



The Defence Procurement Strategy

Sailing in the right direction and managing the gusts of wind

BY LINDA WOLSTENCROFT

While Defence Procurement Strategy is “new”, it is the next iteration of the fundamental challenge of how the government can balance getting the best value for their money while ensuring that they are equipping our forces with the best equipment to serve Canada well.

It requires a much larger effort to implement than anything we’ve seen before; therefore, we must exercise patience as this process unfolds. In the meantime, discussion should continue about what it really means.

I’d like to talk not about the fact that we’re now sailing in the right direction, but about the gusts of wind that can take individual procurements off-course.

The fundamental challenge remains to incorporate logic in the details of a procurement. From my experience, and from hearing my industry colleagues’ experiences, we can see that:

- It is not logical that a disproportionate amount of weight is placed on one factor in the evaluation criteria when it is less meaningful than other factors.
- It is not logical that a single multi-billion dollar procurement requires a single type of defence equipment to perform two significantly different missions when in the past it had been performed by two different types of equipment.
- It is not logical to continue industry engagement in a manner that simply “ticks the box”; only meaningful engagement that seriously considers industry comments will yield the best result for the competitive process.

While the Defence Procurement Strategy emphasizes “engagement” as a fundamental principle, the work needs to extend beyond issuing a Defence Acquisition Guide and

defining the Key Industrial Capabilities. This is a great start. But engagement should also be used to uncover elements that can be improved. Then, those improvements need to actually be incorporated into the procurement. The improvements recommended by bidders need to be taken seriously, and while some of the recommendations will be self-serving for individual bidders, the recommendations need to be considered in a holistic manner to determine how they can improve the procurement and the subsequent contract for all parties.

Improvements recommended to correct false logic are an example of improvements that, when made, will improve the entire procurement and contract process. While procurements have used the draft RFP process for engagement, experience shows that the final RFP has varied little from the draft version. So while the process for engagement does exist, it is the **follow-through** on recommended improvements to the procurement that is lacking.

Why do procurements lack logic and why do comments made during engagement not result in improvements to the procurement? From an observer’s standpoint, it appears that the high-level government objectives are being followed too closely. There should be an allowance for high-level objectives to be used as **guidance** and not the absolute **law**. There needs to be latitude for procurement leaders to tweak procurements so that logic is consistent from the top to the bottom – from high-level to detail, keeping the ship on course.

We know that our government consists of competent people who are experienced, educated, and are qualified to think for themselves and use their judgment. However, at the same time they are bound too tightly by rules and inflexibility to think for themselves and use their

judgment. Some are too afraid to move for fear of reprimand for accepting a small amount of risk for the government. While I’m not an expert on the government employment environment, in my experience there are those who take a risk and use their judgment and attempt to correct the wrong, and those that simply cannot bring themselves to do so. In both cases, people are well aware of what the issues are, and if they had more latitude, I believe such improvements could be made to our procurements.

The balance of risk between government and contractor is another element that needs to be considered as the Defence Procurement Strategy is implemented. The Government of Canada, as owners and operators of complex and critical equipment, cannot simply be a bystander and foist risk that it can manage onto its contractors. The owner of complex and critical equipment has a role to play as an equal risk-sharing partner in the contract.

Putting this responsibility solely on contractors only results in higher prices and unmanaged risk. Anecdotally, on one major procurement, a bidder had to drop out at the last minute because its parent company could not abide by the terms and conditions. Was this the fault of the bidder? Or the fault of the government? Could this issue have been managed better through engagement and follow-on improvements to the procurement? Can this happen again if details are not addressed?

With the understanding that the government process is difficult to change, now is the time to make these necessary corrections. Let’s not lose this opportunity but make sure that true changes happen in order to improve our procurements. Let’s not only sail in the right direction, let’s also adjust the sails as we go to maintain course.

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