrastructure and 70% reduction in the associated labour force.⁴³ The new consolidated depot included state-of-the-art material handling equipment and IT/IM systems that mandated significant skills upgrading by the remaining personnel.

⁴⁴ Canada, Department of National Defence/Canadian Forces Human Resources, "Military Occupational Structure, Analysis, Redesign & Training (MOSART)", [http://www.forces.ca/hr/mosart/engraph/documentation_e.asp] 10 15 01.

“Military Occupational Structure is the arrangement of officer or [Non Commissioned Member] NCM jobs into occupational groupings to facilitate the control, training, and management of personnel resources.”⁴⁵

As stated above, the purpose of the MOS process was not just quantitative assessment, but the review process has become a critical element in any ASD project as it identifies those military positions that must be retained and productively employed in the organization.

Logistics personnel are involved in a wide range of functions and activities that are considered non-core. Thus they are subject to assessment for potential ASD. The functions require skilled workers and knowledgeable managers

The training requirements are provided through specific specialization training as detailed below. The supply chain management specialization teaches control of inventory, management of material, organization of distribution and material movements. The transportation specialization teaches mobile support equipment operations, management of the vehicle fleet and basic movement of cargo. The financial management specialization teaches organization and establishment control, costing activities, business plan performance, public revenue management and contracting for goods and services. The human resource management specialization teaches personnel administration and personnel services. The food services specialization teaches food procurement and production and the use of labour and facilities. The basic structure of the training however, is still along the functional lines of supply, transport, finance and administration.

These are some of the emerging organizational arrangements of support and logistics currently occurring in the CF. The policy, doctrine, management practices and functional activities show an organization that is changing to respond to the influences that have been affecting the whole of DND since the end of the Cold War and the new fiscal realities.

3.3 Logistic Initiatives for ASD

In order to understand how the military structures of logistics and its organization will be impacted by the specific initiatives that are mandated by strategic policy, the individual projects will be reviewed and explained.

3.3.1 Supply Chain Project

“The aim of the [Supply Chain Project] is not to contract the existing system "as is", but to achieve the objectives of the Supply Chain Project (SCP) business case by matching, where appropriate, the particular talents and competencies of the private sector with the existing requirements and competencies of the DND/CF.”⁴⁸

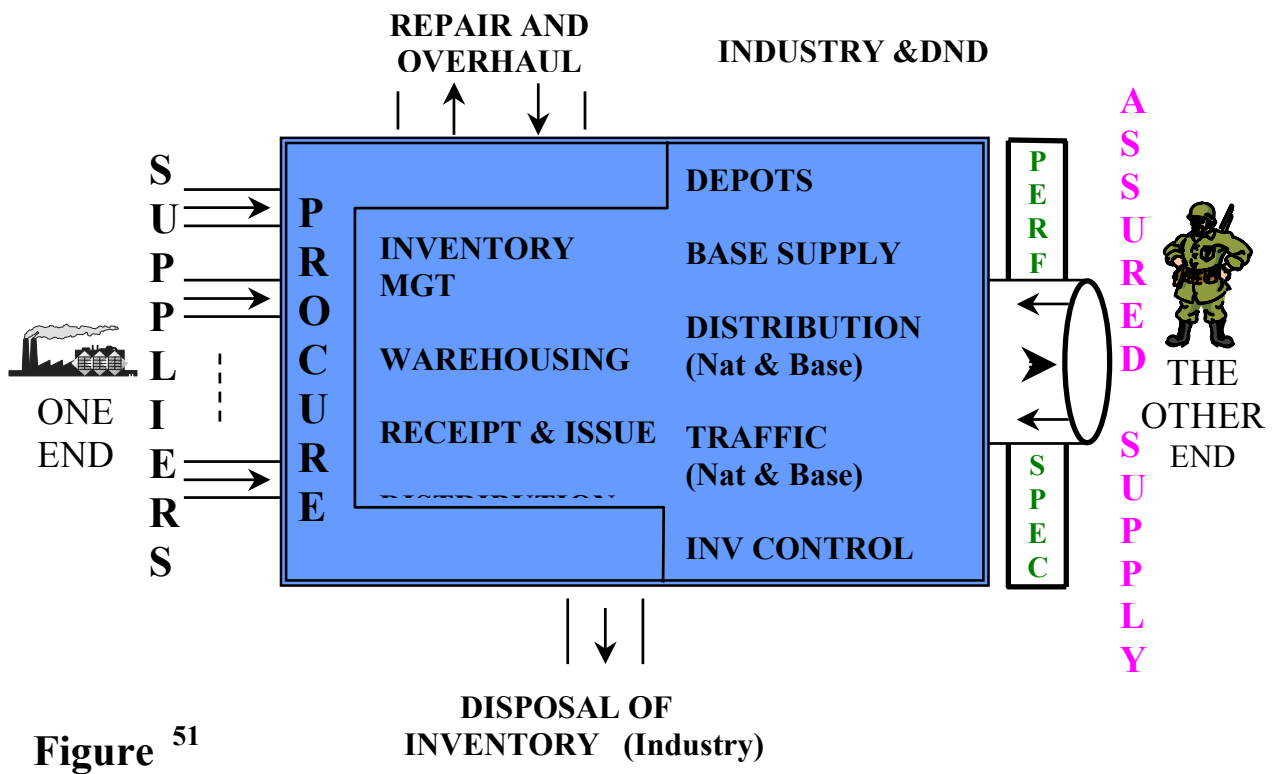
In 1997 the ‘end-to-end’ supply and distribution activities of the department were identified as having the potential for cost saving through the ASD process. All supply and distribution activities wherever conducted within the department were subject to review. As many of these activities were included in other initiatives, the implementation of the project was dynamic and there would need to be coordination between initiatives. Engineering, maintenance and capital acquisition activities were specifically excluded from the project scope, as the interface between supply and distribution and these activities is abstract and difficult to define.⁴⁹

There is nothing surprising about the SCP project objectives. In fact they could be applied to any of a number of DND projects regardless of the functions under review. The project objectives are: to reduce costs; ensure operational commanders are served effectively; (to the extent possible) maximize quality employment opportunities for affected personnel, and ensure customer service levels meet or exceed current satisfaction rates.⁵⁰

The project is illustrated in Figure below. This shows the activities in the project’s scope as well as the four main supply interfaces; commercial suppliers, customers, repair

⁴⁸Canada, Department of National Defence, Assistant Deputy Minister of Material, “Supply Chain Project” [http://www.dnd.ca/admmat/scp/data/fsrpf_e.asp] ASD Fact Sheet.

and overhaul, and disposal. It shows the project's two main customers, maintainers and operators, and it also shows the areas that are not in the project scope, acquisition and maintenance.



The ASD process used for the SCP was the new framework process described above as the ASD methodology. When the Request For Proposal (RFP) process was

⁴⁹ Canada, Department of National Defence, Vice Chief of the Defence Staff, "Project Charter: Supply Chain Project", (Ottawa: Department of National Defence, 1999) 2.

⁵⁰ "SCP", Project Charter, 1.

⁵¹ "SCP", Presentation.

completed the selected contractor would enter into a partnership with the Department for Phase 1 to refine the scope of the project. Phase 2 would commence with implementation and would include all the transition activities that are expected to take from two to three years. The specific deliverables of Phase 1 are to redefine the business case, develop an implementation plan and develop a transition plan.⁵²

The contractor has been chosen and Phase 1 began in the summer of 2001 and will be completed by the summer of 2002. The redefinition of the business case is an important part of Phase 1 because the original business case was developed in 1997 at a time when significant change and reengineering was taking place. The scope of the SCP was expressed in general terms and as stated in the project charter is ‘dynamic’. Many of the projected savings of the project are no longer available. For example, in 1997 there were more than 400 personnel (civilian and military) employed at 25 Canadian Forces Supply Depot (CFSD) in Montreal and now, as a result of the Depot Modernization Project, there are fewer than 200 personnel.⁵³ This is a reduction of 200 personnel that must be reflected in the redefined business case and will have a significant impact on the projected cost savings as many of the proposed savings were to come from personnel reductions.

The original planning figures for personnel indicate “the supply chain currently employs 1,684 civilian employees and 2881 military members at installations across Canada.”⁵⁴ Of the military members employed in the supply and distribution at the time

⁵² Canada, Department of National Defence, “SCP Update”, Volume 1, Issue 7 (Ottawa: Department of National Defence 2001) 2.

⁵³ The author was the Corporate Services Officer at 25 CFSD in 2001.

⁵⁴ “SCP”, ASD Fact Sheet.

of the original analysis it was forecast that; 20% will be employed outside the supply chain in training or career management; 15% will be employed in planning, contract management or staff positions; 30% will be employed in mobile units such as combat service battalions, on board ship or in squadrons; 30% will be embedded in contractor facilities and 15% will be surplus.

The requirement to embed military personnel in the contractor's facilities is a result of the MOS review that mandates a specific number of military personnel for each classification. This number exceeds the operational requirement by 30% (the number to be embedded) for a number of reasons. The CF normally rotates personnel between operational units such as ships, brigades and squadrons and static units such as bases and schools in order to relieve the stress and fatigue of working at operational units. There are also several deployable National Level Units (NLU) that are contingency units and not normally manned on a full time basis, but the personnel must be available from static units to fill the NLU when required. The positions at static units also provide for rank hierarchies and career progression. As these positions at static units are lost when the units' functions are provided by contract, there is a requirement to recreate these positions in the contractors' organizations.⁵⁵

The SCP is well under way and has made use of the ASD Framework developed by the department. The redefinition of the business case may reveal that the projected cost savings are not as significant as originally forecast but this is not the only objective of the project. There are many unresolved issues with embedding and they are being addressed. It seems that the SCP will be implemented, however the success of the project

will be determined by how well the logistics organization adapts its policy, doctrine, management practices and operations to effectively deal with the new structures it is creating.

3.3.2 Contractors in the Battlefield

In 2000 the Deputy Chief of the Defence Staff (DCDS) sought ways to reduce the strain on the departments capacity to sustain forces on deployed missions. The MOS

⁵⁵ ASD Policy, Embedding Military Personnel.

review and the NMSC highlighted the shortfalls in support readiness and identified the need for a generic pre-facilitated contractor support arrangement for deployed operations in order to preserve support-to-war-fighting skills in support forces.⁵⁶ The objective was to develop a new capability as the ‘Canadian Contractor Augmentation Program’ (CANCAP) that would provide another option for support in contingency planning as well as support to deployed missions. The scope of activities included logistics, accommodations management and support, engineering and facilities management, communications and information, equipment maintenance and repair, and medical and health services.⁵⁷ This capability would be included in the NMSC project and while its goal is not to produce financial savings it would augment DND deployable force structure.

CANCAP has the potential to significantly augment the support capacity of the CF. The use of contractors is not a new idea but it is new to the Canadian military. The department has begun using contractors in mature theatres and has learned from that experience. However, if CANCAP is to become an integral part of how support to operations is provided, the organizational structures that will be affected by this initiative must be adapted.

3.3.3 Canadian Forces Supply System Upgrade

When the CF Supply System (CFSS) implemented its first information technology systems in the early 1970’s, it was the state-of-the-art. The 1980’s saw significant advances in systems technology and it was realized that the CFSS would need

⁵⁶ Lt Gen Henault, Deputy Chief of the Defence Staff, Letter to Department Level Ones, July 2000.

to upgrade its system's capability and capacity. The CFSS Upgrade (CFSSU) received funding in 1989 and was brought on-line in 2001.⁵⁸

The upgraded system is in fact a new commercial off-the-shelf (COTS) product that provides most of the original functions including; "management of the supply system, administration of customer support in the area of loans and entitlements, identification of goods and services, procurement of goods and services and conduct of material control services and generate [automatically manage] replenishment actions."⁵⁹ The new system will have better deployability as well as enhanced and improved on-line reporting capability.

The CFSSU has replaced a specific technology but has not significantly modified the existing processes. However, the system will eventually incorporate a planning and scheduling module called Distribution Resource Planning (DRP) that will add a high-level asset management capability that should allow for efficiencies in procurement, inventory analysis and maximize equipment usage. These benefits will not be realized unless the users have the skills and knowledge to exploit them. The training of potential users must be included as part of the implementation process.

⁵⁷ "Contactors in Support of Deployed Operations", [http://www.dnd.ca/j4log/canccap/documents_e.htm] Sept. 2001.

⁵⁸ Logistics Handbook, Volume 1, Chapter 5.

⁵⁹ Logistics Handbook, Volume 1, Chapter 5.

CHAPTER 4 KPMG REPORT

KPMG Consultants were asked by DND to perform a capacity check on the department's capabilities to deliver successful ASD projects. The assessment objectives were to compare the department's practices and procedures with a common standard or 'best practices' and to identify key ways to enhance organizational and management support for ASD.⁶⁰ The assessment was not a formal review or audit but rather an assessment based on interviews and questionnaires of personnel within the department. Thus the assessment is based on perceptions that were then validated by management and a project team review.

The key elements examined were; leadership and commitment, business case analysis and risk management, capabilities, implementation of services delivery arrangements, human resource management, and performance measurement and reporting.⁶¹ Within these elements specific weaknesses were identified that will impact on the ability of the logistics branch to succeed in their ASD initiatives.

4.1 Findings: Weaknesses and Strengths

The report assessed the element of leadership and commitment as weak with respect to vision and strategy. The link between ASD projects objectives and overall departmental strategic plans is weak and unclear. As the ASD projects advance and approach implementation it is important that those involved in the process have a clear idea of how the projects goals relate to the strategic objectives of the organization. This

⁶⁰ KPMG Report, 7.

⁶¹ KPMG Report, 9.

will allow them to make appropriate choices and resolve implementation problems in ways that will contribute to the overall objectives of the department.

As part of the assessment of business case analysis and risk management the report finds that there is a general weakness in the establishment of comprehensive benchmarks, service levels or performance levels. Benchmarks often exist without any reference to cost or performance information and are not easily used as criteria for success. However the report finds that in the case of the SCP that “The [SCP] team also hired a contractor to find performance benchmarks from industry and to compare DND current practices against these benchmarks.”⁶² This effort will help ensure that decisions made throughout the contract process will be based on a real understanding of the requirements. The implementation can then be measured against the defined deliverables. The follow-on process of contract management will be easier as problem resolution will have a clear reference for acceptable solutions based on established benchmarks.

A change management and implementation concern identified by the report is the monitoring process required to ensure ASD projects are effectively implemented and that the expected benefits are achieved. The accountability for ongoing monitoring is not established. Those individuals that are placed in the role of contract managers will feel the impact of this observation. They will be responsible for resolving contract issues without the support of an established, formalized monitoring process to provide the required guidance.

⁶² KPMG Report, 32.

The performance of the DND in human resource (HR) management in the ASD process provides a good indication of how well the department will deal with the issues discussed above. The KPMG report examines human resource management from two perspectives; those employees removed from the supply chain functions within the department by the ASD project and those that will be retained. The assessment of the processes in place to deal with the issues of employees who will no longer be required in the new process is positive. The department has several programmes that were developed for previous organizational reductions and these have worked. Of greater concern is the strategy that will be used for employees that will be retained in the new process, which is given a low assessment.⁶³

There are several concerns. First the implementation of ASD projects will result in the loss of skilled members in the CF and may increase attrition. "ASD leads to a culture where personnel feel unwanted and undervalued."⁶⁴ This would be the most likely outcome if the employment issues discussed above are not addressed. The second point covered by the report identifies the perception that ASD will erode the lower rank levels without affecting senior ranks. Again the discussion above examines how this might come about in the SCP. One of the greatest concerns for HR management is the use of embedded military personnel. The SCP is identified as the first major project to attempt embedding. "It [SCP] will notably test the HR strategy and the embedding policy, and HR (Mil) needs to [be] sufficiently resourced and prepared for this."⁶⁵

⁶³ KPMG Report, 20.

⁶⁴ KPMG Report, 56.

⁶⁵ KPMG Report, 54.

4.2 General Conclusions

The overall assessment by KPMG of the DND's ASD capacities was determined to be in the "Early stages of development".⁶⁶ The elements or sub-elements identified as having the lowest rating were 'vision and strategy' (a sub-element of Leadership and Commitment), 'change management' (a sub-element under Capabilities) and 'strategy for retained military and civilian personnel' (a sub-element of HR Management). The element of HR Management was actually assessed as having a rating slightly higher than that of the overall report but this was due to existing government HR reduction policy independent of the ASD process. The aspect of greatest concern related to HR management is the unknown impacts of embedding military personnel.

⁶⁶ KPMG Report, 20.

CHAPTER 5 IMPACTS OF INITIATIVES

5.1 Required Preparations

The strategic objectives of the White Paper are clear; DND must become more effective by using resources more efficiently. The organization has been streamlined at the highest levels and infrastructure and personnel reductions have been made through reengineering. Procurement of equipment and services and other non-core capabilities are being assessed for ASD, which has been chosen as one of the major strategies to implement savings. The department has formalized the ASD process in response to the report by the Office of the Auditor General. However, the expected benefits are slow in being realized. Each ASD project requires specific skills and experience to ensure successful results. The department is providing the required ASD training,⁶⁷ but are there other skills and experience that must be provided by DND? Earlier in this paper the following questions were asked;

- a. Have the appropriate policy regulations changes been implemented to address the new methodologies?
- b. Have the users of the new service been properly prepared for the change, will they need new skills, new knowledge?
- c. Are the managers responsible for the service that will come from the contractor able to ensure contractor compliance?
- d. Have the appropriate authorities been provided to department personnel to allow them to deal with the new service contract? and
- e. Will the organization be ready to deal with the fundamental changes that will result from the ASD initiatives that are currently or soon to be implemented?"

⁶⁷ Auditor General, Chapter 27.

These are the questions, which when answered, will help validate that successful implementation of an ASD project has occurred. Or that the logistic initiatives described in section 5.3 above, will be able to succeed. By looking at the impact that these initiatives will have on the military structures described in this section, the questions above should be answered and this will give an indication of the initiatives potential for success.

5.2 Policy and Doctrine

The policy of unification allowed for significant saving in resources and personnel in the logistics and support functions. Material management was centralized; there was one school for training, and support infrastructure, such as the supply depots, was also centralized. There was concern, however, that this policy did not adequately meet the operational needs of the environmental commands and once the environmental structure was reintroduced, the training of logisticians allowed for an environmentally focused career path that created credibility among their respective environmental operators. However the training is still along functional stovepipes and will be less adaptable to the new processes that will result from ASD.

The possibility that these strong environmental ties will hinder the development of a 'Joint' support perspective will be reduced as a result of the formation of the National Military Support Capability (NMSC). This unit will be responsible for supporting all deployed operations of each environment and be staffed with support

personnel from all of the environments. The NMSC will attempt “to make better use of shared equipment and expertise.”⁶⁸

The scope of the SCP covers the supply chain from end-to-end but does not include capital equipment or maintenance because the “interfaces are difficult to define and abstract”.⁶⁹ This problem will only be increased by the current procurement policy, ‘Material Acquisition and Support’ (MA&S), that calls for turnkey procurement to include, as much as possible, the maintenance and sustainment requirements in the equipment procurement contract. The policy aim is to “reduce inventory costs through contractor-managed inventories and just-in-time delivery”⁷⁰ As old equipment is replaced with equipment procured under this policy, the inventory management and distribution in support of this new equipment will be unavailable for the SCP because it will be included in the procurement contracts will be provided by the contractor. With time the scope of the SCP will be continually reduced, having an unknown effect on the SCP contractor’s ability to be effective and efficient.

This will potentially cause conflict as the supply activities associated with equipment maintenance are moved from the domain of one contractor to the domain of another. This is an example of conflicting policies. Given that changes to one process in the organization impact on other processes, they all must be coordinated to ensure new efficiencies in one area do not cause inefficiencies in other areas.

⁶⁸ Logistics Handbook, Volume 1 Chapter 5.

⁶⁹ Project Charter: SCP, 2.

⁷⁰ Canada, DOAD 30000-0, Material Acquisition and Support, (Ottawa: Department of National Defence, 2000)

The CANCAP project to put contactors into deployed theatres is just beginning. The department has some experience in this area; there are currently contractors providing some services in Bosnia. The Bosnia contract was established to deal with a specific requirement. The CANCAP capability would be generic and available to be used on an as-required basis. Not only will the scope, terms and conditions of the services to be provided need to be established, but the policy of when, where and how this capability will be called upon also needs to be determined. Canadian Forces Land Doctrine states:

“The sustainment of Army units and formations in operations can only be accomplished by including sufficient Combat Service Support (CSS) organizations within the force structure at all levels of operations to provide the service support required.”⁷¹

The use of CANCAP will have a significant impact on the operational doctrine used to establish force structures, deployment and rotation, sustainment, risk assessment and many other issues of doctrine

Also, Canada cannot act in isolation but must look to how other militaries within NATO and other potential coalition partners are dealing with contractors in the battlefield. NATO doctrine had always stated that logistics was a National responsibility, but NATO has recently developed the Multinational Joint Logistics Coordination (MJLC) which is an headquarters element that will attempt, wherever possible, to coordinate the exchange between NATO Nations of logistics capabilities and requirements to help fill specific shortfalls. One potential, under the MJLC, is for a country to be the lead Nation in contracting for a generic service. Canada could use the CANCAP process to provide access for Canadian companies to NATO theatre service contracts.

⁷¹ Land Forces Sustainment, Chapter 2, 6.

The advances in functionality provided by CFSSU will be in the areas of proactive asset management. In order to take best advantage of this potential to provide further efficiencies in operational planning, procurement and maintenance, new doctrine for support planning is required. The system will interface with maintenance systems. The shared information will result in the requirement for shared planning and the establishment of new authorities for planning decisions. As contractors become directly involved in the planning process in support of CF operations they too will benefit from access to this information for their own planning requirements.

5.3 Management

The impact of the logistics initiatives on management functions are more likely to be felt sometime after implementation of the various projects. The impacts will affect the day-to-day issues of organization, personnel employment and operations.

5.3.1 Organization

Both SCP and CANCAP are initiatives that will result in contractors effectively becoming part of the DND organization. Contractors will be responsible for providing essential products and services in support of most of the department's functions from routine activities, to training and exercises, to operations, both domestic and deployed. As significant players in these activities, they will need to be consulted as part of the planning process in order that contractors can plan and prepare within their own organizations. They will have to be included at some level in the command and control structures so that they can respond to new, contingent or unforecast requirements in a timely manner. It will not be possible for military contract managers to administer all of

these dealings between the department and the contractor and an effective process must be included in the implementation process. Conversely, the CF contingency planning will need to be more timely and detailed in order to eliminate incomplete planning to the greatest extent possible. Contractors can respond to ad hoc requirements but this will have significant costs associated with it.

Contractor employees will become part of the defence work force, as they are more and more involved in supporting military activities. Their concerns and desires are directly the responsibility of their employer, the contractor, however the contractor employees will ultimately be affected by the decisions made by DND and DND will therefore have to consider contractor employees at least to some degree. This will be particularly true in the case of CANCAP where civilian personnel will be deployed as part of CF force structure. At the same time, military personnel will be part of contractor organizations. The value of this experience will depend largely on how they are integrated into the contractor's organization. The level of authority and responsibility, the nature and type of work experiences they are given and the recognition that they receive will all be determined by how well the contractor's organization is able to deal with military personnel.

5.3.2 Employment

As various areas of the support functions are divested to contractors, what will be the employment possibilities remaining in the department? The SCP has provided its assessment of the types of positions that will be left within the organization. The original estimate was for a 15% reduction in personnel, but as a result of the reengineering that has occurred since the initiation of the project, at 25 CFSD for example, this figure will

most likely be revised. Another 20% of current employees will be employed in areas outside the supply chain and therefore not touched by the SCP. These people will work in areas such as finance, career management and training. The operational units such as ships, Combat Service Battalions and squadrons, will require 30% of the remaining personnel. There will be 30% embedded into the contractor facilities to meet the MOS review requirements and 15% will work in corporate or staff functions such as military planning or contract management.⁷²

The contract management function will be greatly increased, not just by the SCP but also by all the ASD initiatives. Contract management is a skill that not many logisticians have much training in or have much experience with. A recent review of the training for naval logistics officers found that there is a shortfall in contracting and procurement training. “This lack of knowledge is not only a naval problem, but also a CF wide one that must be addressed. This deficiency was recently highlighted in the Chief of Review Services Annual Audit.”⁷³

The logistics training that will be provided by the new Logistics Officer Common Course does not include contract management.⁷⁴ The course will provide the skills and knowledge required to manage supply chain and transportation processes. These are the very functions that no longer are to be performed by military officers, as the contractor will provide these services. The argument could be made that the logistician will still need to be trained in these areas but if there is not opportunity to practice the skills they

⁷² “Supply Chain Project”, ASD Fact Sheet.

⁷³ Mark Watson, LCdr and Jill Carleton, LCdr, Sea Log Training Review (Halifax: Department of National Defence, 1999) 26.

⁷⁴ Logistics Handbook, Volume 2, Chapter 2.

will not be useful in managing a contract and the contract management skills will be even more important. The time to train for the future is now.

The major issues with embedded military personnel will be discussed separately; however there will be challenges for planning the employment of Non-Commissioned Members (NCM) as result of the SCP. The establishment of appropriate positions for rank progression will have to be achieved using the contractor embedded positions. The supervisory ranks of Sergeant and Warrant Officer are not found in sufficient numbers in the corporate or staff functions and in the past the required skills for these rank levels were acquired in static military units where there was flexibility to create the necessary hierarchy. The contractors are prepared to accept military supervisors that have the skills and qualifications required for the position.⁷⁵ Where will NCM acquire these necessary abilities? Operational units should not have to accept the weight of this task, as they will need skilled supervisors to be operationally effective. If NCMs are left to develop these skills in the contractor's environment, how will they learn the ethos of military leadership?

5.3.3 Embedding

The Director General Management & Renewal Services report on Embedding Military Personnel in Outsourcing Contracts makes the declaration: "It is legally and administratively possible to embed military personnel within a civilian contract if the justification is sufficient to warrant the effort."⁷⁶ The SCP is the first significant use of embedded military personnel in a contract. This is due to the large number of military

⁷⁵ Embedding Report, 9.

⁷⁶ Embedding Report, 13.

positions affected by the project as it seems to be the only solution to meet the MOS review required positions. However, the issue of embedding military personnel in contractor facilities is of particular concern. There is a great deal of scepticism within the military of the embedding process and the SCP has established an Embedding Working Group to address the issues systematically. However the SCP believes that embedding will have the advantage that the member “may learn better ways of operating, including new information technology applications that could be used in other areas by the CF.”⁷⁷ The potential value of these skills outside the commercial environment in an operational function are limited as the equipment and IT resources for material management while operationally deployed are limited and may be much different from those of the contractor.

Also the type of employment provided through embedded positions will be less effective in preparing Officers and NCM for operational roles. There will be positions created within the contractor facilities for officers but according to project information, “Embedded ranks would most likely be Lt and Capt. The more senior personnel would typically be employed in military planning, contract management or other staff functions.”⁷⁸ The skills that junior officers will learn in embedded positions will be related to management of commercial facilities and a civilian work force; these skills will not easily be transferred to operational employment. The majority of NCM will be of the corporal rank, as the contractor will not readily accept military supervisors. These junior

⁷⁷ ASD Policy, Embedding Military Personnel.

⁷⁸ SCP, FAQ.

ranks have greater requirements for military development at this early stage in their careers and will be genuinely impacted by the lack of a military environment.

The establishment of a chain of command for embedded personnel will also have its challenges. The SCP must identify bases to support embedded personnel and CF organizational structures must be amended to reflect this.⁷⁹ “The military personnel will report to a unit [Commanding Officer] CO but will be tasked functionally by a contractor.”⁸⁰ This will create the potential for conflict of interest as the non-performance of the contractor could be tied to the performance of the embedded military. Conversely, the contractor can take advantage of military personnel by using them at no cost to resolve backlogs or delays. The role of the chain of command with respect to discipline will have to be clearly defined as well as the role of the contract manager in resolving these types of issues.

The responsible CO will need to be located in the vicinity of the contractor in order to be able to deal with discipline as well as to have the resources available to

unpredictability of this part of the contractor's work force to cause additional costs for back-fill labour or non-performance by the contractor are unknown.⁸²

There can be no utility to DND of embedding military personnel if the status quo is simply recreated by the contractor, or the embedded personnel are not useful to the contractor.

“Discussions with the service delivery industry would seem to suggest that embedding military personnel beyond two-thirds of the contractor's total manpower requirement removes any flexibility or cost advantages from the contract and would make the contract unworkable.”⁸³

The Embedding Working Group has identified many issues in its report of August 2001 that have yet to be fully addressed by the SCP. They relate to conditions of service, working conditions, training, social, liabilities, etc. All of these issues and the others discussed here will have to have detailed and complete solutions before SCP implementation occurs, in order to ensure the best results for the contract and CF embedded personnel.

5.4 Operations

An important aspect of the use of contracted services, as provided by SCP and CANCAP, will be the ability to monitor the compliance with contract specifications and the provision of acceptable levels of service. The second objective of the SCP charter is “ensure operational commanders are serviced effectively.”⁸⁴ These levels of service must be clearly and carefully defined during the contracting process. This is greatly facilitated if there is an existing base of knowledge about current levels of service on which to base

⁸² Embedding Report, 8.

⁸³ Embedding Report, 7.

⁸⁴ SCP, Project Charter.

the contract specifications. In the case of the SCP, the report by the Auditor General states that “levels of service were more fully defined than in most of the projects we audited; baseline costs were established and then audited by an outside firm engaged by internal audit; and a recognized risk assessment technique was used to analyze the project.”⁸⁵ This puts the SCP in a good position to assess post implementation levels of service as well as to create realistic expectations with project customers.

When expectations are not met, the methods and mechanisms of problem resolution become very important. Current methods of problem resolution involve military members at the appropriate level meeting and discussing possible solutions and, assuming that they have the necessary authority, deciding on the most appropriate course of action. When this situation involves a contractor the process is complicated by the requirement to have a contract manager interface between the customer and the service provider. Ensuring that the contact manager has the appropriate authority to make decisions and effect changes to the contract will be critical to delivering the desired level of service to operators.

The overwhelming tendency will be for operators to want to deal directly with the contractor. This contractor/operator interface, depending on the nature of the situation, may be desirable and in some instances it may even be necessary as in isolated locations or in urgent circumstances. The key will be to ensure that procedures and responsibilities are clearly defined and easy to follow. In other cases, the contractor/operator interface may become very complex as the new procurement policy of MA&S causes increasing numbers of contractors to be providing services directly to operators. A series of

⁸⁵ OAG Report, Chapter 27.

contractors each responsible for a different piece of equipment being used on a deployment as well as the CANCAP contractor providing support for deployed equipment supported by other contractors will create a situation with complex permutations and combinations of contractor relationships. Each of these contracts will most likely have separate contract managers that will increase the difficulty in finding solutions.

The changes that occur from the logistics initiatives will impact: organizational structures, management of personnel, training and employment paths and levels of service to operations. These changes must be identified and understood. Changes to one process in the structure will have impacts on other processes and these must be evaluated to ensure new efficiencies in one area do not cause inefficiencies in other areas.

CHAPTER 6 SIMILAR INITIATIVES BY OTHERS

6.1 Other Militaries

The same organizational structures found in DND are found in some form in most other militaries. The interaction of policy, management and operations can be examined for these other nations in much the same way that they have been examined for the CF. The same global changes and circumstances have impacted the policies of many major western nations. How these policies have changed management practices and operations for several Canadian allies will be examined below.

Other defence departments have adopted similar strategies to transfer non-core capabilities to the private sector in the belief that this would result in significant savings. These savings could then be directed toward acquiring and maintaining combat capabilities. The development of new and the maintenance of existing combat capabilities is of significant concern to modern military forces as technological developments threaten the status quo. The Canadian Chief of the Defence Staff (CDS) has been asked on several occasions to validate the claims of the continued effectiveness of Canada's multipurpose, combat capable forces in the face of these reductions. Lord Robertson, the Secretary General of NATO, has also seen the declines in the level of government support to defence in many nations. He has made calls for member nations to support the NATO Defence Capabilities Initiative (DCI) "to improve defence capabilities to ensure the effectiveness of future multinational operations."⁸⁶ In the United States (US), the Defense Secretary established a commission to find "...ways to

⁸⁶ NATO, "NATO in the 21st Century", (Brussels: NATO Office of Information and Press, 2001)

save money in the defense tail portion of the budget ... while shifting those savings to the tooth – warfighting segment.”⁸⁷

The focus on operational capabilities and the targeting of support activities is common to most western defence forces. The centralization of support activities under one organization or agency is also a post cold war trend aimed at reducing support activity costs. The US Department of Defense (US DOD) consolidated and expanded the role of the Defense Logistics Agency in the early ‘90s and the British Ministry of Defence created the Defence Logistics Organization (DLO) on 1 April 2000.⁸⁸ These consolidations will allow for more sweeping initiatives aimed at alternate methods of provision of non-core capabilities.

In fact, there are initiatives comparable to the Canadian ASD program in most defence forces. The increased use of contractors to provide non-core services to the military is a common trend. As in Canada, they are experiencing difficulty realizing the projected levels of savings. The US DOD projected \$11 billion in savings, but the US General Accounting Office has questioned these numbers and DOD has indicated that downsizing and budget reductions will make these targets difficult to achieve. The United Kingdom Ministry of Defence (UK MOD) implemented the ‘Competing for Quality Program’ in 1992 and estimated a 22% savings. The UK Government Cabinet Office’s efficiency unit puts the savings between 13% and 15%. In Australia, their DOD Commercial Support Program, begun in 1991, has only produced half of its forecast

⁸⁷ Steven E. Newbold, Lt Col, “Competitive Sourcing and Privatization: An Essential USAF Strategy”, *Air Force Journal of Logistics*, Vol XXIII, No. 1, (Spring 1999) 28.

⁸⁸ UK Ministry of Defence, Defence Logistics Organization, [<http://www.mod.uk/dlo/forewird.htm>] August 2001.

savings, according to the Australian National Audit Office. In each case, when the audit or review process was applied to the contracting results, not only were the savings determined to be significantly less than forecast, but also the verification of exact figures was not possible.⁸⁹ The financial management tools available were not sophisticated enough to track and validate the real benefits of these initiatives, making it difficult to ensure the programs are being properly administered and reducing the possibility to learn more effective ways to achieve program objectives.

The policy of increasing the participation of contractors in defence activities will have a similar impact on CF defence management as those discussed above. Many of the specific initiatives in other militaries are very comparable in nature, if not in relative scope, as the SCP is to the CF. The UK MOD implemented the Construction Supply Network Project (CSNP). The objective of this project, like that of the MS&A program, is to include large portions of the support functions, most notably the supply chain, in the requirements of major construction projects. The project handbook states “supply chain reforms can only have any real effect if they are applied to the entire procurement and maintenance process.”⁹⁰ The US DOD is ahead of the CF in the use of contractors in the battlefield. It signed a multiyear service contract with Kellogg Brown and Root (KBR) that is being used extensively to support US DOD operations in the NATO Stabilization Force (SFOR) mission in Bosnia. The ratio of KBR employees, including local-hire civilians, to US military personnel is almost 1:1. Even in the relatively benign and stabilized environment of SFOR operations, the US DOD have several safety and

⁸⁹ Auditor General, ASD, 4.

⁹⁰ UK, Prime Contractor Handbook of Supply Chain Management, (London: Ministry of Defence, 1999) 2.

security concerns related to having such a significant number of non-US military personnel as part of their force structure.⁹¹

As stated earlier, no other military has or is contemplating the contracting of such an extensive part of its organization to one contractor as is being considered by DND in the SCP. The impact that this will have on the employment opportunities and career progression of one occupational group is not seen in any other defence organization, mainly due to the relatively small force size of the CF and the significant number of positions that will be impacted by the SCP. The Australian military has a similar sized force and has already experienced one of the impacts of the CF SCP; embedding. In order to maintain the required number of military personnel in the CF after the implementation of the SCP, military personnel will have to be embedded in contractor facilities. The Australian military has been embedding personnel in contractor facilities for several years. They refer to the process as Manpower Required in Uniform (MRU). Their Commercial Support Program manual indicates the intention to include a practice note (guidance) on embedding MRU but, as yet, it has not been written.⁹² They have produced several reports on the subject however, that have been used by the CF in addressing some of the same issues that have been raised as a result of the SCP.⁹³

Operational impacts are also comparable to those identified in the CF context. A review of the various initiatives occurring in the US, UK and Australia dealing with organizational and financial changes occurring in these countries are found in the report,

⁹¹ From the author's notes taken while attending a briefing on the use of KBR contract services in Bosnia by US DOD personnel during her tour in SFOR.

⁹² Australia, Commercial Support Program Manual, [<http://www.defence.gov.au/cfo/csp/manual/menu.htm>]

⁹³ Embedding Report, 15.

Supply Chain Management in Defence Reducing Costs for Peak Performance.⁹⁴ The number of initiatives in each defence department alone suggests that there is internal competition for savings and personnel reductions. There is also the possibility for redundant efforts in attempting to apply initiatives to overlapping areas requiring the coordination of the scope of each of the multiple initiatives. The US Defense Science Board Task Force on Logistics Transformation recognizes that the realization of the benefits of these initiatives requires coordination. “What continues to limit progress is the lack of an ‘overall business and information systems architecture focal point – a ‘champion’ (in the Arthurian sense).”⁹⁵

The most likely outcome of implementing these initiatives will be a large number of contractors providing services that had previously been provided by the military. The performance standards and operating procedures will vary among contractors causing frustration on the part of the military customer. The process of establishing contracts will also be difficult. A US report on competitive sourcing refers to the “general lack of trust on the part of the government as to how the contractor will perform the contract. In this regard, the US DOD often focus on the adversarial relationships with the contractor rather than the needed partnership.”⁹⁶

As an overview of some of the initiatives being pursued by western defence departments shows, the impacts on the policy, management and operations of these militaries will often times be very similar to those of the CF. The relative size of the CF

⁹⁴ Supply Chain Management in Defence Reducing Costs for Peak Performance, [http://www.gii.co.jp/English.sm8715_scm_in_defence_toc.html]

⁹⁵ US, Defense Science Board Task Force on Logistics Transformation –Phase II, (Washington: Office of the Under Secretary for Defense, January 2001) 3.

⁹⁶ Newbold, 32.

will potentially cause much larger effects for some of the some of the issues. The CF will have to demonstrate caution and realize that its ability to absorb the impacts of these initiatives is less than that of larger defence forces.

6.2 The Private Sector

The support functions in the military contexts described above can also be examined in the private sector. Indeed, the private sector has adopted the term ‘logistics’ from the military context. In the early stages of the industrial revolution, raw materials were processed into goods and consumed relatively locally. The logistic requirements of the military during WWII saw the development of effective support models and practices than would later be adopted by the private sector.⁹⁷ The factors causing logistics to become the focus of business in the private sector are slightly different than those of the defence forces. These factors were more varied and occurred over a greater period of time but each one has financial implications. The factors were: the rising costs of fuel, and thus increasing transportation costs in the ‘70s; the peak in production efficiencies, thus eliminating production as a profit generating area; the advance of consumerism, marketing and technology, each reducing product life thus increasing inventory management requirements; the increased sophistication of information technology, thus allowing for improvements in both inventory and process flow management; and the rise of super retailers that effectively exploited supply chain management, thus demonstrating its potential to generate profit.

⁹⁷ Contemporary Logistics, 7.

One of the main keys to the profitability of logistics is the use of “integrated logistics”.⁹⁸ Integrated logistics is in fact the supply chain system that “moves inventory through a constant and consecutive chain of value added steps, with it arriving when needed in the proper quantity and form.”⁹⁹ The integration of logistics has now become one of the central policies of business involved in production and distribution.

Logistics management processes were impacted by this policy. The management of logistics had included managing the logistics pipeline and the creative arrangement of familiar elements. The new methods of logistics management involved selecting and developing the best method to get the job done. The focus on costs was replaced by the focus on profits.¹⁰⁰ The process of integration was complex and required cooperation between businesses that was often facilitated by third party agents. A field of expertise was developed to the point that businesses that provided integrated logistics capability came into being and many businesses out-sourced their integrated logistics functions to logistics specialists.

These changes to logistics policy, management and operations in the private sector are not driven by the same change factors as the military, but there is convergence as both the military and the private sector are focused on maximizing the effectiveness and efficiencies in the same functional areas. The defence organizations are looking to the private sector for innovation and expertise and ultimately partnership to achieve defence objectives and the private sector has perhaps developed the potential to do just that.

⁹⁸ Contemporary Logistics, 9.

⁹⁹ Contemporary Logistics, 9

CHAPTER 7 SUGGESTIONS FOR THE WAY AHEAD

The external forces driving change in defence can be neither changed nor denied. The focus on divesting the military organization of non-core capabilities provides a reasonable potential for dealing with financial and force reduction realities of the future. The ASD process is well advanced and the impact of the wide variety of ASD initiatives will be a significant generator of change within the department and this change must be carefully managed to ensure the maximum

CANCAP but many of these can be dealt with in a timely manner as the project progresses.

7.2 Management

One of the fundamental outcomes of most of the initiatives previously discussed will be the establishment of contractors as the providers of critical support functions. The process of integrating contractors into the planning and management process seems to be left to each project to deal with independently with no guidance as to how this should be approached as an organization. The Rand report on “Expanding Private Production of Defense Services” identifies this same problem.

“... the potential for misunderstandings or even malfeasance rises as a military commander requires more real-time control over a support service, relies more heavily on an untested commercial source for surge capability, and requires the support service in a more hazardous theatre of operations. More thorough integration of a contractor into military planning and execution during peacetime and more exhaustive planning for contractor operations other than normal peacetime operations can help DOD reduce all these problems.”¹⁰³

The personnel issues of employment and embedding will provide some of the greatest challenges. These are the issues that require advanced preparation to ensure that the needs of department personnel will be addressed. The KPMG report recognizes the SCP as having done significant research into these issues¹⁰⁴ and the project has focused on them by creating a working group. Many of the issues, however, still do not have concrete solutions that satisfy the constituents. There will be significant effort required to ensure that the SCP research reaps benefits.

¹⁰³ Frank Camm, “Expanding Private Production of Defense Services”, RAND, [<http://www.rand.org/publications/MR/MR734/>]

¹⁰⁴ KPMG, 54.

The one main area of concern not being addressed is the development of contract management skills that will be required to ensure the smooth functioning of many of the projects once they have been implanted. The scope of many of the initiatives such as the SCP is such that the current practice of just-in-time training at a low level of competency will cause undue frustrations and failures on the part of department managers.

7.3 Managing Change

The wide variety of initiatives that are being driven by the requirement to respond to the pressures of fiscal restraint and force reductions are imposing a significant amount of change on the department and its organization. The non-core, support capabilities are some of the major targets of these pressures. The support organizations within the department will need to be the focus of change management.

The definition of ‘change management’ is provided “as the continuous process of aligning an organization with its marketplace and doing it more responsively than competitors. Alignment is the continuous synchronization of four key management levers – strategy, operations, culture and reward.”¹⁰⁵ This definition was developed for the private sector but can easily be transformed to fit the military context. Military logistics must continuously seek to align itself with the best practices in support activities as well as with the requirements of the military environment and must do this more effectively than potential enemies of the nation. The four levers of change exist in the military environment as well and have been referred to here as policy, operations, management (as it deals with personnel and the work force culture) and the ‘reward’ of

¹⁰⁵ Berger, Lance A., Sikora, Martin J., Berger, Dorothy R., The Change Management Handbook: A Road Map to Corporate Transformation, (Chicago: Irwin Professional Publishing, 1994) 7.

meeting strategic objectives through combat capabilities. The US Defense Science Board recognized this requirement to manage change in its report “Logistics Transformation.”

“Joint Vision 2010/2020 cannot be executed without logistics transformation. Logistics requires top leadership, management focus, and active support. Failure to do so imperils our ability to deploy and sustain our military forces to meet the new threats we will face in the future.”¹⁰⁶

To analyse the requirements of change management, the process can be described as “moving from one state to another”¹⁰⁷ The process to move from one state to another is accomplished in three steps: transform, reduce and apply. The ‘transformation’ step requires the identification of the differences between the two states; the ‘reduce’ step involves determining ways to eliminate these differences and the ‘apply’ step involves putting into effect the measures to eliminate the differences.¹⁰⁸

7.4 Operations

The negative impact on operations of these initiatives must be minimal and ideally operational effectiveness should be improved. However, for many projects the level of service improvement will be difficult to verify. The only method available in most cases will be based on the perception of the project’s end users. Currently, many defence activities do not have performance standards. The Base Service Index will address this in a specific range of activities, but this will be insufficient to cover the areas that will be affected by many ASD initiatives. The SCP has made noteworthy efforts to address this issue and should be well placed to create appropriate customer expectations

¹⁰⁶ Logistics Transformation, 3 and 1.

¹⁰⁷ Fred Nickols, “Change Management 101: A Primer”, [<http://home.att.net/~nickols/change.htm>] 2000.

¹⁰⁸ Nickols, These steps are footnoted in the document as coming from: Allen Newell, Herbert A. Simon, Human Problem Solving, (Englewood Cliffs: Prentice Hall, 1972)

and measure contractor performance.¹⁰⁹ The ability to effectively measure contractor performance will be critical to the task of resolving contract disputes but, the effective establishment of partnerships with the private sector will also be a critical part of each project's ongoing success.

The process of preparing the structures of the department for the implementation of the various initiatives has been addressed more effectively in some areas than others. There is an incomplete understanding of all the implications of each of these issues. The approach of the department should be to reduce the level and speed of the implementation of many of these initiatives until there is a better appreciation of all of the issues and a more comprehensive plan of how to deal with them. The Rand report for the US DOD on Expanding Private Production of Defense Services recommends,

“ The plan should give close attention to achieving a series of early successes that build confidence in expanding outsourcing within DOD and enable DOD to outsource more and more challenging services as its confidence and capability grow over time.”¹¹⁰

¹⁰⁹ OAG Report, 8.

¹¹⁰ Camm, 4.

CHAPTER 8 CONCLUSION

There have been significant external forces causing change within the military forces of most western nations. These forces began with the end of the Cold War and the tightening of fiscal policies. However the expected peace dividends of the end of the Cold War were not realized due to increased regional instability drawing western militaries into numerous deployed operations. In order to achieve the desired financial benefits, while maintaining or developing combat capabilities, other methods were required.

The goals and strategies chosen by the CF to deal with these external forces, presented in the 1994 White Paper, focused on reengineering and reducing the costs of non-core capabilities. The expected benefits would come from finding new, less costly methods to provide non-core capabilities and the resulting cost savings could then be used to increase spending on core combat capabilities. The ASD process has been used as the main method to transfer non-core capabilities to the private sector in attempts to save costs as well as increase the level of service. The originally forecast savings have been slow to be realized and as a result DND has examined its ASD process. Consultants from KPMG were asked to evaluate the department's ASD capabilities, which were found to be in the early stages of development.

In order to examine the effectiveness of the chosen strategies such as ASD , their impact on the basic organizational structures of policy, doctrine, management and operations must be considered. These structures interact and are interdependent as can be seen in the logistics ASD initiatives including; the SCP, contractors in the battlefield and

the IT advances of CFSSU. The policy of targeting non-core capabilities is well established and understood and the translation of this to doctrine is well under way with the development of the ASD methodology. However the management of the many ASD initiatives is less well developed. There are many initiatives with overlapping objectives and thus they are competing for the same reductions. Of greater concern is the management of the implementation process, more specifically the preparation of the organization and its personnel for the changes that will occur as a result of these initiatives.

Many of the considerations facing DND are similar to those facing other military forces in other nations. They are experiencing the same difficulties in realizing the forecasted saving from out-sourcing non-core activities but are still attempting to find more effective ways of using this process to meet objectives. The CF can make use of the experiences of other military forces while avoiding making the same mistakes.

The Private Sector has made significant advances in the area of logistics management and there are many opportunities for integration of commercial enterprises with the military organization. The appropriate mechanisms must be put in place to allow military personnel to deal productively with contractors. A key requirement in this process is to ensure that suitable training is provided to military personnel who will have to function in the contract environment.

The potential for savings may be significant, however there are many factors impacting on the success of each initiative. All the necessary preparations must be made and each problem must be solved before proceeding. Projects such as the SCP and contractors in the battlefield are of such a size and scope as to have broad reaching

impacts on the department. If they are not implemented correctly there will be impacts to operations. Given the department's limited competencies in ASD and the limited preparation of personnel, DND should reduce the scope of ASD projects until the necessary experience level is acquired and the organization has been properly prepared.

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ACRONYMS

ASD	Alternate Service Delivery
CANCAP	Canadian Forces Contractor Augmentation Program
CDS	Chief of the Defence Staff
CF	Canadian Forces
CFSD	Canadian Forces Supply Depot
CFSS	Canadian Forces Supply System
CFSSU	Canadian Forces Supply System Upgrade
CO	Commanding Officer
COTS	Commercial Off the Shelf System
CSNP	Construction Supply Network Project
CSS	Combat Service Support
DCDS	Deputy Chief of the Defence Staff
DCI	Defence Capabilities Initiatives
DND	Department of National Defence
DRP	Distribution Resource Planning
DWAN	Defence Wide Area Network
ECS	Environmental Chief of Staff
HR	Human Resources
IT	Information Technology
IT/IM	Information Technology/Information Management
KBR	Kellogg, Brown and Root
MA&S	Material Acquisition and Support
MCCRT	Management, Command and Control, Reengineering Team
MJLC	Multinational Joint Logistics Coordination
MOS	Military Occupational Structure
NATO	North Atlantic Treaty Organization
NCM	Non-Commissioned Members
NDHQ	National Defence Headquarters
NLU	National Level Unit
NMSC	National Military Support Capability
OAG	Office of the Auditor General
RFP	Request For Proposal
SCP	Supply Chain Project
SFOR	Stability Force
SSSP	Site Support Services Project
TBS	Treasury Bo

UK MOD	United Kingdom Ministry of Defence
USAF	United States Air Force
US DOD	United States Department of Defense
VCDS	Vice Chief of the Defence Staff