

## AEROSPACE

# Procurement Reform: While we're at it, let's get the nuances right



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**T**he principles of procurement reform as set out by the Defence Procurement Strategy (DPS) are based on a solid review of past practices. As a result, we are on track to make significant changes that will provide substantive benefits to Canada as a whole.

However, there is a danger that resistance to change and ingrained

bureaucratic processes will block progress and that we will miss addressing important nuances. Because this is a rare opportunity to enact changes of this magnitude, we must get this right. So while we're at it, let's address the important nuances that will make a difference and make the DPS come to life.

**We should assign the risk to the party who is able to manage it.** Canadian government officials have indicated that risk reduction will happen as a result of earlier industry engagement. But if the outcome of the risk profile subsequent to industry engagement remains unchanged, we are no further ahead. Risk management needs a higher profile in our DPS, and industry engagement must

be deeper. Many of our companies are prepared to take risks that they can manage, but not risks that are beyond their control.

**Improving the decision process is critical if we are to streamline procurement.** The physical governance structure is now being put in place. In addition to this, shared high-level objectives that translate the three DPS key objectives into practical terms need to exist or decisions will languish. Further, the performance metrics that are being established can include simple metrics such as the time taken to execute a procurement process and the individual decisions within. These types of metrics are clear and simple. We cannot manage what we cannot measure.

**True engagement is established when an open conversation is enabled.** "Industry engagement" sessions that are too highly scripted and lack key information should be made more useful by measuring how the procurement was improved as a result. If there is not enough relevant information and/or the right players are not engaged, we risk losing the upside. We should not be afraid of engaging. We should welcome the emergence of sensitive issues so that we can know them and manage them.

**There needs to be more transparency on the real value that Canada accrues the Industrial and Technological Benefits and Value Proposition.** Even now, without any further policy, it would be instructive to learn the

reality of the Industrial and Regional Benefits (IRB) experience. There are still billions in IRB obligations against current contracts. How is Canada benefiting?

**We should always remember that our market for aerospace is the export market.** The danger is being insular, resulting in being non-competitive in the global market.

The DPS challenge will indeed lead us to a better procurement process; our government and its advisers should be congratulated in taking this on and showing so much success so far. But why stop? Let's not allow resistance to change and ingrained bureaucratic processes to get in the way; let's take the extra, simple actions needed to get it right.