

MINISTER OF NATIONAL DEFENCE ROUND TABLE
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OPERATIONAL PRIMACY & NATIONAL SOVEREIGNTY

The Canadian Armed Forces (CAF) must exercise rigor and prescience in defining their equipment and service support needs to ensure its men and women, who subscribe to conditions of unlimited liability, can succeed in their sovereign mandate. At the same time, the Government of Canada has a broader range of sovereign needs to protect and evolve: health care, education, resource management, highly skilled jobs and infrastructure are some examples.

DEFENCE IS A MANAGED MARKET

Many foreign nations understand that defence is a managed market. Their governments directly support their defence industries and leverage their defence acquisition programs to the benefit of their manifold sovereign needs. In so doing, they create selected key industrial capabilities, centres of excellence, advanced research and technology programs and discriminating, exportable products and services from which revenues contribute to their gross domestic products. Industry also benefits from stable funding and is reasonably confident of their national vision and goals.

Of particular importance, home-grown industries produce their own national Intellectual Property (IP): the crown jewels of any company and the New Currency in the complex, often predatory global manufacturing and supply chain tapestry.

Today, much of the equipment and services needed by the CF can only be sourced from foreign companies, many of which are supported by their governments. Because their IP is rarely available through the Canadian mandated offset program (not even for purchase), Canadian industries are often relegated to lesser jobs.

CANADA NEEDS A NATIONAL INDUSTRY STRATEGY

While some products are understandably beyond Canada's indigenous industrial capabilities (eg: new generation fighters), many Canadian corporations and small to medium business have a lot to offer. But this is not enough and there may be insufficient time to meet future unanticipated threats. Without sophisticated technologies and our own IP, we will continue to be relegated to "kicking the tires" jobs with little access to the global supply chain which is rich with opportunity and aggressively exploited by foreign industries and their governments

Therefore, we must move quickly to simultaneously replace or upgrade military equipment, invest in improving our sovereign capabilities to the point where we can build and export our own products in selected Critical Sovereign Industrial Capabilities that satisfy the needs of our forces, are exportable and contribute to Canada's broader financial and social needs. Canada needs a National Industry Strategy.

DEFENCE INDUSTRY GOVERNANCE

Good governance of any process involves: a transparent hierarchical structure (with oversight) connecting top to bottom and lateral knowledge flow for everyone from its board chairman to the worker on the floor to fully understand and support the entity's goal and mission; continually evolving policies and processes geared to improving efficiencies and error-free outputs; and, educated and energized agents, supporting the goal and mission with an understanding of how best to evolve and execute policies and processes within that structure.

But Canada's defence procurement governance is a complex trifurcated structure involving the DND & CAF, PSPC and ISEDC. Of course TB, PMO, PCO and other entities play critical oversight roles.

Each entity has its own goals and cultures and all three need to undergo change management programs to achieve “Goal Convergence”. But change management takes years; not a three week course. Change management of one “corporation” is difficult enough, let alone achieving overall unity amongst all departments

LOW HANGING FRUIT - AGENT EDUCATION

Through no fault of their own, most procurement agents are ill-prepared to deal with today’s complex multi-billion dollar international business practices. Addressing their education is a good start point to inculcate business acumen, understanding amongst departments, industry motives and practices and – most importantly - communication.

The University of Ottawa’s Telfer School of Management and its Complex Program Leadership initiative - based on the unique Queensland University of Technology experience - has been running certificate programs for the past year and is about to kick off their Master’s program this fall.

The attendees in the certificate program comprise membership from DND, RCAF, CA, RCN, PSPC, ISEDC and a number of major corporations learn fundamental business practices, apply them to complex group exercises and communicate amongst their colleagues from varying government and business backgrounds. This initiative is not at all like the many historical current project management courses procurement specialists undertake. Instead, its content matches today’s much wider global procurement and supply chain tapestries.

The transformations of recent graduates have been significant and most welcomed
Throughput from this institution needs to be increased and supported.

Leave Behinds

- The DND and CAF, DPSC, ISEDS need to better understand and work together to focus on operational requirements and what’s best for Canadian sovereignty in a much broader sense
- Canada needs a National Industry Strategy to build sovereign capability which will, in turn, generate higher value returns for other Canadian needs. The creation of an NIS will serve to link Canada’s top two National Interests: Defence & Prosperity
- Canadian industries need stable funding and consistent, forward looking guidance on where the nation is going
- Canada needs to focus on the development of selected sovereign capabilities from which discriminating exportable products and services can be provided to our CAF and allies
- Change Management is essential for success in any enterprise
- Throughput of CAF and Departmental graduates from Telfer’s Complex Program Leadership certificate and Master’s courses needs to be increased.
- The National Security Program needs to introduce a comprehensive defence industries component to its study curriculum.
- The Defence Policy Review must recognize and include the critical importance of bringing together the CAF and industry in the interest of goal convergence.