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THE EFFICACY OF CANADIAN ARMED FORCES CONTRACTED SUPPORT IN EXPEDITIONARY OPERATIONS

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JCSP 40

Master of Defence Studies

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IN EXPEDITIONARY OPERATIONS**

By Commander N.K. Mensah
Par le capitaine de frégate N.K. Mensah

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LIST OF ABBREVIATIONS

- AAR – After Action Report
- ABCA – American, British, Canadian, Australian, and New Zealand Armies' Program
- ACSA – Acquisition and Cross-Servicing Agreement
- ADM(Mat) – Assistant Deputy Minister (Materiel)
- CA – Contracting Authority
- CAF – Canadian Armed Forces
- CANCAP – Canadian Forces Contractor Augmentation Program
- CDS – Chief of the Defence Staff
- CFDS – Canada First Defence Strategy
- CJOC – Canadian Joint Operations Command
- CRS – Chief of Review Services
- DFac – Dining facility
- DFATD – Department of Foreign Affairs, Trade and Development
- DND – Department of National Defence
- DoA – Delegation of Authority
- EU – European Union
- GoC – Government of Canada
- HMCS – Her Majesty's Canadian Ship
- ISAF – International Security Afghanistan Force
- JCC – Joint Contracting Cell
- KAF – Kandahar Airfield
- KMS – Knowledge Management System

MHE – Materiel Handling Equipment

MND – Minister of National Defence

MOU – Memorandum of Understanding

NAMSA – NATO Maintenance and Supply Agency

NATO – North Atlantic Treaty Organization

NCSE – National Command and Support Element

NSE – National Support Element

NSPA – NATO Support Agency

NSPO – NATO Support Organisation

OGD – Other Government Department

PWGSC – Public Works and Government Services Canada

RFP – Request for Proposal

SACC – Standard Acquisition Clauses and Conditions Manual

SOR – Statement of Requirement

SOW – Statement of Work

SWOT – Strength, Weakness, Opportunity, and Threat

TB – Treasury Board

TF – Task Force

TF Comd – Task Force Commander

TO&E – Tables of Organization and Equipment

WoG – Whole of Government

ABSTRACT

The Canadian Armed Forces have consistently employed some form of civilian augmentation to military capabilities during expeditionary operations. A broad range of approaches exists to determine an appropriate procurement strategy ranging from an independent CAF solution through to a completely dependent user-pay system with coalition or allied partners. Canadian Task Forces deployed outside of Canada predominantly use either a CAF Contracting solution or a NATO enabled solution through the NATO Support Agency. The objective of CAF operational service support contracting is to fulfill the prioritized operational requirements of deployed Task Force Commanders.

Contracting Authorities execute and manage procurement instruments on behalf of TF Comds. Their ability to provide timely, cost effective solutions to operational requirements is dependent upon their understanding of TF Comd's vision, mission, and intent. The ability for TF Comds to influence Contracting Authorities can be described through the power distance relationship between the two entities. This paper will prove that the efficacy of contracted support to Canadian expeditionary operations is inversely related to command and control power distance between Task Force Commanders and their relevant Contracting Officers. An optimal expeditionary operations procurement strategy enhances its effectiveness through a small power distance framework.

Our new Defence Procurement Strategy is about doing more for Canada. More for our Forces. More for Canadian jobs. And more for prosperity. Because this is the right thing to do.

– The Honourable Diane Finley, *Minister of Public Works and Government Services*¹

CHAPTER 1: INTRODUCTION

Defence procurement and acquisition initiatives have consistently received significant attention from federal politicians and the Canadian public.² The complexities and long-term horizons associated with most Department of National Defence (DND) procurement projects involve an acquisition process that frequently executes contractual agreements exceeding millions of dollars.³ Despite varying schools of thought regarding effective procurement strategies for Canadian defence project acquisition, academic literature regarding CAF procurement activity in support of expeditionary operations (*military operations outside of Canada*) is currently very limited. According to U.S. Army doctrine, augmented civilian contracted support is defined as,

Civilian contractors who support deployed operational forces under prearranged contracts or contracts awarded from the mission area by contracting officers serving under the theatre principal authority responsible for contracting (PARC). Theatre support contractors provide goods and services and perform minor construction to meet the immediate needs of operational commanders.⁴

¹ Speaking Notes for The Honourable Diane Finley, PC, MP Minister of Public Works and Government Services Announcing the Defence Procurement Strategy Economic Club of Canada Ottawa, Ontario February 5, 2014 . Retrieved April 26, 2014 from <http://www.tpsgc-pwgsc.gc.ca/medias-media/dm-ms/2014-02-04-eng.html>

² Craig Stone, "Planning Defence Budget Allocations for Canada's Strategy 2020," *Defence & Peace Economics* 16, no. 3 (06, 2005), 223-246.

³ Craig Stone, "Canada Needs a Defence Industrial Policy," *International Journal* 63, no. 2 (Spring 2008, 2008), 341-357.

⁴ United States, *Contractors on the Battlefield*, Vol. FM 3-100.21 (Washington, DC: Headquarters - Department of the Army, 2003), 1-3.

The employment of civilian contractors is not new in the context of Canadian or allied expeditionary operations, however, limited research has been conducted to determine an optimal contract execution and management structure for support to expeditionary operations. The specific organizational framework associated with a relevant defence contract agreement may possess varying degrees of separation between the contracting authority and the relevant commander. The afore mentioned degrees of separation can be described as command and control distance.⁵ An inverse relationship exists between command and control, and contracting authority distance. As the organizational structure distance between command elements and contracting authorities increases, contract management responsiveness and agility decreases.⁶ Specifically, post-deployment reports indicate that contract management was more effective in an organizational structure that maintained a minimal distance between command elements and contracting authorities.⁷ For example, the post deployment report for Operation APOLLO Rotation 1 indicated that contracting authorities in Her Majesty's Canadian Ships (HMCS) were effective in supporting operational units outside of Canada because the contracting authority was privileged by a direct reporting relationship to the unit commander, which minimized command and control distance to the relevant contracting authority.⁸ Operation ATHENA Rotation 10 post deployment reports regarding contract

⁵ Canada, *Cultural Intelligence and Leadership: An Introduction for Canadian Forces Leaders* (Kingston, Ont.: Canadian Defence Academy Press, 2009a), 157.

⁶ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)* (Ottawa, Canada: ,[2006]).

⁷ *Ibid.*

⁸ Jessie Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment* (Santa Monica, CA: Rand, 2012), 75. Note: Operation APOLLO was

management corroborated the Operation APOLLO position based on delays experienced in contracted support to expeditionary operations when command and control distance to the relevant contracting authority was increased through the use of procured defence capabilities such as Canadian Forces Contractor Augmentation Program (CANCAP), and NATO facilitated agreements established by the NATO Maintenance and Supply Agency (NAMSA).⁹ The evidence provided through experience in past missions indicates that procurement activities are most effective when the Contracting Authority works either directly for the TF Comd or in a position with a short power distance from the relevant deployed commander.

To date, the majority of literature regarding procurement activities in support of expeditionary operations has been primarily focused on debating the feasibility, sustainability, and liabilities associated with contracted personnel on the battlefield.¹⁰ The notion of contracted support during expeditionary operations has been considered during operational planning and execution because of factors related to the legality of unarmed

Canada's military contribution to the international campaign against terrorism from October 2001 to October 2003. At sea, Canada was the first coalition nation after the United States to send warships to the

Southwest Asia operational theatre. It was Canada's largest naval commitment since the Second World War. Royal Canadian Navy (RCN) ships were sent to the Arabian Sea and the Persian Gulf with the principal task of maintaining control of the maritime area of operations. In total, 15 different ships deployed to region to: support military operations in Afghanistan; participate in the defence of United States Navy ships transporting US ground and air forces; and support multinational counterterrorism activities in the region at sea. (<http://www.forces.gc.ca/en/operations-abroad-past/cafla.page?>)

⁹ "SNC-Lavalin PAE Inc. to Support Canadian Military through CANCAP Contract." *PR Newswire* Aug 8, 2013, 2013. Note: *Operation ATHENA* was Canada's contribution of peace-support and combat forces to the International Security Assistance Force (ISAF) in Afghanistan from 17 July 2003 to 1 December 2011. *Operation ATHENA* had two phases. In Phase I, it was essentially a peace-support mission in Kabul, where ISAF was concerned with ensuring security while the nascent Afghan government developed its constitution and held its first elections. In Phase II, *Operation ATHENA* moved to Kandahar Province to become the Canadian Armed Forces' longest-running combat mission. (<http://www.forces.gc.ca/en/operations-abroad-past/op-athena.page?>)

¹⁰ Dimitris Folinas, *Outsourcing Management for Supply Chain Operations and Logistics Services* (Hershey, PA: Business Science Reference, 2013), 562.

versus armed contractors, Law of Armed Conflict, status of contractors in support of military operations, and the appropriateness of contractor effectiveness in various types of military operations (peacekeeping, peace-making, operational military training, special operation, etc.). “It also has applicability to the full range of Army operations, to include offense, defense, stability, and support within all types of military actions from small-scale contingencies to major theater of wars”.¹¹ Since previous research has explored the contracted support frameworks of allied nations during expeditionary operations as a context to discuss Canadian activities, the appropriateness of using contracted support during expeditionary operations, as a viable service support alternative will not be discussed. This paper will focus on the efficacy of contract execution and management solutions to support expeditionary operations based on command and control distance to relevant contracting authorities.

Canadian operational support doctrine includes the conceptual inclusion of contracted solutions to augment military capabilities from an economy of scale philosophy, which mitigates the necessity for maintaining overhead and contingency capabilities that are superfluous to static business activities and relevant solely during operations.¹² American and Australian operational support doctrine has successfully employed a similar philosophy to Canada’s approach to increase operational support efficacy with great success.¹³ The argument that will be presented in this paper will concentrate on defending a Canadian Armed Forces enabled method of designing,

¹¹ United States, *Contractors on the Battlefield*, 1-1

¹² Canada, *The Operational Art: Canadian Perspectives : Context and Concepts* (Winnipeg: Canadian Defence Academy Press, 2005), 380.

¹³ Laura H. Baldwin, *Analyzing Contingency Contracting Purchases for Operation Iraqi Freedom (Unrestricted Version)* (Santa Monica, CA: Rand Corp., 2008), 88.

executing, and managing contracted goods and services to enhance operational efficacy, versus using external or third-party procurement systems, such as Public Works and Government Services (PWGSC) or North Atlantic Treaty Organization (NATO) enabled contractual agreements. Specifically, the thesis of this paper is that the efficacy of contracted support to Canadian expeditionary operations is inversely related to command and control power distance between Task Force Commanders and their relevant Contracting Officers. The argument presented in this paper will be developed with the underlying assumption that support of Canadian expeditionary operations will continue to require augmented support through contracted civilian support constructs.

The basic framework of the argument will be developed through five components. The initial chapter of the paper will provide background information to explain and contextualize contracted operational support during Canadian expeditionary operations. Differences between domestic and expeditionary operations will be discussed to highlight unique authorities and processes associated with contracted support of expeditionary operations. This paper will provide a review and comparison of the Canadian Armed Forces procurement model to support expeditionary operations versus the North Atlantic Treaty Organization procurement model. Qualitative descriptions of effectiveness and efficiency between the two approaches will be realized through opinions recorded from historical After Action Reports (AAR), Chief of Review Services (CRS) Reports, and lessons observed in the Canadian Armed Forces Knowledge Management System (KMS). Based on this, the argument presented in this paper will culminate with a Strength Weakness Opportunity and Threat (SWOT) analysis of both the Canadian Armed Forces (CAF) and NATO Support Agency (NSPA) operational support

procurement models to compare the influence of internal and external factors on contracted operational support outcomes.

Background

According to Van Creveld, Western militaries have been using contracted military support in operations that predate the 15th century.¹⁴ From early beginnings, military operators have appreciated the advantage of leveraging contractible goods and services to augment finite, and valuable military resources and capabilities.¹⁵ Exorbitant costs prohibit militaries from stockpiling the full-spectrum of operational support resource requirements.¹⁶ Therefore, the concept of contracting in support of supplementary resources and military capabilities during expeditionary operations has remained relevant from the 15th century to present day.

As a middle-power military, the Canadian Armed Forces retains finite resources to establish, maintain, and achieve a broad spectrum of operational capabilities.¹⁷ The Canadian Armed Forces has augmented a number of its military capabilities, and expanded its capacity, by engaging contractors involved in missions located in regions such as Bosnia and Afghanistan.¹⁸ In 2000, the Canadian Armed Forces (CAF) deployed military forces to Afghanistan as part of the NATO-led International Security Assistance Force. After more than a decade of combat, humanitarian, and capacity building activities in the country, the CAF had expended over \$7B in support to the operation in

¹⁴ Martin L. Van Creveld, *Supplying War: Logistics from Wallenstein to Patton* (Cambridge ; New York: Cambridge University Press, 1977), 284.

¹⁵ Sun Tzu, *The Art of War* (Oxford: Clarendon Press, 1963), 197.

¹⁶ Stone, *Planning Defence Budget Allocations for Canada's Strategy 2020*, 223-246

¹⁷ Ann Denholm Crosby, "A Middle-Power Military in Alliance: Canada and NORAD," *Journal of Peace Research* 34, no. 1 (1997), 39.

¹⁸ Canada, *Public Management of Defence in Canada* (Toronto: Breakout Educational Network in association with the School of Policy Studies, Queen's University, 2009b).

Afghanistan.¹⁹ Although a significant portion of operational support goods and services were contracted in Canada through Public Works and Government Services, military officers were consistently deployed to theatres of operations, possessing delegated and enhanced contracting authority to procure goods and services external to Canada, as part of the deployed force structure.²⁰ Contracts executed by PWGSC were well managed, however, dissimilar inter-departmental communication systems and differing organizational structures widened extant process gaps and degraded contract management responsiveness timelines.²¹

In Canada, the Crown's representative, who executes contractual obligations with external vendors is referred to as the Contracting Authority.²² The Contracting Authority retains delegated financial authority from the relevant mission Commander, in accordance with the Department of National Defence financial delegation matrix and notes.²³ Contracting authority positions can be filled by either military members or civilian personnel. Delegated authorities depend on the nature of specific positions. Pre-deployment training to prepare selected Contracting Authority candidates involved a number of prerequisite qualifications for Canadian Armed Forces members such as certification in financial expenditure management, financial delegation of authority,

¹⁹ David Perry, "Canada's Seven Billion Dollar War: The Cost of Canadian Forces Operations in Afghanistan," *International Journal* 63, no. 3 (Summer 2008, 2008), 703-725.

²⁰ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

²¹ Ted D. Stoddard and S. E. Warner, "A Competency-Based Approach for Teaching Business Writing Concepts and Skills," *Journal of Business Communication* 10, no. 4 (Summer 73, 1973), 7-15.

²² Canada. Public Works and Government Services Canada, *Supply Manual* (Ottawa, ON: , 2014b).

²³ Canada. Public Works and Government Services Canada, *Doing Business with Public Works and Government Services Canada* (Hull, Quebec: Public Works and Government Services Canada, Communications Branch, 2010).

Green procurement strategy, and contracting authority.²⁴ Despite a potential lack of practical contracting experience by incumbent military contracting authorities, prescribed task-related and mission-specific pre-deployment training provided Contracting Authorities with sufficient contracting competencies and knowledge to appropriately execute and manage contractual agreements within the limits of their delegated authority.²⁵ In the Department of National Defence, civilian Purchasing Group (PG) personnel generally possess standard delegated financial authority to contract for goods and services up to the expenditure limit of \$25,000. While civilian PGs regularly execute contractual documents within the \$25K threshold on a daily basis, Purchasing Group personnel lack experience executing contractual documents in excess of \$25K up to the augmented delegated financial authorities of \$400,000+ that are relevant in deployed operations because augmented contracting authorities are either only available while deployed outside of Canada or delegated to military versus civilian personnel.²⁶

Contracted operational support for goods and services were realized using CAF delegation of financial authority, which was at times supplemented by PWGSC, or in collaboration with the NATO Support Agency.²⁷ According to NATO doctrine, “The NATO Support Agency (NSPA) is NATO’s Integrated Logistics and Services Provider Agency, combining the former NATO Maintenance and Supply Agency (NAMSA), the

²⁴ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

²⁵ Canada. Public Works and Government Services Canada, *Doing Business with Public Works and Government Services Canada*

²⁶ *Ibid.*

²⁷ Maurice Dawson, Darrell Norman Burrell and Emad Rahim, "Deep Dive into Understanding the Theory of Military Organization, Military Leadership, Skill Transfer, Aspects of Program Management, and Decision Support Systems," *Journal of Global Intelligence & Policy* 3, no. 3 (07, 2010), 5-17.

Central Europe Pipeline Management Agency (CEPMA) and the NATO Airlift Management Agency (NAMA)”.²⁸ NSPA was heavily leveraged by military contracting officers during CAF expeditionary operations in Afghanistan to acquire goods and services related to troop transport, accommodations, feeding, and strategic airlift materiel handling equipment, through a hybrid DND/NSPA procurement framework.²⁹

To discuss the execution of CAF procurement activity, one must consider the basis of procurement authority within the Government of Canada, which is derived through PWGSC. PWGSC is an independent federal department and close external stakeholder to DND’s operational procurement activities.³⁰ In the CAF, many military members responsible for purchasing functions have been delegated specific authorities related to the position of procurement officers versus contracting officers. Task force commanders, commanding officers, and delegating commanders have the authority to apply restrictions on the financial authorities which they delegate to subordinates.

There are two types of military purchasing officers: Contracting Authorities and Procurement Officers.³¹ The primary difference between Procurement Officers and Contracting Officers is that Contracting Officers can draft agreements using the Standard Acquisition Clauses and Conditions (SACC) Manual to initiate contractual obligations with vendors up to \$25,000, while Procurement Officers have been restricted to

²⁸ NATO Support Agency Homepage, Retrieved April 6, 2014, <http://www.nspa.nato.int/en/index.htm>

²⁹ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

³⁰ Canada. Public Works and Government Services Canada, *Doing Business with Public Works and Government Services Canada*

³¹ Canada. Public Works and Government Services Canada, *Supply Manual*

procurement expenditures up to a \$5K ceiling.³² When contracted goods and services requirements surpass the relevant delegated financial authority, the CAF must refer procurement activity to PWGSC, consistent with Treasury Board policy, to prevent contracting irregularities resultant from exceeding delegated financial expenditure limits.³³ Conversely, when deployed outside of Canada, military Contracting Authorities exercise procurement authority up to a ceiling of \$400K. The standard \$400K delegated authority may be expanded depending on the geographic locations, contracting environment, and operational requirement.³⁴ When deemed appropriate, military Contracting Authorities deployed outside of Canada on expeditionary operations may receive additional, enhanced financial delegation that empowers them to execute contractual agreements up to \$1M. For example, during the latter halves of Operations ATHENA and ATTENTION, Contracting Authorities were delegated \$1M authority for services to enable timely and effective operational procurement support to deployed units. The regional procurement experience gained after a decade of operational activity in Afghanistan, enabled deployed CAF procurement officers to provide TF Comds with optimal operational support options and contracting solution flexibility because of the enhanced procurement delegation.

The introduction provided in this chapter expresses a broad overview of operational procurement. The discussed examples, observed from various theatres of operation, highlight the advantages associated with minimizing power distance between

³² Canada. Public Works and Government Services Canada, *Standard Acquisition Clauses and Conditions Manual* (Ottawa, ON: , 2014a).

³³ Canada. Public Works and Government Services Canada, *Supply Manual*

³⁴ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

TF Comds and Contracting Authorities. The research that will be described in this paper will support the thesis and provide evidence, consistent with the observed operational procurement activities that were discussed in this introduction, to demonstrate that operational procurement models based on minimal power distances are optimal for the contracted operational support requirements of deployed CAF.

CHAPTER 2: RESEARCH METHODOLOGY

Problem Statement

The problem with the CAF's current, expeditionary, military procurement system is that it relies heavily on external agencies to reinforce otherwise appropriately empowered, and authorized financial delegation to the detriment of timely operational support because of the integration of non-military agencies into the desired materiel/service acquisition-effect realization activity.³⁵ The inclusion of external non-military agencies in the provision of contracted military support frequently increases the degree of power distance between the supported deployed Task Force Commander and their supporting Contracting Authority.³⁶ Power distance is a critical component of operational procurement activities, because it directly influences the relevant commander's ability to shape operational support outcomes and influence priorities that enable operational capabilities.³⁷ Contracting authorities who are direct subordinates within Task Force organizational structures are able to be more responsive to the requirements of their respective supported Task Force because of the close power relationship to the relevant commander, who both delegates the requisite financial authorities to the Contracting Authority and establishes the operational and associated support priorities for the Task Force.³⁸ This paper will focus on the efficacy of contract

³⁵ Folinas, *Outsourcing Management for Supply Chain Operations and Logistics Services*, 562

³⁶ Bernd Horn, *"The Buck Stops here": Senior Military Commanders on Operations* (Winnipeg: Canadian Defence Academy Press, 2007), 286.

³⁷ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

³⁸ David Perry, "The Privatization of the Canadian Military: Afghanistan and Beyond," *International Journal* 64, no. 3 (2009), 687-702.

execution and management solutions to support expeditionary operations based on command and control distance to relevant contracting authorities.³⁹ This paper will defend the argument that the CAF should resource, and exclusively conduct procurement activities, through deployed military contracting officers, in support of expeditionary operations.

Sustainable Solutions

Determining optimized operational support contracting solutions is advantageous to modern military forces based on the reality of finite and frequently diminishing resources to enable military capabilities.⁴⁰ In the current fiscal climate of western countries, increased financial restrictions threaten operational military capabilities all over the world. At the same time, procurement agreements between the Canadian Armed Forces and private sector vendors increase DND's flexibility and agility to respond to operations in an efficient and effective manner.⁴¹ Consequently, the CAF has leveraged contractual agreements with both Canadian and international business entities in order to provide support to expeditionary operations.⁴² Post-deployment and after action reports consistently indicate that contracted goods and services during expeditionary operations is an appropriate and necessary dimension of the operational support framework.⁴³

³⁹ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

⁴⁰ Canada. Department of National Defence, *1994 Defence White Paper* (Canada: National Defence, 1994), 50, 55.

⁴¹ Kim Richard Nossal, "Roland Goes Corporate: Mercenaries and Transnational Security Corporations in the Post-Cold War Era," *Civil Wars* 1, no. 1 (1998), 31.

⁴² *Ibid.*

⁴³ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

Despite a commonly accepted position that the Canadian Armed Forces will continue to require augmented support from private vendors during expeditionary operations, the manner in which such support is established and maintained has been previously achieved through a broad spectrum of available options.⁴⁴ The range of contract execution, management, and technical advice has included independent Canadian Armed Forces contracting authority, DND initiated-PWGSC executed, independent PWGSC (potentially Europe office) authority, cooperation with allied nations, and DND-defined with NATO established agreements.

It is neither anticipated nor envisioned that Canada will engage unilaterally in expeditionary military operations.⁴⁵ Therefore, comprehensive sustainable support solutions for the expeditionary activities of the Canadian Armed Forces will be based on consideration of both internal and external contracting stakeholders. These include:

- a. NATO
- b. PWGSC; and
- c. DND.

Regardless of the presence or absence of a NATO force in a particular theatre of operation, NATO member-states can request and access NATO's contracting capabilities in support of their operational requirements.⁴⁶ Responsible for Government of Canada procurement activities, PWGSC is the contracting authority for the federal government.

⁴⁴ Desmond Morton, "Canada and its World," *Canadian Issues* (Sep 2002, 2002), 48-50.

⁴⁵ Peter Paret, Gordon Alexander Craig and Felix Gilbert, *Makers of Modern Strategy: From Machiavelli to the Nuclear Age* (Princeton, N.J.: Princeton University Press, 1986), 941.

⁴⁶ Erika Simpson, "The Looming Costs of NATO Expansion in the 21st Century: What Alternatives does Canada Have," *International Journal* 54, no. 2 (Spring 1999, 1999), 324-339.

Contracting authority within DND is delegated to relevant officers through the Assistant Deputy Minister Materiel, in accordance with the Financial Delegation Matrix. For the purposes of this paper, PWGSC is considered a *Canadian* solution and therefore, an extension of the same process employed by Canadian Armed Forces contracting officers.

Definition of an optimized, sustainable, operational support solution will explore the polarized options of Canadian Armed Forces initiated, executed, and managed solution versus a NATO executed and managed contractual agreement. For the purposes of this paper, contracted operational support efficacy will be assessed as the instance when contracting authorities can execute and manage contractual agreements between the Crown and vendors in a manner that provides Task Force commanders the greatest flexibility to shift priorities based on the degree of power distance influence on desired outcomes. Coincidental, or circumstantial contracting successes during deployed missions will not be considered expeditionary operations effectiveness unless the outcomes can be directly associated with decisions or actions taken by the deployed Task Force Commanders which influenced or reprioritized procurement activities in some way. Additionally, an optimal solution must be sustainable in the context of current Canadian Armed Forces expeditionary operations (i.e. an optimized contracting framework cannot contravene Canadian Armed Forces Doctrine).

Purpose Statement

The complicated and dynamic nature of military operations necessitates a highly responsive and adaptable deployed contracting framework to provide timely solutions to

operational requirements when outside of Canada.⁴⁷ As a middle-power military, Canadian Task Force Commanders require timely, flexible, and responsive operational support solutions that enable extent capabilities and create supplementary capacity by augmenting existing resources.⁴⁸ Determining an optimized operational support contracting framework will improve mission effectiveness by leveraging external private resources to provide Task Force Commanders with greater options to realize their missions.

The purpose of this paper will be to systematically assess and compare procurement activities by CAF and NATO Contracting Officers, in support of Canadian Armed Forces expeditionary operations. NATO has been selected as a relevant counterpoint to Canadian processes because it includes neither Canadian contract execution nor management.⁴⁹ The selection and employment of NATO contracting authorities removes Canada's contracting influence from the entire process and simply requires relevant Canadian Armed Forces initiating authorities to define the fundamental statements of work or requirement.

The paper will defend the argument that the CAF should resource, and exclusively conduct procurement activities, through deployed military contracting officers, in support of expeditionary operations. A recommended, optimal contracting

⁴⁷ Antoine Bousquet, *The Scientific Way of Warfare: Order and Chaos on the Battlefields of Modernity*, Vol. [v. 1] (New York: Columbia University Press, 2009), 265.

⁴⁸ Bruce Campion-Smith, "Mission to Afghanistan Dominates PM's First Appearance on World Stage. Story, A6; Canada Readies Fighter Jets; CF-18 'Support' on Afghan Contract List Military Says it's just 'Prudent Planning'," *Toronto Star* Sep 22, 2006, .

⁴⁹ United States, *Contractors on the Battlefield*, 124

framework for military officers will be summarized for application when deployed on military operations outside of Canada to improve operational support efficacy by demonstrating the advantage of providing expeditionary Task Force Commanders enhanced contracted support efficacy when power distance is reduced with their relevant contracting authority.

Research Design

The analysis presented in this paper study will be conducted through a comparative case study of the CAF procurement function in support of operations outside of Canada, and the NATO procurement function, performed by NSPA in response to client-nation requests for contracted goods or services. The analysis will describe procurement activity factors related to seven unique criteria:

- d. degrees of process freedom (determined through the number and complexity of process steps/stakeholders)
- e. procurement latency (determined through the lag time between requirement submission and good/service delivery or commencement)
- f. cost-effectiveness (determined through the sum of real and sunk costs)
- g. procurement instrument flexibility (determined through the availability of agreement options)
- h. Contracting Officer degree of accountability
- i. contract management effectiveness (subjective assessment of the ability to select and implement appropriate contracted solutions that satisfy requirements)

- j. payment process (determined through the number and complexity of payment steps/stakeholders)⁵⁰

The seven criteria provide an isolated evaluation of the contracting authorities performance and effectiveness; these specific criteria have been selected for discussion in this paper because they are the most commonly described performance outcomes in both NATO General Rules and Provisions for NSPO's Procurement Regulations and CAF post-deployment reports. However, to determine the optimization of the two subject processes, the desires and requirements of the operational commander must be incorporated as a driving factor in the establishment and determination of any effective operational support construct. A contracting framework that satisfies all regulative and accountability requirements remains ineffective if it is not responsive and adaptive to the requirements of the supported operational commander.⁵¹ Therefore, the seven assessment criteria will be used to define process efficacy, while concurrently, power distance between the Task Force Commander and Contracting Officer will be used to assess process optimization.

A comparative SWOT analysis of the two procurement and operational support systems will be provided to highlight the benefits of the CAF solution, versus the NATO option, consistent with the thesis statement. Findings will be prefaced with an explanation of the power distance between the CAF expeditionary Task Force Commander and the relevant contracting officer for both process models.

⁵⁰ Canada. Public Works and Government Services Canada, *Supply Manual*

⁵¹ "Lockheed Martin Canada Wins \$2 Billion Contract for Halifax Mod Effort." *Defense Daily International* 9, no. 37 (09/12, 2008), 5-5.

Limitation of Study

The scope of this paper will be focused on CAF operational support procurement activities between \$5K - \$1M, which can be affected through the deployment of military Contracting Authority's financial delegation. The analysis that will be provided in this paper will be further limited by its exclusive focus on Canadian and NATO processes. Inclusion of additional nation-specific procurement activities is considered to be beyond the scope of this paper based on the size and scale of the research population.

This paper will focus on the Canadian procurement model of the Canadian Armed Forces during expeditionary operations as executed by military Contracting Officers, and the NATO procurement model as executed by civilian NSPA employees. The contract execution and management by CAF personnel may expand to include assistance in varying degrees of engagement from external contracting advisors or authorities from other government departments or nations. However, for the purpose of this paper a CAF expeditionary operation contract solution will be limited to only those agreements that have been executed by a deployed military Contracting Authority supporting an operational Task Force Commander.

Contracts that are executed by PWGSC following initiation by a CAF Contracting Authority are deemed to be within the scope of the Canadian process. A contract that is executed by PWGSC at the initiation of a deployed military contracting authority, based on the nature of the requirement or the expenditure limit, to support expeditionary operations will be a contract that is under the control of the deployed military contracting officer because that individual will continue to monitor the performance of the contract in accordance with the agreed terms and conditions despite the fact that it was executed by

PWGSC. Although PWGSC executed contracts will not be specifically analyzed in this paper, this method of contracted operational support establishment is closely aligned with the CAF military contracted solution.

Standard contracting instruments conform to predetermined rules and elements.⁵² The details of Canadian contracting considerations are described in the SACC.⁵³ All Government of Canada procurement instruments identify three key actors: the Contracting Authority, Vendor, and the Technical Authority. The Contracting Authority as named within the contract is the only individual permitted to execute, amend, or negotiate terms and conditions associated with the agreement. The Vendor is the named good/service provider with which the agreement has been established. The Technical Authority is usually the client or a representative of the client, who possesses sufficient technical expertise to evaluate and confirm that goods/services have been received, consistent with the agreed terms and conditions of the contract. The Technical Authority has the additional responsibility of advising the Contracting Authority of any potential circumstances that may necessitate the amendment, revision, or termination of contractual clauses or conditions.⁵⁴ Anecdotal reports captured in *lessons learned* – theatre of operation, post-deployment reports from previous expeditionary rotations implied that Contracting Authority responsiveness and contract management efficacy were advantageously effected by a close command and control relationship.⁵⁵ For

⁵² Canada. Public Works and Government Services Canada, *Supply Manual*

⁵³ Canada. Public Works and Government Services Canada, *Standard Acquisition Clauses and Conditions Manual*

⁵⁴ Canada. Public Works and Government Services Canada, *Supply Manual*

⁵⁵ Frank Flanegin et al., "Assurance of Learning, "Closing the Loop": Utilizing a Pre and Post Test for Principles of Finance," *Journal of Case Studies in Accreditation & Assessment* (01, 2009), 1-11.

example, Contracting Authority responsiveness was reported as being generally timelier when Contracting and Technical Authorities were structured within the same unit or task organization, versus circumstances when the CA and TA were separated by a larger control distance.⁵⁶ In the case of a PWGSC Contracting Authority, CAF deployed Technical Authorities receive contract management support based on the prioritized availability of PWGSC agents, who possess limited capacity dependent on the nature or number of competing client requirements. Shortening the command and control distance between Contracting and Technical Authorities reduces the number of conflicting priorities by aligning levels of effort within the same, or similarly oriented organizational structures.⁵⁷

Expeditionary operations receive the highest degree of service when Tables of Organization and Equipment (TO&E) are developed to closely structure the theatre of operations Contracting Authority with its clients.⁵⁸ For example, Operation ATHENA, Rotation 10 was comprised of the Mission Transition Task Force, which was specifically structured to drawdown and terminate Canada's offensive military operation in Afghanistan. The Contract Management Cell was organizationally structured under the Commanding Officer of the Mission Closure Unit, versus being structured as a Task Force Headquarters element. Despite the numerous alternate perspectives and opinions regarding varying organizational support structures raised by the Canadian Operational

⁵⁶ Michael K. Jeffery, *Inside Canadian Forces Transformation: Institutional Leadership as a Catalyst for Change* Michael K. Jeffery (Kingston, Ont.: Canadian Defence Academy Press, 2009), 149.

⁵⁷ James Kiras, *Special Operations and Strategy from World War II to the War on Terrorism*, Vol. [17] (London ; New York: Routledge, 2006), 230.

⁵⁸ Moshe Kress, *Operational Logistics: The Art and Science of Sustaining Military Operations* (Boston: Kluwer Academic Publishers, 2002), 247.

Support Command staff (presently known as the unified Canadian Joint Operations Command), all proposed solutions endeavored to minimize command and control distance between Contracting and Technical Authorities because both elements were subordinate to the Task Force Commander (TF Comd), who possessed sufficient authority to make determinations and decisions related to prioritized levels of contract management efforts.⁵⁹ A subordinate Contracting Authority organizational design construct, embedded under the relevant deployed operational TF Comd greatly enabled the TF Comd's sphere of influence over contract management efficacy, and aligned both technical and professional contract management functions within the same chain of command of a singular deployed CAF entity.

Complete dependency upon PWGSC is not a primary operational support planning consideration for military procurement outside of Canada based on existing supplementary DND financial delegations.⁶⁰ Military Contracting Officers engage PWGSC as an external stakeholder, in accordance with TB policy, when expected contract values will exceed deployed contracting authority. Contractual agreements that are not executed on behalf of the Crown by a Canadian Contracting Authority shall be limited to only those agreements that are executed by NSPA on Canada's behalf. During expeditionary operations, it is possible for the CAF to leverage contractual operational support agreements that have been created by allied nations to achieve Canadian outcomes. Although these agreements are used to provide expeditionary operations

⁵⁹ Peter Jennings L. and Sean Hannah T., "The Moralities of Obligation and Aspiration: Towards a Concept of Exemplary Military Ethics and Leadership," *Military Psychology (Taylor & Francis Ltd)* 23, no. 5 (09, 2011), 550-571. doi:10.1080/08995605.2011.600158.

⁶⁰ Folinas, *Outsourcing Management for Supply Chain Operations and Logistics Services*, 562

support for the CAF, they are considered outside the scope of this paper because neither the original statement of requirement/work was defined, nor was the contract initiated by a Canadian Contracting Authority. Contracts are established for the mutual relationship and benefit of the two signatory parties, the Contracting Authority, and the vendor.⁶¹ Contracts that have been executed by foreign national Contracting Authorities in support of expeditionary operations are created to benefit the associated nation's military interests.⁶² Foreign contracts are therefore less reliable than a Canadian or NATO executed solution because the priority and requirement of the contract are determined by an external, foreign commander, without the ability for CAF deployed Task Force commander direct influence or definition. Any benefits that are realized by deployed Canadian forces are secondary and circumstantial to the original intent of the relevant, foreign contracting instrument, and will therefore not be discussed in this paper. NSPA executed contracts are within the scope of this paper because NATO Contracting Authorities are responsive and directly accountable to the requesting CAF deployed element.⁶³ This degree of responsiveness and accountability are closely aligned with a CAF-centric process and therefore comparable to the CAF military Contracting Authority framework.

⁶¹ "General Dynamics Prepares to Define Canadian LAV III Upgrades." *Defense Daily International* 12, no. 27 (2010b), 2-2.

⁶² "Canada Signs Contract for Four C-17s." *Defense Daily* 233, no. 22 (02/05, 2007), 5-5.

⁶³ NATO Support Agency Homepage, Retrieved April 6, 2014, <http://www.nspa.nato.int/en/index.htm>

Significance of the Study

The framework that will be presented in this paper is significant to developing an optimal expeditionary operations contracted support strategy for the Canadian Armed Forces. The findings presented in this paper will permit CJOC logistics planners and deploying task forces to design efficient TO&E to achieve desired mission outcomes through an effective, responsive, and flexible deployed contracting authority capability.⁶⁴ This framework will enhance contracted support provision during expeditionary operations by empowering Task Force Commanders with a contracting authority force structure that minimizes power distances, thereby providing TF Comds greater influence over satisfying outcomes that respond to dynamic requirements and shifting priorities.⁶⁵ A well-defined framework will inform future operational support conditions by proving a cognitive construct of delineated internal strengths and weaknesses of a Canadian process that can be pre-packaged and reliably applied with a consideration of external opportunities and threats.

The findings presented in this paper are significant to the strategic, operational, and tactical CAF leadership because they will describe a validated preferred method of conducting contracted support to military operations outside of Canada. Contracted goods and services provision through an integral, deployed CAF contracting entity will enhance operational support capabilities and provide greater accountability and direct influence ability for operational commanders. In a blended military/civilian contracting capability,

⁶⁴ Canada, *Cultural Intelligence and Leadership: An Introduction for Canadian Forces Leaders*, 157

⁶⁵ George R. Mastroianni, "The Person-Situation Debate: Implications for Military Leadership and Civilian-Military Relations," *Journal of Military Ethics* 10, no. 1 (03, 2011), 2-16.
doi:10.1080/15027570.2011.561636.

goods and services are procured in stable environments. A CAF, military, Contracting Authority solution expands the environment of potential contract influence to include austere locations, which are beyond conventional civilian constitutions, based on market availability.⁶⁶ Future CAF operational planners will be able to incorporate a reliable, delimited Canadian military contracting capability to operational support considerations, thereby increasing expeditionary mission support and cost effectiveness, in a manner that provides the greatest flexibility, responsiveness, and accountability to operational commanders and the Government of Canada.⁶⁷

The research methodology presented in this chapter describes a pragmatic system to identify, analyze, and compare operational procurement stakeholders that have been used in varying degrees during past military operations outside of Canada. The different operational procurement strategies possess inherently different power distances between the deployed TF Comd and the Contracting Authority. Regardless of the selected procurement solution, deployed CAF Contracting Authorities can provide enhanced operational support procurement flexibility to deployed commanders when the selected procurement model gives some consideration to power distance and permits deliberate actions based on informed decisions. A detailed explanation of the deployed Canadian procurement model will follow subsequently, and provide comprehensive insight into the nuanced advantages of a primarily Canadian procurement model, based on the systems short power distance between the TF Comd and the Contracting Authority.

⁶⁶ Kress, *Operational Logistics: The Art and Science of Sustaining Military Operations*, 247

⁶⁷ Bard E. O'Neill, *Insurgency & Terrorism: From Revolution to Apocalypse*, 2, rev ed. (Washington, D.C.: Potomac Books, 2005), 231.

CHAPTER 3: CANADIAN PROCUREMENT MODEL

The Canadian Armed Forces has been employing contracted support to augment or create capabilities related to engineering and maintenance, camp services, food services, information systems management, materiel management, transportation, and security for the last 40 years.⁶⁸ The CAF advantage to executing agreements for goods and services in support of expeditionary operations has been a *just-in-time* solution space, and reduced recurring overhead cost for supplementary, contingency capabilities to support deployed operations. The expeditionary operations procurement model of the CAF is built upon contingency based philosophy.⁶⁹ Overarching contracted solutions for mission support are initiated and frequently managed by Canadian Joint Operations Command (CJOC), through the facilitation of Director Major Procurement within Assistant Deputy Minister (Materiel), at the operational level. Tactical requirements are addressed by in-situ military Contracting Authorities on a case-by-case scenario, based on the requirement substantiation and approval by the relevant chain of command. Military Contracting Authorities are expected to receive, review, and refine approved Task Force requirements and develop contracts for goods and services that satisfy desired outcomes in a timely manner, while affording contractual advantages to the Crown related to matters of liability, amendments, and termination clauses.⁷⁰

⁶⁸ Lisa Schmidt, "Military Says Contract for Operation Apollo a Mistake, no Ground Troops," *Canadian Press NewsWire* Nov 8, 2001, 2001.

⁶⁹ Kress, *Operational Logistics: The Art and Science of Sustaining Military Operations*, 247

⁷⁰ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

Deployed Contracting Authorities are well positioned to quickly respond to dynamic Task Force requirements and TF Comd priorities because they have a first-hand appreciation of the tactical situation. Personal awareness and familiarity with the tactical environment enables CAF military Contracting Authorities to develop innovative solutions that satisfy requirements while creating exploitable additional value for supplementary future requirements in the task force.⁷¹ For example, the rental of Materiel Handling Equipment (MHE) provides resources to move cargo and materiel in the battlespace. The inclusion of an article regarding maintenance and performance cycles could facilitate the amplification of maintenance personnel to support the MHE without committing additional military personnel that may be occupied with other priorities.⁷²

Issues

Expeditionary operations procurement strategies parallel domestic models with a few exceptions. Similar to contracting in Canada, individuals performing procurement function execute Contract Officer authority on behalf of the Government of Canada, within the scope of influence and oversight of Public Works and Government Services Canada (PWGSC). Procurement instruments are executed and managed either directly by CAF personnel, or indirectly by PWGSC employees on behalf of the CAF initiating authority. PWGSC managed procurement instruments in support of expeditionary operations are typically managed through the PWGSC departmental office located in

⁷¹ Mastroianni, *The Person-Situation Debate: Implications for Military Leadership and Civilian-Military Relations*, 2-16

⁷² Allan D. English, *Canadian Air Force Leadership and Command: The Human Dimension of Expeditionary Air Force Operations* (Ottawa: National Defence, 2007), 267.

Koblenz, Germany. Although PWGSC in Koblenz (otherwise referred to PWGSC (Europe)) is a direct division of the Canadian PWGSC department, contracts executed by PWGSC(E) are enforceable under the jurat of German, versus Canadian law. The alternate legal contracting framework provided by PWGSC(E) presents additional options for CAF Contracting Officers who may choose to either resort to standard Canadian contracting clauses, or leverage additional procurement considerations, consistent with German procurement practices. PWGSC(E) is the only Government of Canada procurement organization that has the ability to contract for goods and services using the non-Canadian laws.⁷³ For example, when deployed CAF units require goods or services with foreign vendors who refuse to accept Canadian contracts or insist upon additional non-standard Canadian conditions or articles of agreement, the file must be referred to PWGSC for their review and authorization.

Executing contractual agreements from Canada for support to expeditionary operations can present challenges when Canadian contracting rules and provisions constrain Contracting Authorities such that they have an appreciably reduced breadth of available solutions.⁷⁴ For example, depending on expected expenditure value, the Contracting Authority may be required to solicit requests for quotes regarding statements of work/requirement on MERX (Canada's electronic tendering service). In Canada, both military and civilian Contracting Authorities are required to seek Canadian sourced solutions to operational support issues. Government of Canada procurement policy dictates a competitive process that favours Canadian suppliers to increase Canadian

⁷³ Canada. Public Works and Government Services Canada, *Supply Manual*

⁷⁴ AMI International Inc., "Canada Cancels Joint Support Ship," *Sea Power* 51, no. 10 (2008), 65-66.

industry, build capacity in aboriginal communities, and retain Government of Canada contracting spending in Canada versus paying overseas organizations.⁷⁵ Frequently, the requirement to adhere tightly to Canadian contracting constraints limits the degree of timeliness and effectiveness to develop a useful contracted solution for expeditionary operation requirements.⁷⁶ Delegated contracting authorities are significantly lower while exercised in Canada versus when the incumbent Contracting Authority is deployed on operations outside of Canada.⁷⁷

Increased delegated financial authority provides an enhanced ability to develop solutions, but concurrently permits military Contracting Authorities to expend large sums of public funds with little oversight or guidance compared to Contracting Authorities in Canada.⁷⁸ The advantage of self-initiated and self-executed contractual instruments when deployed outside of Canada creates opportunities and risks for deployed military Contracting Authorities. Leveraging the global reach of NSPA contracting authorities provides a much broader pool of available solutions based on existing arrangements with a myriad of goods and services provider from all over the world who have previously provided support to NATO member states in one form or another.⁷⁹ The lessons learned

⁷⁵ Tobi Cohen, "Military Spending in Growth Mode: Canada Not Getting Money's Worth from Budget," *Star - Phoenix*, sec. D, Mar 9, 2011.

⁷⁶ E. R. Yescombe, *Public-Private Partnerships*, 1st ed. (Amsterdam ; Boston; Burlington, Mass.: Elsevier; Butterworth-Heinemann, 2007), 350.

⁷⁷ Alan S. Williams, Queen's University . School of Policy Studies and Breakout Educational Network, *Reinventing Canadian Defence Procurement: A View from the Inside* (Toronto; Montreal: Published by Breakout Educational Network; In association with School of Policy Studies, Queen's University and McGill-Queen's University Press, 2006), 168.

⁷⁸ Tom Jenkins and Canada. Public Works and Government Services Canada, *Canada First - Leveraging Defence Procurement through Key Industrial Capabilities* (Ottawa: Public Works and Government Services Canada, 2013).

⁷⁹ Leslie Willcocks, Sara Cullen and Andrew Craig, *The Outsourcing Enterprise* (Basingstoke: Palgrave Macmillan, 2010; 10uu), 320.; Raymond Morath A., Arnold Leonard L. and Stephen Zaccaro J.,

from previous contractual arrangements and the anticipation of future partnerships with NSPA greatly increases vendor willingness to aggressively reduce the cost of their goods and services to maintain current and build future partnerships with other NATO nations.⁸⁰ The key issue regarding NSPA executed contractual agreements in support of expeditionary Canadian operations is that the deployed military Contracting Authority loses all visibility of the contracting process when the NSPA Contracting Authority is negotiating with the vendor. The CAF member must consolidate their requirements into precise requirements and adjustments for furtherance to the NSPA Contracting Authority. The CAF does not receive a comprehensive transcription of discussions between the Contracting Authority and the vendor, nor can the CAF Contracting Authority make ad hoc negotiation decisions that might enable the acceptance of concessions regarding one dimension to achieve advantages in another area. NSPA provides excellent contracted operations support services to its clients, however, by using a NATO solution, CAF military Contracting Authorities forfeit complete control of the contracting process to a third party service facilitator who may not interpret changing Task Force requirements in a manner that provides the greatest flexibility and cost-effectiveness to Canada.⁸¹

Contracting in an Operational Environment

Government of Canada contract management in support of deployed operations demands a high degree of technical and professional expertise, commensurate with

"Military Leadership: An Overview and Introduction to the Special Issue," *Military Psychology (Taylor & Francis Ltd)* 23, no. 5 (09, 2011), 453-461. doi:10.1080/08995605.2011.600133.

⁸⁰ Ron Smith, *Military Economics: The Interaction of Power and Money* (Basingstoke, England: Palgrave Macmillan, 2009), 194.

⁸¹ Perry, *The Privatization of the Canadian Military: Afghanistan and Beyond*, 687-702

superior training and experience.⁸² PWGSC is the federal department, responsible for all publicly funded, federal procurement activities, on behalf of the Government of Canada. The Assistant Deputy Minister (Materiel) is the functional procurement authority for within the Department of National Defence. Within DND, procurement instruments are typically executed and managed by professional contracting officers within the Purchasing Group of the federal public service, and additional by military incumbents of specifically designated positions. Different from conventional, static contracting, in expeditionary operations Contracting Officers must anticipate and expect requirements to change in response to the developing operational situation.⁸³

Agreements between the Government of Canada and private industry are initiated through either a defined statement of work (SOW) for services, or statement of requirement (SOR) for goods. SOW/SOR are developed by the relevant client for evaluation, refinement, and tendering with potential good/service providers under the practical and philosophical premise of transparent competition. Procurement instruments are executed by either department PGs, or directly by PWGSC agents, depending on potential restrictions in authority, or associated authorization thresholds. In all cases, appropriately authorized Contracting Officers execute instruments that provide services to deployed CAF personnel. However, as the power distance between the TF Comd and the Contracting Officer decreases the executing purchaser can provide amendments and alternative contracting solutions that are much more timely and responsive to the

⁸² James C. Stone, Canadian International Council and Canadian Electronic Library, *A Separate Defence Procurement Agency* (Toronto, Ont.: Canadian International Council, 2012), 16.

⁸³ Ugurhan G. Berkok and Queen's University . School of Policy Studies, *Studies in Defence Procurement*, Vol. 7 (Kingston, Ont.: School of Policy Studies, Queen's University, 2006), 114.

requirements of deployed forces.⁸⁴ Rather than accepting the possible dilution of service provision by sharing contractual decision-making authority, employing a deployed military member Contracting Officer strategy, allows the CAF to retain control and influence over the operational support contracting process.⁸⁵ Contracts initiated by external stakeholders can still be greatly influence by CAF Contracting Officers if those individuals remain engaged with TF Comd regarding mission priorities, while concurrently understanding the pressures and opportunities of operational support enablers such as PWGSC(E).

A valuable and essential stakeholder, PWGSC(E) could continue to be a viable contracted operational support enabler, if DND retains control of the contract instrument execution process and engages PWGSC(E) for expert advice or as required based on financial expenditure limits. The relinquishment of CAF operational contract establishment control to PWGSC(E) creates similar problems as those contracts that are established through NSPA. For the CAF to ensure the effectiveness of contracted solutions in the operational environment, the operational support contracting framework must prominently consider the TF Comd's dynamic requirements.⁸⁶ Primacy of operations is fundamental for the optimization of an effective contracting framework. Appropriately delegated and trained military Contracting Authorities possess the requisite knowledge and ability to execute and manage contractual agreements in accordance with

⁸⁴ Tim Boyce, *Tendering and Negotiating MoD Contracts* (London: Thorogood, 2002).

⁸⁵ Canada. Parliament. House of Commons. Standing Committee on National Defence and Veterans Affairs, Pat O'Brien and Canada. Parlement. Chambre des communes. Comité permanent de la défense nationale et des anciens combattants, *Procurement Study: Report of the Standing Committee on National Defence and Veterans Affairs* (Ottawa: Public Works and Government Services Canada, 2000), 51, 54, viii.

⁸⁶ Canada. Independent Panel on Federal Support to Research and Development et al., *Innovation Canada: A Call to Action : Special Report on Procurement* (Ottawa: Industry Canada, 2011), 27, 28, i.

Government of Canada policies and regulations. The challenge associated with contracting support in the operational environment is the significant requirement to remain closely aware and aligned with the TF Comd's priorities to build a robust contracting strategy that offers maximum flexibility and effectiveness.⁸⁷

CAF Contracting Authorities can include PWGSC(E) in their operational support contracting strategy to design and execute complex procurement solutions in support of expeditionary operations without the requirement to repatriate relevant documentation to PWGSC Contracting Authorities located in Canada. Additionally, depending on the situation, the advantage of being able to leverage the legal basis of German contracting law can provide CAF military contracting Authorities greater alternatives for service provision. Similar to NSPA, PWGSC(E) has access to a much broader range of service providers than might be available to a Contracting Authority in Canada because of its ability to employ additional contracted support processes and instruments that would either not be available in Canada or would require additional time to implement than are reasonable acceptable by deployed units. To provide optimal operational contracted support, CAF Contracting Authorities must be aware of the full-spectrum of contractual instruments, some of which can be self-executed and managed while others will require the involvement of external stakeholder who possess additional abilities to supplement CAF contracting capabilities.⁸⁸ Despite the fact that including PWGSC(E) might remove some degree of control from CAF Contracting Officers, the advantage of enhance

⁸⁷ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

⁸⁸ Sbastien Casault and University of Ottawa. Telfer School of Management, *Real Option Pricing Model Applied to Industrial and Regional Benefits Policy*, 2010).

Contracting Authorities is relevant if the military procurement officer in the Task Force remains acutely informed of operational requirements and proactively prompts PWGSC(E) Contracting Officers of necessary or advisable amendments.

Alternative Contracting Frameworks

Deployed CAF Contracting Authorities utilize a number of standing, contingency, and ad hoc relationships to facilitate procurement activities during operations. These arrangements may be established between two or more nations.⁸⁹ For example, the American, British, Canadian, Australian and New Zealand Armies' Program (ABCA) enables CAF contracting officers to leverage the knowledge, resources, and capabilities of allied nations to achieve Canadian desired outcomes. ABCA's goal is to optimize coalition interoperability. To implement service provision through the ABCA agreement, all participating member states are not required to ratify the consolidated terms and conditions of the entire program, as long as two or more members share a common agreement on mutually supportive support arrangements. Bilateral and multinational agreements of this nature are formidable force multipliers for deployed units; however, they can also expose client nations to operational risks based on the shifting priorities of the supplying nation.⁹⁰ Arrangements and operational support relationships are frequently based on a supplying nation's excess capacity, or politically predetermined support threshold to complement their national contribution to the operational activity. These

⁸⁹ Willcocks, Cullen and Craig, *The Outsourcing Enterprise*, 320; Morath, Leonard and Zaccaro, *Military Leadership: An Overview and Introduction to the Special Issue*, 453-461

⁹⁰ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

constraints and restraints may unknown to the client nation and as such may jeopardize operational capacity and capabilities if the provision of support is suddenly reduced or removed.

In the absence of bilateral support arrangements, states must negotiate new understandings as required with other nations. The activity of developing a new national or departmental Memorandum of Understanding (MOU) between Canada and another nation is a complex endeavor that requires significant Assistant Deputy Minister (Materiel), Assistant Deputy Minister (Policy), Judge Advocate General, Department of Justices, and Department of Foreign Affairs Trade and Development involvement and collaborative oversight to ensure Canada's interests and protect the Prime Minister from unexpected risk or embarrassment.⁹¹ Deployed Canadian military officers have neither the authority nor expertise to draft and execute bilateral or multinational MOUs with foreign nations. Requirements for arrangements of this nature are political instruments to achieve an operational effect. For example, during Operation ATHENA Rotation 11, the Mission Transition Task Force was required to draft a customized arrangement with a deployed element of the United Arab Emirates (UAE) to effect the sale and subsequent transfer temporary aircraft hangers to UAE forces. The complex arrangement was achieved through significant assistance from external Canadian security and foreign policy stakeholders because in 2011 when the arrangement was drafted, Canada no longer retained a bilateral support arrangement with the UAE, following Canada's eviction by UAE authorities from Camp Mirage. The challenge of bilateral support

⁹¹ Aaron Plamondon, *The Politics of Procurement* (Vancouver: UBC Press, 2010), 254.

operational arrangements with new international partners is that the arrangements are deliberately non-enforceable. Participating nations agree that neither party will commit to assisting and enabling the desired operational end-states of its partner, insofar as requested goods or services do not contravene any extent arrangements and do not adversely effect the providing nation. In the matter of bilateral or multinational operational support arrangements, participating states reserve the right to withdraw from its contractual obligations without recourse, at any time that the terms and condition of the arrangement are no longer in the best interest of the providing nation.⁹²

Similar to the ABCA construct, the United States maintains a number of bi-lateral standing arrangements with many countries, including Canada, for the mutually supportive provision of military interoperability through leveraged contracted effects enabled by the Acquisition and Cross-Servicing Agreement (ACSA). Canada's close operational deployment history with the US has not biased the CAF's operational procurement framework towards a US-centric approach.⁹³ Conversely, in recent operational history, the CAF has defaulted to NATO enabled contracting solutions versus relying on US alternatives. Despite the high-level of support that has been provided to the CAF by US Forces through ACSA, a NATO enabled alternate procurement framework allows the CAF to specify its requirements and compete equally for limited NATO procurement resources. Canada is a secondary procurement consideration in an ACSA

⁹² Smith, *Military Economics: The Interaction of Power and Money*, 194

⁹³ Ross Fetterly and Queen's University . Defence Management Studies Program, *Defence Procurement Reform in Other Nations*, Vol. 10 (Kingston: Defence Management Studies Program, School of Policy Studies, Queen's University, 2009), 74.

paradigm and must rely on the excess capacity of master standing offers, supply arrangements, and de-conflicted priorities by US contracting authorities.⁹⁴

⁹⁴ Jean-Christophe Boucher, "The Cost of Bandwagoning," *International Journal* 67, no. 4 (Autumn 2012, 2012), 895-914.

CHAPTER 4: NORTH ATLANTIC TREATY ORGANIZATION

PROCUREMENT MODEL

Issues

NATO Support Organisation (NSPO) is the successor organisation to the NATO Maintenance and Supply Organization (NAMSO), the Central Europe Pipeline Organization (CEPMO) and the NATO Airlift Management Organization (NAMO). NSPO was established by the North Atlantic Council (NAC), in 2012, with the approval of its Charter. The NAC has granted NSPO organisational, administrative and financial independence, within the framework of the North Atlantic Treaty.⁹⁵

The NATO Support Agency (NSPA), a part of NSPO, executes and administers contracted operational support to Allied nations during expeditionary operations.

NSPO's mission is to provide responsive, effective and cost-efficient logistics, operational and systems support and services to the Allies, NATO Military Authorities and partner nations, individually and collectively, in time of peace, crisis and war, and where required, to maximize the ability and flexibility of their armed forces, contingents, and other relevant organisations, within the guidance provided by the NAC, to execute their core mission.⁹⁶

NSPA initiates and executes contracts through an international competitive process. Additionally, “In some instances, NSPA uses services provided by military organizations within the NSPO member states. In particular cases, NSPA can use suppliers from a PfP nation”.⁹⁷ NSPA’s competitive bid solicitation philosophy provides transparency and increases fairness for commercial contractors. However, the organization’s enhanced process visibility possesses some inherent detriments. Despite its transparent procurement philosophy, NSPA’s contracting activities are biased towards

⁹⁵ NATO Support Agency Homepage, Retrieved April 6, 2014, from <http://www.nspa.nato.int/en/index.htm>

⁹⁶ *Ibid.*

⁹⁷ *Ibid.*

NSPO member states (all NATO nations).⁹⁸ Companies must be registered in a NSPO member state to bid against *Requests for Proposals*. This administrative requirement is problematic in a complex, asymmetrical, operational environment based on the location of many worldwide conflicts. Examples from Kandahar Airfield during Operation ATHENA Two examples are described below regarding food service provision, and disposal services in Kandahar Airfield during Operation ATHENA. Canadian Prime Minister, the Right Honorable Stephen Harper, announced a March 2014 end to the CAF military mission in Afghanistan, which comprised of an Afghanistan National Army training assistance mission following the CAF combat mission.⁹⁹ The CAF's combat mission in Afghanistan (Operations APOLLO and subsequently ATHENA) lasted from 2001-2011.¹⁰⁰ The CAF leveraged NATO procurement capabilities quite heavily during its decade in Afghanistan. However, on many occasions, the implementation of expected procurement outcomes were delayed because of NSPA's exclusive procurement philosophy.

For example, the establishment of food service provision in Kandahar Airfield (KAF) was a NSPA led activity that leveraged and negotiated national dining facility (DFac) contracts to provide broad service to coalition forces on a usage monitored, cost recovery basis. As a result of this comprehensive and complicated multinational procurement framework, deployed CAF members experienced challenges associated with

⁹⁸ Simpson, *The Looming Costs of NATO Expansion in the 21st Century: What Alternatives does Canada Have*, 324-339

⁹⁹ Stephen Harper, Prime Minister of Canada. Retrieved April 7, 2014 from <http://pm.gc.ca/eng/node/21840>

¹⁰⁰ Stephen Harper, Prime Minister of Canada. Retrieved April 7, 2014 from <http://www.pm.gc.ca/eng/news/2011/05/30/operation-attention-canadas-training-mission-afghanistan>

addressing food quality issues, adjusting menus in consideration of national holidays/observances, or effecting standing offer price lists based on preferred Canadian provisions. The Operation ATHENA Mission Transition Task Force experienced challenges in contracting disposal services for demilitarized materiel in KAF through the NATO procurement strategy. While deployed on operations the CAF's participation in disposal activities remains subject to Canadian environmental laws. The establishment of a foreign, disposal service provider was complex because NSPA Contracting Authorities in NSPA's headquarters, were negotiating and interpreting the acceptability of environmental disposal considerations on Canada's behalf.¹⁰¹ The environmental concessions created environmental risks for the TF Comd that were outside of either acceptable thresholds or Canadian legislation. The power distance between the TF Comd and the NSPA Contracting Authority were sufficiently significant that Comd's intent was being diluted during the operational support provision process.¹⁰²

Afghanistan, which is not a NATO member nation, possessed many of the capabilities that were required by the CAF during Operations APOLLO, ATHENA, and ATTENTION, however, NSPA would not permit Afghani companies bid against NSPO Requests for Proposal. NATO's practical procurement policy of restricting participating vendors to member state origin has been an operational limitation and at times detriment to CAF operational support objectives. In the case of Canada's missions in Afghanistan, the administrative exclusion of companies originating from the host nation adversely

¹⁰¹ Molly Dunigan et al., *Out of the Shadows: The Health and Well-being of Private Contractors Working in Conflict Environments*, 2013).

¹⁰² Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

impacted CAF support because it extended bidding timelines, increased prices, complicated supply chains, and compounded multi-national legislative frameworks.¹⁰³

The greatest procurement challenge to deployed CAF forces when using a NSPA procurement framework was the significant power distance between the TF Comd and the Contracting Officer. The NATO procurement model differs from the Canadian model because in the NSPA construct the Contracting Officer is neither a CAF military officer, nor a Canadian PWGSC representative; in the NATO model, the Contracting Authority is consistently a NATO civilian employee located in Capellen, Luxembourg, far from the tacit operational requirements and national interest of deployed CAF members.¹⁰⁴

NSPA Contracting in an Operational Environment

To effectively discuss the effectiveness of a foreign procurement solution. The NSPA analysis that will be provided in this chapter will be grounded in Canadian procurement processes and practices. Canadian procurement will be referenced because regardless of the selected procurement instrument, the executed contractual agreement can not contravene any Canadian laws. According to the conceptual foundations of CAF leadership doctrine, the effectiveness dimension of *Mission Success* is affected by seven factors that relate to leading people.¹⁰⁵ Doctrinally, the concept of minimizing power distance in an expeditionary operation contracted service support framework is implied in

¹⁰³ Cohen, *Military Spending in Growth Mode: Canada Not Getting Money's Worth from Budget*, 5

¹⁰⁴ *Canada First Defence Strategy and Military Procurement - 2009* (Ottawa: Dept. of National Defence, 2009).

¹⁰⁵ Canada. Department of National Defence, *Leadership in the Canadian Forces: Conceptual Foundations* (Ottawa: National Defence, 2005), 144, 144, xvi.

key factors related to: clarifying TF Comds objectives and intent, making timely decisions, planning and organizing subordinates to fulfill assigned tasks, and securing and managing task resources.¹⁰⁶ Doctrinally, internal integration is another key leadership effectiveness dimension related to power distance between command and control entities and Contracting Authorities in expeditionary operations. Mission success is not a random circumstantial occurrence. CAF leadership doctrine explicitly attributes mission success with leadership effectiveness. When power distance decreases, CAF leadership has greater influence over subordinate members and their outcomes. When power distance increases, communication becomes less effective because the relevant leader's intent is interpreted by each degree of separation in the organizational design so outcomes frequently resemble but may no longer align with the commander's expected outcomes. Cohen and Gooch discussed the impact of command decisions on military misfortunes.¹⁰⁷ Power distance that adversely impacts the TF Comd's ability to positively influence the outcome of integral and supporting functions can lead to catastrophic military misfortunes. The nature of the power distance relationship should afford the TF Comd a degree of reliable and credible influence over operational support activities. Systemic, process-based outcomes that do not respond to the commander's requirements in a timely fashion indicate a lack of leadership control.¹⁰⁸

During operations, TF Comds are iteratively assessing and balancing capabilities against risks. Operational support constructs designed with a minimal power distance to

¹⁰⁶ *Ibid.*

¹⁰⁷ Eliot A. Cohen, *Military Misfortunes: The Anatomy of Failure in War*, 1 Vintage Books ed. (New York: Vintage Books, 1991), 27.

¹⁰⁸ Peter Guy Northouse, *Leadership: Theory and Practice*, 6th ed. (Thousand Oaks: Sage, 2013), 300.

the decision-maker can provide precise and effective solutions to support problems. Contracting officers can proactively amend agreements with vendors to provide the TF Comd with enhanced decision making flexibility while reducing exposure to contracting irregularities based on their understanding of commander's intent and anticipation of their expected outcomes. The primacy of operations demands that the support construct must be responsive to requirements. The executions of procurement instruments are frequently procedurally delayed because of changing statements of requirement or service.¹⁰⁹ When a large power distance exists between the TF Comd and Contracting Officer, such as in the NSPA procurement model, the Contracting Officer must arrest the procurement process each time the statement of requirement or work changes to ensure that the contractual agreement is aligned with expected outcomes. Although CAF Contracting Authorities face the same challenge, their short power distance with the TF Comd enables them to inform the commander's risk and push the execution of a contractual instrument, which may later be amended, within the broad scope of the desired outcome, to increase the timeliness of the vendor response. In the Canadian procurement model arresting the procurement process because of a shifting requirement occurs far less frequently because Contracting Officer have a better appreciation of the desired effect and can therefore build a partial solution and supplement with either additional or amended agreements, whereas NSPA Contracting Officer execute precise agreements on Canada's behalf that satisfy requirements but do not provide great

¹⁰⁹ *Canada First Defence Strategy and Military Procurement - 2009*

flexibility for changing requirements, which is a certainty during military operations.¹¹⁰ For example, during Operation ATHENA's closeout, NSPA was selected to establish a contract for disposal of surplus and obsolete equipment, including hazardous materiel. Although the contract was managed by the NSPA Contracting Authority and a German vendor, the agreement could not contravene Canadian legislation, and did not release the TF Comd from potential personal liability related to adverse environmental impacts associated with any negligent disposal practices.

Deployed CAF Task Force commanders have no visibility of NSPA's conflicting priorities, limited capacity, contract performance monitoring, or contract management flexibility. NSPA contract management is conducted through a convoluted, multi-step system. Despite its explicit commitment to operational support provision, NATO agencies are not well structured to provide responsive and proactive support to CAF TF Comds. The nature of NSPA's procurement strategy is effective during theatre activation, and in the absence of in-situ CAF Contracting Officers who are advantaged over NSPA Contracting Officers based on their first-hand perspective and insight regarding CAF operational requirements.¹¹¹ The expeditionary operational environment is dynamic and demands an agile operational support strategy, which includes a robust and capable operational support procurement framework. CAF TF Comds are well served when they can directly influence support activities to produce immediate results. Small power

¹¹⁰ *Ibid.*

¹¹¹ Benjamin Zyla, "NATO and Post-Cold War Burden-Sharing: Canada "the Laggard?," *International Journal* 64, no. 2 (2009), 337-359.

distances enable the TF Comd to quickly convert CAF operational requirements into manageable and informed risk assessments.

According to NSPO Procurement:

The industrial return position of each NSPO member nation is determined using the ratio between the value of contracts placed in the country and the value of sales made to the country. Depending on their ratio, countries fall into one of the following categories:

- well placed;
- less-well placed; and
- poorly placed.

The most economical RFP compliant offer will be accepted. However, when making financial comparison of offers, the member position in terms of industrial return shall be taken into consideration under the conditions defined in the NSPA Procurement Operating Instructions.¹¹²

During the period of Canada's participation with the International Security Afghanistan Force (ISAF), Canada maintained a *well placed* NSPO country status. This status advantaged Canada because the CAF could leverage its status to gain access to operational support contracts that were more receptive and flexible to CAF requirements versus vendor determinations based solely on economical request for proposal offer compliance.¹¹³ The most economical RFP offer is frequently not the most effective, rather, the most economical RFP offer is better described as the least inadequately effective proposal offer that complied with the statement of requirement or work. Canada's industrial return position is not absolute and can change based on the value of contracts placed, and the value of sales to NATO. For example in the present financial expenditure reduction period of the DND and CAF, decreased operationally deployed

¹¹² NSPO, "Procurement Manual," Article 4.10.1, Retrieved April 7, 2014 from http://www.nspa.nato.int/pdf/procurement/NR-4200_e.pdf

¹¹³ Erika Simpson, "Canada's Defence Costs Will Jump with NATO Expansion," *Peace Research* 30, no. 1 (Feb 1998, 1998), 1.

personnel, compared to the CAF war in Afghanistan period, adversely impacts the value of contracts placed by NATO and decreases Canada's industrial return position.¹¹⁴ This occurrence has an immediate impact on the level of operational procurement execution and management services that the CAF can expect from NSPA.¹¹⁵ Conversely, in the Canadian procurement model, the CAF Contracting Officer remains responsive to operational TF requirements regardless of the industrial return position. External factors related to other expeditionary operations do not influence the priorities of TF Contracting Authorities because they occur in potential parallel albeit independent organizational structures between the relevant TF Comds and their Contracting Officers. In the Canadian procurement model, the TF Comd's intent, and expectations are consistently the principle contract management determinant factor.¹¹⁶

In this chapter, the advantages of selecting NSPA as an operational procurement solution have been described in relation to their requirement to adhere to Canadian legislation. Depending on the circumstances, NSPA relevance as an effective option for deployed Canadian units was demonstrated through examples from previous operations. The disadvantage to deployed CAF, associated with using the NSPA procurement model for contracted operational support, is that the deployed TF Comd is exposed to risk based on lack of procedural visibility they have regarding contract management decisions that NSPA will take on their behalf. The issue is compounded because the NSPA model is inherently more complicated than the Canadian system and has a larger power distance

¹¹⁴ Perry, *The Privatization of the Canadian Military: Afghanistan and Beyond*, 687-702

¹¹⁵ Simpson, *The Looming Costs of NATO Expansion in the 21st Century: What Alternatives does Canada Have*, 324-339

¹¹⁶ Stone, Canadian International Council and Canadian Electronic Library, *A Separate Defence Procurement Agency*, 16

between the Contracting Authority and TF Comd, compounded by external factors that effect priorities. The following chapter will refine the determinant internal and external factors influencing the expeditionary operation Contracting Authority's ability to execute and manage resultant procurement instruments for goods and services through a Strength, Weakness, Opportunity, and Threat (SWOT) analysis.

CHAPTER 5: OPERATIONAL PROCUREMENT SWOT ANALYSIS

The SWOT analysis presented in this paper will discuss the internal strengths and weaknesses of both procurement models and highlight external opportunities and threats to operational service support procurement activities as they relate to the seven unique evaluation criteria:

- a. degrees of process freedom (determined through the number and complexity of process steps/stakeholders)
- b. procurement latency (determined through the lag time between requirement submission and good/service delivery or commencement)
- c. cost-effectiveness (determined through the sum of real and sunk costs)
- d. procurement instrument flexibility (determined through the availability of agreement options)
- e. Contracting Authority degree of accountability
- f. contract management effectiveness (subjective assessment of the ability to select and implement appropriate contracted solutions that satisfy requirements); and
- g. payment process (determined through the number and complexity of payment steps/stakeholders).¹¹⁷

Additionally, power distance will be a common theme for the analysis to defend the thesis that the CAF should resource, and exclusively conduct procurement activities,

¹¹⁷ Dunigan et al., *Out of the Shadows: The Health and Well-being of Private Contractors Working in Conflict Environments*

through deployed military Contracting Officers, in support of expeditionary operations.¹¹⁸

Internal factors are determinants that can be effected by deployed CAF elements of the Task Force organization. For example, the definition of requirements is a fundamental step in the initiation phase of the procurement process that is controlled by the client. The absence or inclusion of constraining precision in requirement definition, such as sole source, no-substitute, and technical specifications are elements of the process that fall within the sphere of influence of the deployed Task Force. External factors are determinants that can not be effected directly by deployed CAF elements. External factors consolidate the opportunities and threats that effectively inform the TF Comd's risk assessment for service provision and delineates the spectrum of option flexibility. Doctrinally, CAF conceptual foundations of leadership describe the TF Comd's ability to maintain situational awareness and anticipate future actions as elements of external adaptability.¹¹⁹

Clausewitz described the necessity of internal and external integration to achieve military objectives.¹²⁰ To successfully determine an optimal expeditionary operations contracting support framework, consideration must be provided to the interaction between internal and external factors. Experience and ability of individual Contracting Officers will affect contract execution and performance outcomes; however, this end-state is dependent on real occasions to leverage strengths to mitigate threats or minimize

¹¹⁸ Berkok and Queen's University . School of Policy Studies, *Studies in Defence Procurement*, 114

¹¹⁹ Canada. Department of National Defence, *Leadership in the Canadian Forces: Conceptual Foundations*, 144, 144, xvi

¹²⁰ Karl von Clausewitz, *On War* [Vom Kriege. English] (Princeton, N.J.: Princeton University Press, 1976), 335.

weaknesses by seizing opportunities. Poignant military leadership and decision making is amplified in small power distance relationships because the military leader's intent is clearly understood, adjusted and prioritized by supporting mission elements because of little interpretation of expected outcomes from intermediate process stakeholders.¹²¹ A well-resourced and designed CAF expeditionary operations contracted service support model is consistent with the core tenets of effective military leadership because it initiates procurement instruments from a well-defined internal position.¹²² The TF Comd appreciates the strengths of their organization and understands its limitations. This awareness permits informed decision-making and risk acceptance that enables timely contracted support provision because of a small power distance, which results in the potential for greater leader influence.

Canadian Model

Strengths

Organizational structures for expeditionary Canadian operations are designed to reduce power distance and align subordinate authority holders, with their superior responsibility stakeholders. During deployed operations, CAF Contracting Officer are either directly subordinate, or only removed by one degree of separation from command authorities.¹²³ For example, in the Royal Canadian Navy, ship's Logistics Officers retain

¹²¹ Canada, *The Operational Art: Developments in the Theories of War* (Westport, Conn.: Praeger, 1996), 173.

¹²² Kress, *Operational Logistics: The Art and Science of Sustaining Military Operations*, 247

Contracting Authority delegated by the unit Commanding Officer. The Logistics Officer is directly subordinate to the Commanding Officer in their role as Head of the Logistics department. In the CAF, Task Force Contracting Authority is commonly designed into the National Command and Support Element (NCSE) or the National Support Element (NSE).¹²⁴ Command distance is extremely small in the Canadian procurement model and could only be reduced by one degree of separation in the unlikely event that the TF Comd personally executed and managed procurement instruments. The greatest strength of the Canadian procurement model for operational contracted service support is its personnel. The fact that the process is led, executed, and managed by military personnel provides a degree of responsiveness and warrior ethos that is not often duplicated in civilian organizations.¹²⁵ The nature of military service in Canada prohibits CAF members from engaging in labor disputes, seeking monetary compensation for overtime work. CAF members will work as long as required to ensure mission success. The CAF's organizational code of professional conduct minimizes either the occurrence or likelihood of inappropriate or self-serving actions. Military culture is a strength in the procurement process because all stakeholders share a transparent task oriented perspective to establishing contracted operational service support.¹²⁶

Stakeholders in the Canadian procurement model are unified in purpose to adhere to Government of Canada procurement policies and procedures while supporting mission

¹²³ Smith, *Military Economics: The Interaction of Power and Money*, 194

¹²⁴ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

¹²⁵ Rick Casson, Canadian Electronic Library and Canada. Parliament. House of Commons. Standing Committee on National Defence, *Procurement and Associated Processes* (Ottawa, ON: Standing Committee on National Defence, 2011).

¹²⁶ James Daniel Humen, *The Politics of Canadian Defence Policy* (Ottawa: National Library of Canada = Bibliothèque nationale du Canada, 1993).

success. Common training, shared goals, and aligned purpose gives CAF Contracting Authorities a strategic advantage when dealing with vendors because the procurement officer can maximize their negotiation strategy to build procurement instruments that favor the CAF and government of Canada.¹²⁷ From a high-operational to low-strategic perspective, unity of purpose gives CAF Contracting Officers a competitive advantage because reports of performance and progress between the Contracting Officer and CJOC, the operational higher headquarters can be compiled to either enable or restrict future procurement instruments with other deployed CAF Task Forces. All correspondence between Contracting Authorities and vendors is reported and returned to CJOC for audit and inspection purposes. These reports are available to all deployed CAF Contracting Authorities and are used to ensure a common level of service between different CAF missions and geographical locations when using a common vendor for the same type of service. Stemming from deployed military operations in Haiti, Syria, and Afghanistan, CAF Contracting Authorities have greatly benefitted from lessons observed during past missions and leveraged that knowledge to enhance counter-insurgency operations.¹²⁸ In the case of Canada's military operations in Afghanistan, CAF Contracting Authorities were able to exploit data collected through procurement instruments with local vendors as an effective intelligence-gathering tool for the Joint Operations Intelligence Centers. Intelligence captured through procurement instruments was used to prevent the

¹²⁷ Canada. Independent Panel on Federal Support to Research and Development et al., *Innovation Canada: A Call to Action : Special Report on Procurement*, 27, 28, i

¹²⁸ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

proliferation of monies to criminal organizations, and terrorist groups thereby reducing the number of illegal arms in the battle space.¹²⁹

Operational procurement training standards are established based on past lessons learned and customized for national, regional, and culturally-specific content. Despite the level of previous experience possessed by a CAF Contracting Authority regarding a particular mission, pre-deployment training is tailored to ensure that members have a baseline of knowledge to effectively support the Task Force in the accomplishment of its mission. Training reinforces expected standards, and builds a common understanding of the Canadian procurement model for the Task Force. Training is undertaken by all relevant Task Force procurement stakeholders, and is not limited to exclusively the Contracting Authority. Technical Authorities gain an appreciation of Contracting Authority requirements to facilitate statements of work and requirement that will be more rapidly submitted for RFPs to potential vendor, with fewer revisions and corrections. Operational support procurement is a multi-step process, which can be either expedited or hindered by the relevant stakeholders. Well-trained deployed CAF members can complete their component of the contracting instrument in a timely fashion that further enables subsequent additions based on their understanding of the process. Complimentary administrative efforts are possible when all stakeholders share the same training in the same organization to achieve a common effect.

¹²⁹ Aaron Plamondon et al., *Equipment Procurement in Canada and the Civil-Military Relationship*, Vol. 2 (Calgary, AB: Centre for Military and Strategic Studies, University of Calgary, 2008), 47.

Weaknesses

Between 2001 and 2011, the greatest and most frequent criticism of CAF Contracting Officers was their general lack and inconsistent degree of experience, and therefore, resultant unpredictable performance when selecting, executing, and managing procurement instruments.¹³⁰ While power distance was identified as a significant strength in the Canadian procurement model, the reliance on small power distances proved to be detrimental to desired outcomes when CAF Contracting Authorities possessed minimal procurement experience because they were more concerned with satisfying the TF Comd versus following appropriate procurement policies and procedures.¹³¹ In the absence of experience, operational service support solutions were determined based on training. This approach provided consistency and reliability; however, a training approach to addressing an operational support experience problem developed a very predictable Canadian procurement thought process. Vendors who gained regional familiarity by providing goods and services in a consistent area could anticipate and exploit Canadian negotiating tactics to their advantage. Once discovered, the negotiating advantage gained by vendors allowed them to increase prices for goods and services, while building supply relationships with other vendors that sometimes led to collusion between suppliers in a particular region. Although conducting business with organizations that collude to extort money from the Government of Canada is contrary to procurement policies and procedures, operational service support requirements become challenging in isolated

¹³⁰ *Canada First Defence Strategy and Military Procurement - December 2009* (Ottawa: Dept. of National Defence, 2010a).

¹³¹ Canada. Chief of Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP), 1258-147 (CRS)*, 1-19

regions with a small market economy of goods and services when the CAF loses its ability to ensure a transparent process free of corruption.¹³²

The military-centric approach of the CAF procurement model perpetuates intra-organizational conflict between DND, which is responsible for the mission effectiveness of CAF expeditionary operations, and PWGSC, which is responsible for procurement within the Government of Canada. The *go-it-alone* approach of CAF procurement during expeditionary operations, perpetuates a vulnerability in creating executing timely procurement instruments that exceed the delegated authority of deployed military personnel who are then required to engage and establish relationships with PWGSC or PWGSC(E) to acquire high-priority assistance to satisfy Task Force requirements. DND attempted to mitigate this weakness by seeking approval for enhanced contracting authority delegation from the Minister of National Defence (MND). During the later portions of Operations ATHENA and ATTENTION, MND authorized enhanced deployed contracting authority through Assistant Deputy Minister (Materiel), raising the authorized expenditure limit from \$400K to \$1M.¹³³ Although this decision gave deployed CAF Contracting Authorities greater expenditure flexibility when developing procurement strategies, it compounded the experience gap, and amplified the potential exposure to contracting irregularities associated with inappropriately executing erroneous procurement instruments.

To prevent contracting irregularities, ADM(Mat) directed that CAF enhanced contracting authority would only be delegated during operations when a Joint Contracting

¹³² Quentin Casey, "A Navy Contract Gone Bad," *Canadian Business* 86, no. 4 (2013), 10-10.

¹³³ Folinas, *Outsourcing Management for Supply Chain Operations and Logistics Services*, 562

Cell (JCC) was established within the organizational structure. The purpose of the JCC was to oversee and review procurement instruments that were executed and managed by the CAF Contracting Authority to ensure compliance with GoC procurement policies and procedures. The JCC was led by a senior PG. Within the Canadian procurement model, the challenge for JCC personnel was to provide timely and useful advice to CAF Contracting Authorities, although none of the previous JCC managers had previously deployed with enhanced contracting authority.¹³⁴ Essentially, CAF Contracting Authorities were being advised and overseen by individuals who had never exercised the level of delegated authority that they were being tasked to review.¹³⁵ The weakness of this construct is that in some instances, the advice received by JCC personnel was either incomplete or did not adequately create a solution to satisfy Task Force requirements. By nature of the inclusion of the JCC in the expeditionary operations organizational design, TF Comds were placed in a precarious position because they would receive conflicting advice regarding the potential courses of action to implement procurement strategies. Despite the potential advantages associated with comprehensively considering the viability of alternate perspectives, in the case of contracting authority, the final execution decision rests solely with the incumbent procurement officer, who is personally responsible for the execution of their duty. The TF Comd does not have the power to compel the Contracting Authority to execute an agreement without the delegated incumbent's concurrence. As a result, differences of opinion between the Contracting

¹³⁴ Jenkins and Canada. Public Works and Government Services Canada, *Canada First - Leveraging Defence Procurement through Key Industrial Capabilities*

¹³⁵ Riposo, National Defense Research Institute and Rand Corporation, *CANES Contracting Strategies for Full Deployment*, 75

Authority and the JCC could systemically result in an impasse, which would delay the provision of services to the Task Force.

CAF Contracting Authorities have finite capacity to support deployed operations and are frequently limited to only a few signatories within a Task Force. The operational procurement contracting organization design is mutually exclusive from the volume and complexity of procurement instruments to be executed and managed. Task Force structures are established based on lessons learned from previous rotations. Although this approach generally satisfies operational requirements, surge procurement activities are challenging because deployed CAF Contracting Authorities do not retain an integral reserve capacity to implement a large volume of new procurement instruments. If a significant volume of contracting requirements manifests simultaneously, CAF Contracting Authorities are quickly overwhelmed and operational support is delayed until the work can be progressed.¹³⁶ Additional Contracting Authority is also very difficult to augment with temporary help during surge activities because only the named signatories on an agreement are the authorized legal parties to amend or terminate the agreement. Therefore, sending additional support from Canada to supplement overtasked Contracting Authorities offers little value because those agreements must be transferred to the incumbent TF Comd when the supplementary assistance departs, thereby increasing the volume of procurement instruments to be managed. The counterpoint to the weakness of the Canadian procurement model is the small power distance between the TF Comd and the deployed Contracting Authority, which enables the procurement officer to ensure they

¹³⁶ Yescombe, *Public-Private Partnerships*, 350

focus their efforts on the commander's priorities, to develop solutions for high-priority requirements while accepting informed risks associated with delaying the execution of procurement instruments for lower priority requirements.

Opportunities

External opportunities exist for the Canadian procurement model to advance Canadian interest during expeditionary operations.¹³⁷ For example, in a whole of government operational approach, CAF deployed elements can build local capacity through procurement instruments that create contractual agreements with local vendors.¹³⁸ Contracting with host nation vendors increases revenues in the host nation and stimulates the economy. For example, during Operation ATHENA, CJOC directed that local compliant vendors would be given priority in signing contracts for operational support. Although many foreign vendors established satellite offices in Afghanistan to increase their likelihood for selection during the bid solicitation process, this policy had the positive effect of increasing business activities for local Afghan companies. Contracts that are executed with foreign nationals can insist upon a workforce representation from the host nation as an alternate solution. The CAF procurement model enables the TF Comd to work with Other Government Department (OGD) officials to enhance their operational effectiveness through mutually supportive contractual solutions. For example, armored vehicles may be rented by CAF deployed elements to provide force protection of

¹³⁷ Canada. Independent Panel on Federal Support to Research and Development et al., *Innovation Canada: A Call to Action : Special Report on Procurement*, 27, 28, i

¹³⁸ Serge Caron et al., *The Economic Impact of Canadian Defence Expenditures*, Vol. 1-94 (Kingston, Ont.: National Defence College, 1994), 20, [24].

valuable host nation officials that are working closely with the Department of Foreign Affairs Trade and Development (DFATD). Through the Canadian procurement model, whole of government solutions are increasingly possible because of the small power distance between the TF Comd, who liaises closely with OGD leaders to develop comprehensive and complimentary solutions, and the CAF Contracting Authority, who can execute procurement instruments to achieve desired operational effects.

PWGSC remains an exploitable resource in the Canadian procurement model for expeditionary operations because the exercised contracting authorities all stem from the same Canadian source. At any time during the process, the CAF Contracting Authority can engage PWGSC for advice or transfer complete files to PWGSC for their administration, under their broader procurement authority. In the Canadian model, CAF Contracting Authorities retain control of the process and can include external expertise and resources as required to provide timely and cost effective procurement solutions. The Canadian model also permits the Contracting Authority to engage allies to establish bi-lateral arrangements for goods and services. At times, the use of allied resources can be mutually beneficial by enabling both nations to ameliorate an operational situation. For example, camp services can be divided between two nations so that neither nation is exclusively responsible for the establishment, monitoring, and management of all associated agreements. Allied nations can also *sell* excess capacity of their existing contracts to other nations. When the CAF establishes a procurement instrument with a vendor, at time the Contracting Authority has the ability to leverage the output of the agreement to support other nations, as required by the TF Comd. For example, a contract for cleaning services in a headquarters compound may be leveraged to clean both

Canadian and allied nation offices that are collocated in the same building. In this example, using excess cleaning capacity builds a good relationship between Canada and the other nation, and can also increase contract cost effectiveness because the value of cleaning services provided can be potentially used reduce other costs such as rental fees for the office location. The small power distance between TF Comds and CAF Contracting Officers in the Canadian procurement model provides command elements with additional resources and abilities to engage with OGD leaders to develop Canadian whole of government solutions and advance international relations to the benefit of Canadian interests.¹³⁹

Threats

Known and primarily unknown external threats, pressure deployed CAF Task Forces and create operational risk. Consistent with CAF leadership doctrine, one of the primary tenets of leadership is to analyze and mitigate risks to mission success.¹⁴⁰ During the procurement process, CAF Contracting Authorities are subject to the articles of agreement, as detailed in the terms and conditions of the contract. Unscrupulous and opportunistic vendors can adversely effect Canada's operational effectiveness by unfulfilling the contractual obligations or demanding supplementary compensation beyond agreed terms. Technical authorities have also exposed themselves to external threats by enabling employer/employee relationships and scope creep beyond the terms

¹³⁹ Cohen, *Military Spending in Growth Mode: Canada Not Getting Money's Worth from Budget*, 5

¹⁴⁰ Canada. Department of National Defence, *Leadership in the Canadian Forces: Conceptual Foundations*, 144, 144, xvi

of the contract.¹⁴¹ When the Contracting Authority is retained within the CAF, any contracting irregularities become the responsibility of the DND, and by extension the GoC. For example, in previous missions, employer/employee relationships with local nationals were used as justification to support immigration claims based on individual employment status with the Government of Canada. Scope creep of maintenance service contracts by CAF Technical Authorities enabled vendors to remove critical machinery components for repair purposes, and subsequently demand additional compensation from DND to have the parts returned through expedited shipment. Despite security checks and collaboration with allied intelligence agencies, some enemy elements may infiltrate secure CAF locations through partnered vendors to create a sabotage risk and force protection threat for deployed CAF elements. The safety and security of CAF personnel is slightly reduced every time Task Force elements must augment internal capabilities and resources with external contracted support. Canada's enemies can leverage contractual arrangements to adversely impact mission objectives. It is additionally possible to vendors to hold operational units hostage through administrative bureaucracy and litigious process, which can delay or completely arrest the provision of contracted operational contract support until the matter has been resolved. Contracts executed by CAF Contracting Authorities normally contain an *exit for convenience* clause, which permits the CAF to terminate the contract without cause or penalty for operational reasons.¹⁴² However, when a vendor terminates an agreement prematurely, CAF

¹⁴¹ AMI International Inc., *Canada Cancels Joint Support Ship*, 65-66

Contracting Authorities must rapidly react to this incident and recommence the entire procurement process. The extended Canadian procurement process time, although greatly expedited during deployments, has been well documented.¹⁴³ An informed vendor could use this information to aggressively negotiate additional compensation from DND, thereby, reducing cost effectiveness.

The greatest threat to deployed CAF elements from operational service support contracts, executed in the CAF procurement model is the responsiveness of external stakeholders to CAF requirements.¹⁴⁴ The best efforts of CAF Contracting Authorities do not compel a response from external agencies. The CAF must consistently be a good corporate citizen, with which vendors and allied nations will continue to conduct business. The loss of Canada's reputation as a reliable and transparent business partner will adversely affect its ability to gain the confidence of goods and service providers in the region. When a Task Force refuses to remit contractually obligated payment based on a dispute with the vendor, the Contracting Authority may jeopardize other contractual agreements in that may adversely effect themselves or other deployed CAF elements. The Contracting Authority must remain professional in their correspondence and interactions with vendors to ensure that their behavior does not adversely degrade Canada's reputation. Vendor responsiveness to Canadian requirements is based on both the vendors' ability to satisfy the statement of requirement and their desire to conduct business with Canada based on a reasonable expectation that Canada will be professional

¹⁴² Canada. Public Works and Government Services Canada, *Standard Acquisition Clauses and Conditions Manual*

¹⁴³ Berkok and Queen's University . School of Policy Studies, *Studies in Defence Procurement*, 114

¹⁴⁴ Yescombe, *Public-Private Partnerships*, 350

and fair in its business interactions. Despite these threats, the small power distance between TF Comds and CAF Contracting Authorities enables informed risks to be accepted by the appropriate level with associated requirements communicated for timely resolution.

NSPA Model

Strengths

NSPA's greatest strength is its diversity.¹⁴⁵ NSPA Contracting Authorities are exclusively comprised of civilian personnel. These individuals are selected and hired from NATO member states from all around the world. Employees accept offers to work as contracting officers based on their individually motivated desires to seek employment with NSPA. Security standards for new applicants are rigorous and demanding. Working for NATO is not an endeavor that many individuals would enter lightly. One can infer that NSPA stakeholders are therefore committed to the organization and supports its cause when building procurement instruments for operational service support. The personnel diversity enables expatriates who emigrated from their countries to leverage their understanding of regional, and cultural knowledge to build close relationships with industry in those regions that can be quickly engaged to provide requests for proposal.¹⁴⁶ The personal experiences and perspectives of expatriate NSPA Contracting Authorities creates precision during negotiations when both the vendor and client can articulate their point of view in their mother tongue, although all agreements must be executed in either

¹⁴⁵ Simpson, *Canada's Defence Costs Will Jump with NATO Expansion*, 1

¹⁴⁶ *Ibid.*

French or English. For example, during Operation ATHENA, requests for proposals were submitted to companies around the world for services related to a number of goods and services such as materiel handling equipment, food services, and rental vehicles.¹⁴⁷ On many occasions NSPA retained an expatriate Contracting Authority who understood the nuances of the relevant culture and could communicate with the vendor in the language of their choice. Discussions were frequently conducted in either French or English, but also included dialogues in German, Dutch, Spanish, Italian, or Arabic. Contrary to many Western military forces that used interpreters and translators to overcome language barriers, NSPA retains a very robust language capability within its organization.

NSPA Contracting Authorities execute and manage procurement instruments from Capellen, Luxembourg. This safe location provides a secure environment collocated with NATO senior leadership. NSPA Contracting Authorities can easily access senior NATO leaders to attain their positions on a number of economic and political considerations that may effect their procurement strategy.¹⁴⁸ By remaining outside of conflict areas, NSPA's civilian Contracting Authorities operate in an environment almost entirely void of potential threats to their personnel safety. From this perspective, NSPA Contracting Authorities are able to see other procurement alternatives that may not be immediately obvious to a military member performing the same function. In a peaceful environment, time is a luxury that can be exploited to develop the best solution for a stated requirement. NSPA Contracting Authorities are motivated to provide quick and

¹⁴⁷ Dunigan et al., *Out of the Shadows: The Health and Well-being of Private Contractors Working in Conflict Environments*

¹⁴⁸ Zyla, *NATO and Post-Cold War Burden-Sharing: Canada "the Laggard?"*, 337-359

timely service delivery based on the operational nature of the requirement; however, they are not pressured by the immediacy of the request, which might lead to missed opportunities to explore potentially pertinent solutions. Capellen's central European location provides a geographical advantage to leverage resources and vendors from neighboring or proximate states such as France, Belgium, Germany, and the United Kingdom. The long history of military activity in Europe assists in the development of procurement instruments by NSPA Contracting Authorities with respect to specific articles of agreements such as *war-time* liability clauses and indemnification, which can both be challenging to negotiate, or require high levels of approval when dealing with countries outside of Europe.

NATO infrastructure provides procurement instruments that have been executed by NSPA with supplementary resources that enable service delivery and maximize the use of existing NATO capabilities. For example, the Inbound Logistics European Area (ILEA) transportation network, commonly referred to as the NATO air bridge, enables NSPA to procure goods from around the world and when required to facilitate or expedite the provision of services to deployed troops, NSPA can engage ILEA for shipment of materiel into the theatre of operation. At times, NSPA also leverages technical support for repairs and maintenance, provision of fuel, and third location staging to enhance security from its interconnected global network. The provision of enabling services through a leveraged approach of other NATO resources is a significant strength in the NSPA procurement model because it helps to reduce costs to client nations by using existing NATO resources and capacity.¹⁴⁹

While national contracting models such as the Canadian procurement framework for expeditionary operations are designed to effectively address tactical, operational, and strategic national interests, NSPA's procurement framework provides the added strength of maximizing international peace and security interests from a global perspective. Strategic outcomes can be achieved through NSPA procurement instruments that benefit the entire NATO defence coalition through improved international security second order effects. For example, NSPA procurement can be used to build capacity and regional stability in developing nations through trade liberation and standardization. NSPA Contracting Authorities have greater insight into NATO security sensitivities and can develop procurement instruments that give the broader NATO alliance a strategic advantage by leveraging the requirement for operational contract service support to direct revenues into nations, industries, and organizations that further NATO grand strategy of international peace and security.¹⁵⁰ In the case of CAF expeditionary operations, despite the extended power distance between the contract initiating authority, as informed by their relevant TF Comd and the NSPA Contracting Authority, a cost benefit analysis of this power distance indicates that the NATO procurement model's focus on strategic outcomes while fulfilling tactical/operational requirements potentially advantages all NATO member states versus simply satisfying the contracted requirement initiating nation.

Weaknesses

¹⁴⁹ NATO Support Agency Homepage, Retrieved April 6, 2014, <http://www.nspa.nato.int/en/index.htm>

¹⁵⁰ David G. Haglund and J. M. Treddenick, *Canada's Defence Industrial Base: The Political Economy of Preparedness and Procurement* (Kingston, Ont.: R. P. Frye, 1988), 261.

The greatest weakness in the NSPA procurement model is that it possesses the largest power distance from the deployed TF Comd. In the NSPA model, the TF Comd identifies and prioritizes an operational requirement, the requirement is refined by the theatre Technical Authority and furthered to the J4 to approve and confirm funding availability before being transmitted to the Contracting Authority for execution. To this point, both the Canadian and NSPA procurement models are identical. The CAF Contracting Authority either directly reports to the TF Comd or is separated by one degree from the TF Comd in this three-step process, which occurs to enable appropriate procurement instrument execution. However, in the NSPA model, the CAF Contracting Authority reviews the requirement and initiates the procurement by sending the requirement to a regional NSPA procurement officer, the regional officer reviews the statement of requirement before seeking approval from a senior deployed NSPA procurement officer. Once reviewed and approved by a deployed senior procurement officer, the statement of requirement must be approved and transferred from theatre to NSPA headquarters in Capellen by the NSPA theatre manager. Upon arrival in Capellen, the RFP commences and potential vendors are identified based on returns from industry and an assessment of Canada's industrial return position. The procurement instrument is then executed and services can commence. As explained, in the NSPA model the Contracting Authority is seven degrees removed from the TF Comd in their 10-step process. In the NSPA procurement model, it is extremely challenging to retain the deployed CAF TF Comd's original intent and prioritization in the procurement strategy development process because of the multiple levels of interpretation and large power distance between the CAF command and control entity and the NSPA Contracting

Authority.¹⁵¹ Additionally, any adjustments to a NSPA executed contract must follow the same process making the NSPA procurement model very slow compared to the Canadian alternative.

NSPA Contracting Officers must balance conflicting priorities to determine their level of effort in response to operational requirements. Despite their appreciation of operational requirement imperatives and importance, NSPA leadership, versus the relevant TF Comd makes decisions regarding the requirement's prioritization relative to other initiatives. When the CAF submits requirements to NSPA for procurement, NSPA makes a determination on the priority of those requirements after assessing and incorporating them with ongoing and new requirements that have been received by other deployed Canadian or NATO member states. The initiating TF Comd's assessment of the requirement's operational imperative is not factored into NSPA's decision making because NSPA must frequently deal with multiple, conflicting top priorities. NSPA decisions regarding requirement prioritization are influenced by a number of factors such as the political position regarding a topical NATO issue by the requesting nation, level of national contribution to NATO regarding the conflict, industrial position, and nationality of the NSPA Contracting Authority and NSPA leadership.¹⁵² The TF Contracting Officer can engage and attempt to pressure NSPA procurement officers, however, CAF ability to influence NSPA and cause timely and effective action is extremely limited. Despite being a customer service to NATO members, NSPA responds significantly to internal pressures

¹⁵¹ Willcocks, Cullen and Craig, *The Outsourcing Enterprise*, 320; Morath, Leonard and Zaccaro, *Military Leadership: An Overview and Introduction to the Special Issue*, 453-461

¹⁵² Perry, *The Privatization of the Canadian Military: Afghanistan and Beyond*, 687-702

and priorities, which inevitably detract from the organization's ability to be primarily responsive to national interests.¹⁵³

The Contracting Authority retains source document management. CAF Contracting Authorities can discuss areas of performance concern with the NSPA Contracting Authority, however, Canada like other NATO members in the NSPA procurement model, are not provided a copy of the agreement because they are considered third party users since they does not actually sign the procurement instrument. This lack of transparency prevents CAF Contracting Authorities from adjusting extent agreements in a manner that might be more cost effective and responsive for deployed elements. For example, in vehicle rental contracts, a CAF Contracting Authority may recommend to the TF Comd that deployed units retain vehicles one day longer than required to fulfill an article of agreement that might otherwise create a significant penalty if terminated early. Conversely, advice may be given to terminate early or implement a new contract to bridge an interim period of requirement to avoid late return penalties. In the NSPA model, no such dialogue is possible because the CAF Contracting Authority has no visibility of the actual agreement. The only advice that a CAF Contracting Authority can provide NSPA is when the service is required and when it is no longer required. In either of the previous rental car examples, in a NSPA procurement model the NSPA Contracting Authority would have terminated the agreement on the date requested by the deployed Canadian element and transferred any associated fees or penalties to

¹⁵³ Simpson, *The Looming Costs of NATO Expansion in the 21st Century: What Alternatives does Canada Have*, 324-339

Canada in accordance with the agreement.¹⁵⁴ As a result, CAF deployed on expeditionary operations are systemically inhibited from receiving cost-efficient, operational service support contracts through the NSPA procurement model. NSPA executed and managed procurement instruments should consistently produce effective results that satisfy TF requirements, however, the process is insufficiently responsive and informative to CAF Contracting Authorities to allow them the ability to leverage options that advantage Canada.

In DND procurement instruments, the authority to remove Crown indemnification resides with the MND.¹⁵⁵ NSPA accepts no liability and remains indemnified in all agreements. In circumstances when only one compliant vendor is identified and that party wishes to be indemnified in the agreement, NSPA attempts to discourage such articles of agreement. Should negotiations fail and the service is essential, NSPA will execute an agreement where it remains indemnified, thereby transferring the risk and liability to the Crown in the absence of the MND's authority, because the MND is not a participant in the process once executed in the NSPA procurement model. This situation can be avoided if the initiating CAF Contracting Authority is aware of its potential and provides explicit instructions in the statement of requirement to prevent its occurrence, in the absence of explicit indemnification instructions, the NSPA model can potential expose the Crown to significant unknown financial and liability risk. Small power distances ensure that risk exposure is informed, understood, and minimized when possible. A fundamental

¹⁵⁴ Smith, *Military Economics: The Interaction of Power and Money*, 194

¹⁵⁵ Canada. Public Works and Government Services Canada, *Standard Acquisition Clauses and Conditions Manual*

weakness of the NSPA procurement model is its inherent transference of uninformed procurement risk from NATO to the initiating nation. TF Comd's are therefore in a vulnerable position when dealing with NSPA because they must provide an appreciable degree of blind faith in a system in which they have little influence or visibility.

Opportunities

Despite its limited ability to fully incorporate deployed CAF TF Comd's intent and priorities into NSPA procurement strategies, the NSPA model is adeptly designed to leverage the advantage of supporting a broad international community. Because NSPA supports numerous NATO members, it maintains a comprehensive list of past vendors for specific goods and services all over the world. RFP may be targeted to specific nations, industries, or vendors, with which NSPA has previously partnered and received positive results. Its Luxembourg location situates NSPA rather centrally in the EU, and facilitates communication with European vendors. Close working relationships with deployed US forces permits NSPA to partner with American defence and commercial vendors on behalf of initiating nations to satisfy operational requirements. NSPA's international reach enables the organization to advance NATO interests around the world through its procurement activities, as a NATO member, Canada may directly or indirectly benefit from these initiatives. However, positive strategic advancements realized through NSPA's procurement activities may not directly satisfy CAF TF Comd requirements, despite their positive overall impact on the NATO security community. NSPA ability to touch foreign mutual security interest is a precarious opportunity that must be judiciously pursued so that it does not marginalize the operational requirements from initiating

national contracting authorities that are seeking timely, and cost effective results to operational support issues.¹⁵⁶ Canada's industrial position is affected by the value of contracts that are used through NATO, therefore, Canada can influence its NATO industrial position by using the NSPA procurement model to increase expenditures through NATO, which help pay for the overhead costs of maintaining NSPA as an operational support alternative.

Canada's defence industrial basis is limited compared to that of other more populated nations, such as the US, UK, and France, which all have larger defence budgets than Canada.¹⁵⁷ Through the NSPA procurement model, CAF can establish relationship with international vendors that are familiar with supporting military organizations for the purpose of advancing future capital defence acquisitions. NSPA procurement instruments do not directly impact Canada's future international defence industry relationships, however, *no substitute* and *single source* operational contracted service support requirements with companies such as Raytheon, General Dynamics, Eurocopter, or Siemens AG, through NSPA procurement instruments helps Canada establish a contractual history with premiere defence industries in other nations. CAF Contracting Officers can use NSPA executed procurement instruments, under the operational guidance of CJOC, to advance strategic goals and set the conditions for increased defence industry interaction. As a country with a limited national defence industry, Canada's ability to set future success conditions related to national ship building, aircraft capital

¹⁵⁶ Jenkins and Canada. Public Works and Government Services Canada, *Canada First - Leveraging Defence Procurement through Key Industrial Capabilities*

¹⁵⁷ *Ibid.*

acquisition projects, and enterprise system renewals and updates can be positively influenced in an indirect manner by building diverse relationships through global operational support partners.¹⁵⁸ TF Comd's can influence strategic national priorities through their decisions while deployed on expeditionary operations when they leverage the well-established NSPA global network. The utility of NSPA's international connections are subject to the abilities of the deployed CAF Contracting Authority to remain closely engaged in the procurement process, despite the large CAF/NSPA power distance in the NSPA procurement model.

Threats

Conflicting requirements for support from competing NATO nations presents a significant external threat to CAF operational contracted service support through the NSPA procurement model. The decision to engage NSPA as an operational procurement strategy by the CAF Contracting Authority means that Task Force requirement prioritization becomes a NSPA activity based on the volume and importance of competing requirements submitted by other nations. NSPA's capacity to address issues is finite and easily overwhelmed based on the numerous steps and levels of review. The strengths and advantages of the NSPA system can be easily eroded based on the operational tempos of the requesting nations. NSPA exercises no control over the volume of requests it receives, and as a result may delay the resolution of some requirements while it addresses higher priority requirements. In these instances, CAF deployed personnel may wait months for contracted services to commence, which arguably could

¹⁵⁸ Casault and University of Ottawa. Telfer School of Management, *Real Option Pricing Model Applied to Industrial and Regional Benefits Policy*

have been executed in a matter of weeks. The need for diplomacy by NSPA Contracting Authorities is exceptionally important because adverse interactions with either NSPA Contracting Authorities or allied clients could adversely impact the provision of service to Canadian Task Forces, deployed in a completely different part of the world.

Canadian interests are secondary to NSPA's strategic intent. NSPA is responsive to member nation requirements, but responsible to NATO, therefore, NATO's priorities remain the primary interest in all NSPA activities. As a multinational organization, NATO's interests may not directly advance Canadian primary interest. As a unique entity NATO expansion increases the number of member states seeking requirement. Smaller, less militarized nations require greater logistics support from NSPA because of their limited capacity. NATO's decision to prioritize other nations ahead of Canada can adverse effect the CAF's ability to rely on external NSPA enabled operational support contracting. The possibility of conflicting Canadian/NATO interests presents a threat for contracted service provision to CAF. Canada's international interests are presently focused on Canadian economic development, and stability and security within the international community.¹⁵⁹ NATO's interests are consistently oriented towards the betterment of the coalition, which has a heavily Euro and US preference. NSPA ensures that contracted service and support efforts are prioritized based on industrial position. Larger NATO partners such as the US and Germany consistently possess more significant industrial positions than Canada. In the event that Canada's interests compete with those of a nation with a significant industrial position, Canada is subject to whatever

¹⁵⁹ Plamondon, *The Politics of Procurement*, 254

excess capacity NSPA can dedicate to resolving the Canadian requirement. CAF TF Comd's ability to effect external threats is almost non-existent. The TF Comd may communicate concerns through the CAF Contracting Authority, but those concerns may not be immediately addressed in NSPA solutions depending on higher NATO priorities.

Analysis Summary

Internal Factors

The Canadian and NSPA SWOT analysis highlight the internal and external factors effecting operational support procurement models. The Canadian model provides greater operational flexibility for TF Comds versus the NSPA model in the internal dimension based on the inherent small power distance between the TF Comd and the contracting authority. A CAF contracting authority has the advantage of first-hand explicit guidance from the TF Comd regarding priorities and sensitivities. With this information, the Contracting Authority can design and select a procurement model that minimizes the TF Comd's risk exposure, provides timely service, and maintains CAF control of the entire procurement process, thereby creating an optimal, adaptive procurement solution that satisfies requirements in a timely fashion. The NSPA model possesses some internal strengths, however, those are outweighed by NSPA's internal weaknesses. NSPA Contracting Authorities as relatively inflexible to shifting operational requirements based on their large power distance from the TF Comd. As power distance increases, the Contracting Authorities retain diminishing latitude and ability to accurately interpret TF Comd's intent. Statements of Requirement/Work must be strictly adhered with little opportunity to build flexible options into the conditions and articles of agreement of the contract because the Contracting Authority is so far removed from the TF Comd that they can not reasonably anticipate how a current requirement might evolve into future activities. NSPA Contracting Authorities are therefore very transactional in their interactions with Task Force Technical Authorities, because the desired end-state is

effective service delivery, versus a CAF Contracting Authority who attempts to provide an optimal operational procurement solution for deployed elements.

Lessons observed in past missions are all relevant points of departure for improving the Canadian procurement model, because the retention and management of operational knowledge is an internal activity within the CAF. This strength allows CAF Contracting Authorities to improve the optimization of extant procurement strategies, and to build relationships based on past precedence with potentially critical vendors. NSPA possesses a similar process for capturing knowledge, however, the observations are biased and solely from their own perspective. NSPA Contracting Authorities can only appreciate the Task Force perspective once it has been communicated to them. Inevitably, Task Forces tend to provide accurate, albeit conservative feedback to NSPA Contracting Authorities to maintain good working relationships with NATO stakeholders that will result in favorable interactions in the future.

External Factors

The unity of intent and effort achieved through the Canadian procurement model, enables CAF Contracting Authorities to effectively develop and realize contracted operational support solutions that mitigate external threats and leverage available strengths. Comparatively, the NSPA procurement model is driven and focused on NATO interests. The provision of contracting support services is, by the nature of the activity, consistent with this premise, because the provision of support to NATO countries is in the best interest of enhanced operational capacity of member nation forces. The primacy of NATO expectations in the completion of NSPA's duties creates conflicts of interests

between optimal end-states for Canada, other allied nations, and NSPA. In the NSPA model, the CAF is a supported stakeholder, but not the primary stakeholder. NATO communal international security concerns supersede the interest of any particular country. That is to say, NSPA contracting priorities are determined by those actions that will provide the greatest benefit to NATO while satisfying member state requirements versus executing an optimal procurement solution to satisfy the shifting operational requirements of deployed member states.

Some international schools of thought have suggested that the leveraged industrial basis of a globalized defence industry provides a broader spectrum of contracted support alternatives for deployed military forces.¹⁶⁰ While this position may be true depending on the nature and theatre of operation, employment of international vendors, does not benefit Canadian strategic initiatives to enhance the Canadian defence industry base. Although CAF Contracting Authorities frequently enter into contractual agreements with foreign vendors, DND remains committed to advancing GoC strategic initiatives, and therefore, seeks solutions that are in the best interest of Canada's economic and security interests. The international defence industrial basis provides Canada with vendor facilitated solutions, but does not ameliorate Canada's national defence industry. The long-term benefits of a national defence industry enable greater preparatory and contingency military service support procurement.¹⁶¹ Canadian vendors, with generally shorter supply lines with mounting and deploying CAF units can enhance operational capability by developing partnerships with DND/CAF that permit improved training, timely repairs,

¹⁶⁰ Smith, *Military Economics: The Interaction of Power and Money*, 194

¹⁶¹ Stone, *Canada Needs a Defence Industrial Policy*, 341-357

and shorter supply chains. Canadian solutions to Canadian problems places Canadian interests at the forefront, and enables the CAF to devise solutions that contribute to Canada's grand defence strategy.

CHAPTER 6: CONCLUSION

Canadian Task Forces, deployed on expeditionary operations have a myriad of options through which they can satisfy operational support requirements. Consideration of the advantages and disadvantages of the spectrum of procurement instruments, based on internal and external factors will permit CAF Contracting Authorities, in consultation with CJOC staff officers, to develop a procurement strategy that optimally addresses expected contractual requirements for a particular mission in a specific theatre of operation. The discussion provided in this research paper highlights a literature gap regarding scientific analysis of an optimal expeditionary mission, procurement support framework. The analysis presented in this paper evaluated the strengths, weakness, opportunities, and threats associated with both the Canadian and NATO operational support, procurement strategies. The CAF will continue to require supplementary operational contracted support to augment limited and high-value operational capabilities. Timeliness and cost-effectiveness are essential criteria that enable mission success at the tactical and operational levels. The primacy of operations philosophy is fundamental in Canadian deployed operations doctrine. As such, the vision, mission, and intent of the deployed Task Force Commander is the driving factor against which, all service support solutions must be measured and balanced.

In the absence of a deployed CAF contracting authority NSPA is a viable primary option for contracted service establishment because NSPA provides the ability to access procurement instruments, in support of expeditionary operations, at an expenditure level that surpasses conventional Canadian contracting. However, an analysis of the vast power distance between the CAF TF Comd and the NSPA Contracting Authority indicates that a

Canadian model is both more timely and effective in responding to deployed operations contracted support service requests versus the NSPA model. The organizational weakness of the NSPA procurement model creates risks that CAF TF Comd can neither reduce nor mitigate because the CAF does not control the process. By retaining and executing contracting authority within the CAF Task Force, CAF deployed elements maintain oversight and involvement in the entire procurement process. Opportunities can be proactively exploited by CAF Contracting Authorities to maximize strengths while managing weaknesses and mitigating threats in a manner that fully support TF Comd priorities. The engagement of Canadian stakeholders such as PWGSC should remain an option available to deployed CAF Contracting Authorities within the scope of the Canadian procurement model. Supplementary oversight and assistance should compliment the efforts of the Contracting Authority and present options that optimize the Canadian procurement model versus creating doubts for TF Comds when no contracting authority exists within the advising entity.

There is no prescribed ideal power distance in CAF leadership doctrine, however, the conceptual foundations of leadership indicate that leaders must be able to monitor, inspect, correct, and evaluate the performance of subordinates against their desired outcomes.¹⁶² To achieve this level of oversight and control, organizational leaders must minimize power distance such that they have complete visibility and influence over the entire operational procurement process. The point at which power distance expands to exceed the TF Comd's sphere of influence is the threshold between optimal and degraded

¹⁶² Canada. Department of National Defence, *Leadership in the Canadian Forces: Conceptual Foundations*, 144, 144, xvi

operational contract service support. The research results presented in this paper will contribute positively to the expeditionary operation support community, empower CAF Contracting Authorities to take greater ownership of contracted service provision, and provide operational commanders with optimized operational support flexibility and accountability.

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