

CapDEM TDP - DND Capability Decision-Making Process: the “As-is”

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1 INTRODUCTION

1.1 DOCUMENT OBJECTIVE

The purpose of this document is to describe the current DND/CF Acquisition process as well as the associated decision-making process in order to provide the project team with a common understanding of the current situation, to identify the corresponding needs and deficiencies and to provide a significant input to the definition of a new Capability Engineering Process (CEP).

1.2 CONTEXT

The DND/CF is in the early stages of fundamental changes in their strategic planning and management approach. As largely discussed in many papers, these changes are driven by new realities in the world and by imperatives of the Revolution in Military Affairs (RMA), which is impacting on armed forces in Canada and all other nations. The impact of these new realities and changes in the military world is the shift from threat-based to capability-based force structure planning, which better supports this new environment.

To support the new capability-based approach, DND/CF has started to introduce in the last four-five (4-5) years a number of initiatives. These initiatives will bring new tools, frameworks and processes aiming to help DND/CF senior managers in their planning and management activities. In the context of the CapDEM-TDP project, the Acquisition cycle is one area where the current processes and decision-making are being examined in order to better understand the situation and then to eventually propose a new Capability Engineering Process (CEP). The new CEP should promote and enforce a top-down capability-based approach as opposed to the current bottom-up approach that still collates the various requirements of the three Environmental Chiefs of Staff and retains a focus on specific equipment "platforms" rather than on capabilities.

1.3 OVERVIEW

Since the publishing of the *1994 Defence White Paper* [2] and more recently the *Strategy 2020* document [3], which both served as a starting point in the understanding of a capability-based approach to force development and force structure planning, many other actions have been initiated in order to put in place such an approach. The transition is an on-going process where many documents, tools, applications, frameworks and processes have been produced and are already in-use. The model presented in Figure 1 depicts the key elements of the current situation.

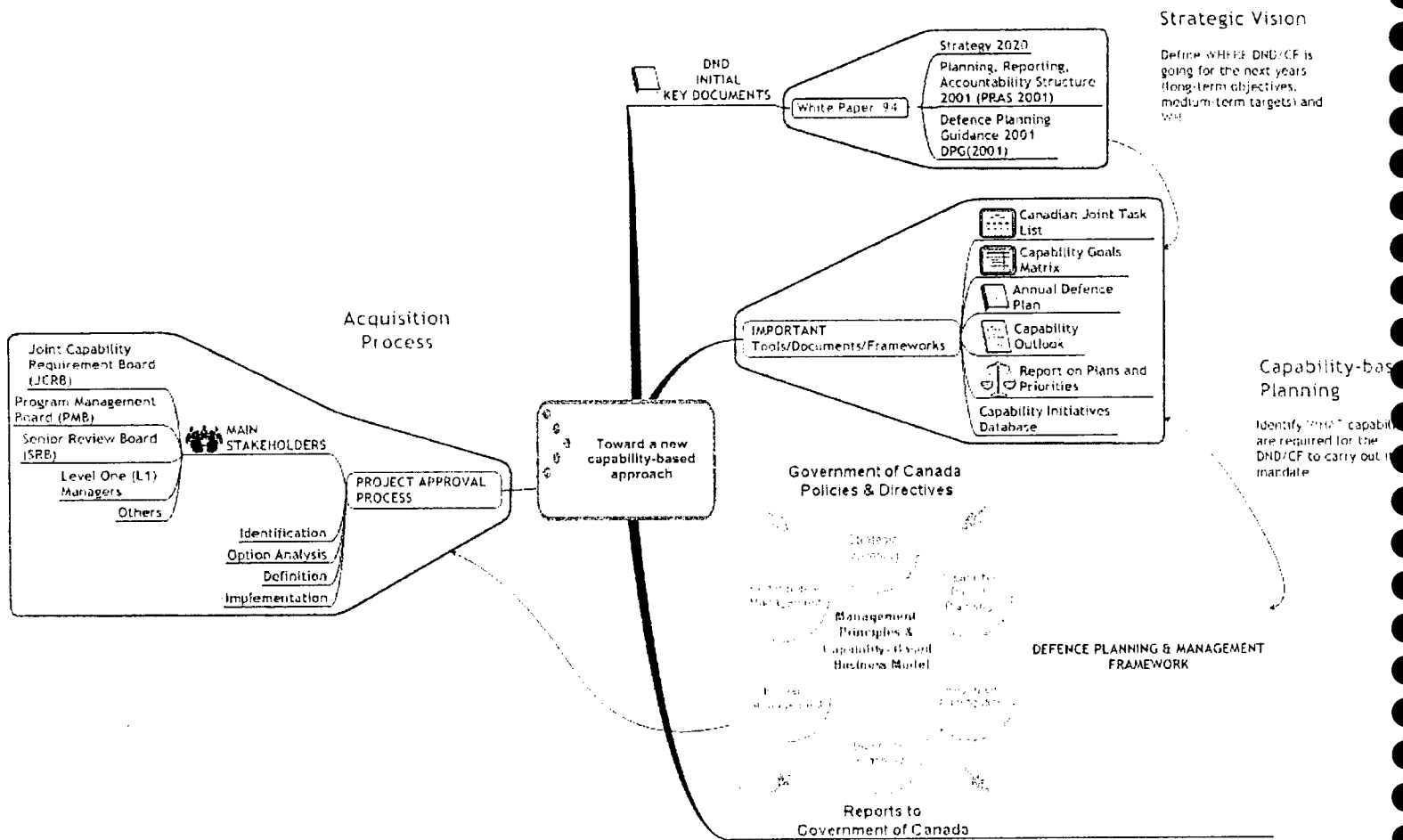


Figure 1: Key elements of the current situation

The following paragraphs present a brief description of the elements introduced in the model above.

1.3.1 DND/CF Initial Key Documents

The new challenges faced by DND/CF to cope with the RMA, the changing international environment, the CF downsizing and the budget cuts are discussed in several documents, the most popular and important being: 1) the 1994 *Defence White Paper*, which remains the approved government defence policy and 2) the *Strategy 2020* which extrapolates that policy into the future.

These two documents set the baseline for the new Defence planning, management and decision-making processes that are currently going on. Other important documents are also presented in this section. These are: 3) the *Planning, Reporting and Accountability Structure 2001*; 4) the *Defence Planning Guidance 2001*, now called the Defence Plan; and 5) the *Departmental Performance Report*.

Together all these documents reflect the DND strategic vision both for now and in the future.

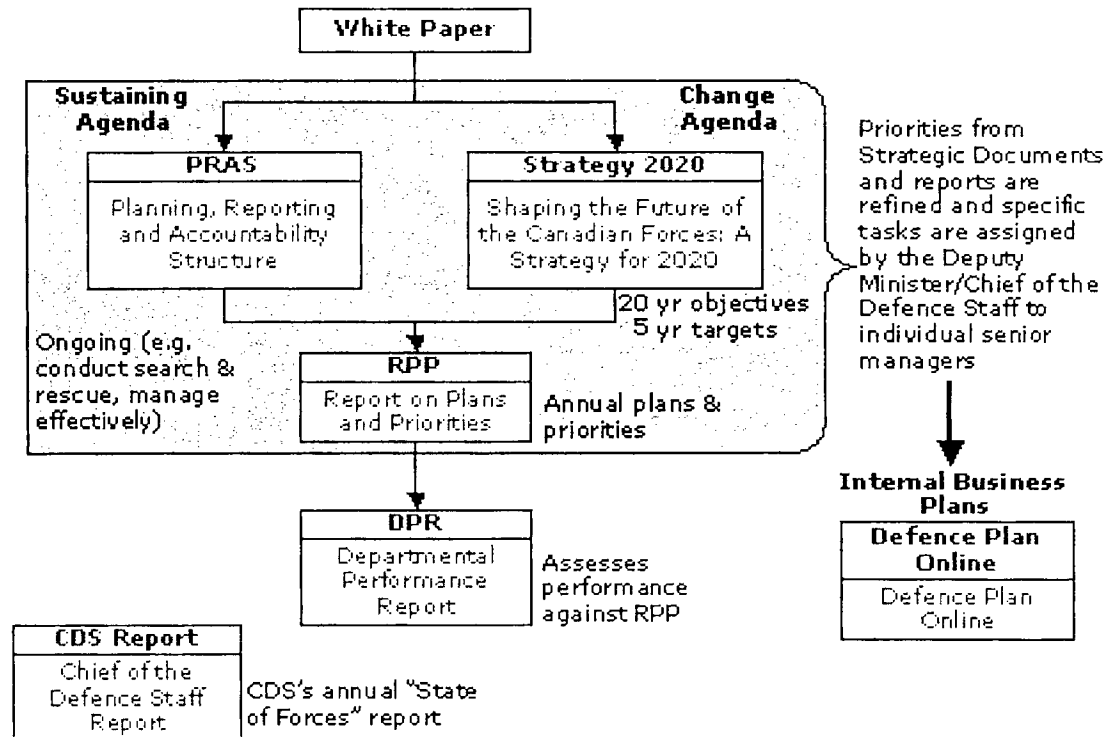


Figure 2: Document Linkages (extracted from the DP&M [1])

1) 1994 Defence White Paper

The Defence White paper is Canada's defence policy [2]. It serves to guide the work of the Department and the Forces into the future.

2) Strategy 2020

Strategy 2020 [3] has been initiated following the 1994 Defence policy. Based on that policy, the Strategy 2020 document provides a framework for supporting the Defence planning and decision-making process within a long-term horizon (objectives for the year 2020), but with medium-term targets. It is intended to guide DND/CF toward objectives for the year 2020. The Strategy 2020 first determines five (5) main domains where Defence must invest to develop and reinforce distinctive competencies. These are:

- Command & Leadership;
- Multi-Skilled People;
- Doctrine, Technology and Training;
- Modern Management Practices; and
- Special Relationships with Principal Allies.

To that end, the Strategy 2020 articulates Defence's strategic long-term objectives (objectives for 2020). The eight (8) key strategic long-term objectives are:

1. Innovative path;
2. Decisive Leaders;
3. Modernize;
4. Globally Deployable;
5. Interoperable;
6. Career of Choice;
7. Strategic Partnerships; and
8. Resource Stewardship.

Finally, to achieve practical results, each strategic objective is associated with specific medium-term targets (5-Year targets).

For the next decades then, these strategic long-term objectives and medium-term targets will guide and provide direction to Defence planning and investments.

3) Planning, Reporting and Accountability Structure 2001 (PRAS 2001)

The PRAS 2001 document [4] provides a strategic-level view in terms of the Defence Mission, internal business line divisions (the Capability Programs) and the key results to be achieved. Capability Programs are in line with the Capability Areas identified in the Canadian Joint Task List. There are five (5) Capability Programs identified in the PRAS 2001:

1. Command and Control;
2. Conduct Operations;
3. Sustain Forces;
4. Generate Forces; and
5. Corporate Policy and Strategy.

Each Capability Program is associated with key result expectations. For example, the key result expectations for the Command and Control Capability Program (extracted from PRAS 2001) are:

Capability Programs	Key Result Expectations
1. Command and Control The Department will collect, analyze and communicate information, plan and coordinate operations, and provide the capabilities necessary to direct forces to achieve assigned missions	1.1 Command Forces – Provide the capability to effectively and efficiently command and control forces in the conduct of assigned missions. 1.2 Communications – Provide reliable, robust and efficient multi-purpose communications capabilities, in support of domestic and international military activities. 1.3 Intelligence and Information – Provide the capability to gather, analyze and disseminate military intelligence and information in support of Defence and Governmental requirements.

Figure 3: Example of C&C key results expectations [PRAS 2001]

By adopting a results-based planning and management structure, the Department is now able to make linkages between internal planning (business plans), resource allocation, and desired results.

4) Defence Planning Guidance 2001 (DPG 2001)

The DPG 2001 document [5] provides a framework for translating Government direction as established in the 1994 Defence White Paper and the Strategy 2020 document. It gives direction to senior DND/CF managers for the FY 2001-2002 through 2003-2004.

The DPG 2001 identifies strategic objectives breaking down the Mission (Sustaining Agenda¹) into eight (8) defence objectives, and breaking down the Vision (Change Agenda²) into eight (8) change objectives. The Defence Objectives and Change Objectives are then respectively subdivided into defence tasks and goals assigned to L1 managers, as shown in the following picture.

¹ The Sustaining Agenda outlines how the business is run. It defines core defence responsibilities as identified in the PRAS 2001.

² The Change Agenda identifies a set of initiatives undertaken by Defence to advance corporate objectives in the near term in order to achieve the long-term goals articulated in the Strategy 2020. It focuses on developing capabilities and capacities that do not currently exist, or improve those that do, based on a clear set of annual priorities.

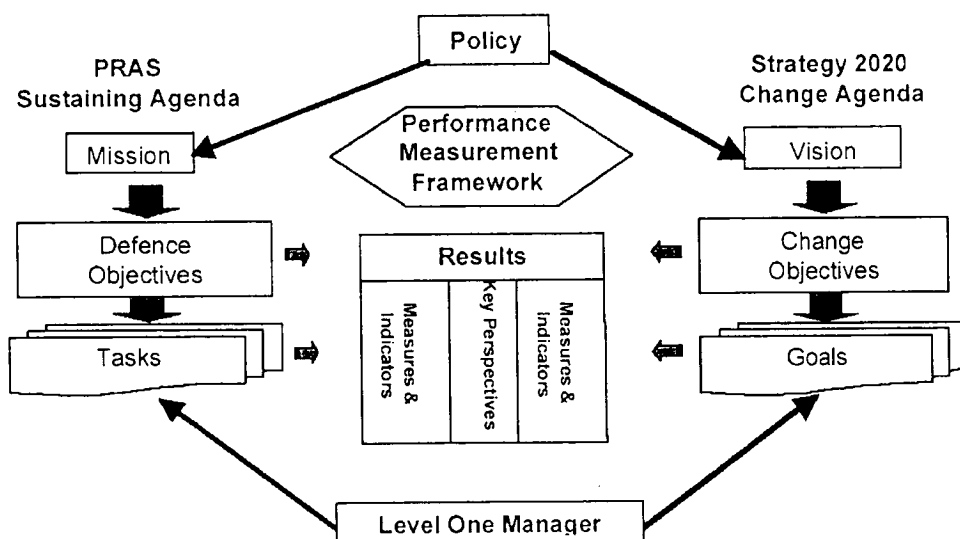


Figure 4: Departmental Strategic Linkage (ref. DPG 2001)

Important Note:

The current annual Defence Plan presented in the following section is structured differently from the initial Defence Planning Guidance 2001 (DPG 2001). It is based on capability programs such as that introduced in the PRAS 2001 document. The format of the new Defence Plan Online [15] is replacing the Defence Planning Guidance document produced in 2001.

5) Departmental Performance Report (DPR)

The Departmental Performance Report [16] responds to the government's commitment and reflects the goals set by Parliament to improve reporting for results. It reports performance against the Department's Report on Plans and Priorities for the previous year.

Note: The DPRs currently available on-line are the ones for the fiscal years 1998-1999, 1999-2000, 2000-2001, 2001-2002 and the fiscal Year 2002-2003.

1.3.2 Other Important Tools/ Documents/ Frameworks

There are other existing on-line documents and frameworks that aim to guide DND/CF senior managers in their planning and management activities. These are:

1) Canadian Joint Task List (CJTL)

The CJTL [17] provides a common basis for identifying the required capabilities. It presents a hierarchical view of hundreds of general tasks (at the strategic, operational and tactical levels) from which the planners identify specific tasks that the CF will actually undertake to accomplish the Defence Mission set by the Government.

The concept of a task list is not new. The armed services of the United States began

development of a Joint Mission Essential Task List (JMETL) about a decade ago. It is still used extensively, and NATO has adopted the task list methodology and developed its own version. The United Kingdom took the fundamental concept embodied in the JMETL and developed their Joint Essential Task List (JETL). The JETL simplified the approach so that some 400 tasks are identified, as opposed to about 600 for the US version. The UK also introduced a more flexible task framework that allowed security issues such as peacekeeping to be addressed in a comprehensive manner. The CF has now adopted a Canadian Forces Joint Task List (CJTL), broadly based on the UK JETL, to provide an approved framework for describing capabilities. The CJTL is based on eight (8) major capability areas:

- Command;
- Information and Intelligence Capabilities;
- Conduct Operations Capabilities;
- Mobility Capabilities;
- Protect Forces Capabilities;
- Sustain Force Capabilities;
- Generate Forces Capabilities; and
- Coordinate with Other Government Initiatives Capabilities.

The DND/CF Capability Programs is built upon the CJTL. This common framework allows planners and managers to see where their projects or initiatives fit within the defence activities.

2) Capability Goal Matrix

The Capability Goal Matrix specifies the level of capability that the CF seeks to achieve in the various capability areas in the CJTL. The example presented in Figure 5 is derived from the Strategy 2020 and represents to Capability Goal Matrix for 2002. The boxes marked with 'H' are those where the CF seeks to have a High degree of capability. Those with 'M' indicate that a medium or moderate level of capability is considered acceptable. It is considered acceptable either because the CF cannot achieve a high degree of capability in this area of military operations on its own, or because the CF has assessed that the risks associated with achieving only moderate capability in that area are reasonable in the context of limited resources. An 'L' indicates that the CF seeks only a low degree of capability in that area, with a similar rationale as to the limited expectations in that area made as for 'M'. The goals as indicated do not reflect the current capability levels; they serve to bound assumptions and to provide guidance to planning staffs.

Level	Command	Info & Intel	Operations			Sustain	Generate	Corp Policy &
			Conduct	Mobility	Protect			
Military Strategic	H	H	L	H	L	L	M	H
Operational: Domestic	H	H	M	M	M	M	M	M
Operational: International	M	M	L	L	L	M	L	M
Tactical	M	M	M	M	M	M	M	H

Figure 5: Capability Goals Matrix - 2002

3) Capability Outlook (2002-2012)

The Capability Outlook document [7] is a strategic level defence-planning document. It examines projected capability gaps and strategic trends, by capability area, and identifies priorities to harmonise strategic planning and future force development over the mid term. The document is updated on an annual basis. The following Figure presents the current Capability Gaps Matrix extracted from the Capability Outlook document.

Level	Command	Info & Intel	Operations			Sustain	Generate	Corp Policy &
			Conduct	Mobility	Protect			
Military Strategic	H		L		L	L		H
Operational: Domestic	H	H	M	M	M	M	M	M
Operational: International	M	M	L	L	L	M	L	M
Tactical	M	M	M	M	M	M	M	H

Figure 6: Capability Gap Matrix – 2002

The Figure above provides a summary of the current capability gaps based on a colour coding scheme. The colour Green indicates that the corresponding capability satisfies stated goals. The colour Yellow suggests a shortfall while the colour Red indicates a very serious shortfall.

4) Report on Plans and Priorities (RPP)

The annual RPP [18] provides Departmental details on a Capability Programs basis and contains information on objectives, initiatives and planned results, including links to related resource requirements over a three-year horizon.

Note: The RPPs currently available on-line are the ones referring to the following fiscal years: 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004.

5) Annual Defence Plan

The Defence Plan [15] is the internal DND/CF plan of execution for a specific fiscal year and a guide for business planning for the three subsequent years. It is aligned closely with the annual Report on Plans and Priorities (RPP) as well as the Planning, Reporting and Accountability Structure (PRAS), and other key DND/CF documents.

The new Defence Plan focuses on Capability Programs. Each Capability Program has a number of Defence Tasks associated with (the Sustaining Agenda) and a number of Change Initiatives (the Change Agenda). The plan assigns specific Defence Tasks and Change Initiatives to L1 managers, with milestones and due date in the later case. The annual Defence Plan also provides guidance and direction for human resources, capital program and equipment, national procurement priorities, information management priorities, performance measurement, etc.

Note: The Defence Plans currently available on-line are the ones for the fiscal Year 2002-2003 and the fiscal Year 2003-2004. [6]

6) Capability Initiative Database (CID)

The CID is an information storehouse for all proposed DND/CF initiatives that address capability deficiencies with regard to requirements within the department and forces. It is available for internal use only (accessible from the DWAN).

Level	Command and Control		Operations					
	1. Command	2. Information and Intelligence	3. Conduct Operations	4. Mobility	5. Protect Forces	6. Sustain Forces	7. Generate Forces	8. Corporate Strategy and Policy
Strategic	HIGH	HIGH	LOW	HIGH	LOW	LOW	MEDIUM	HIGH
Operational (Domestic)	HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM
Operational (International)	MEDIUM	MEDIUM	LOW	LOW	LOW	MEDIUM	LOW	MEDIUM
Tactical	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH
Supporting Documents	<u>Command Goals</u>	<u>Information Goals</u>	<u>Conduct Operations Goals</u>	<u>Mobility Goals</u>	<u>Protect Forces Goals</u>	<u>Sustain Forces Goals</u>	<u>Generate Forces Goals</u>	<u>Corporate Strategy & Policy Goals</u>
	<u>Command Assumptions</u>	<u>Information Assumptions</u>	<u>Conduct Operations Assumptions</u>	<u>Mobility Assumptions</u>	<u>Protect Forces Assumptions</u>	<u>Sustain Forces Assumptions</u>	<u>Generate Forces Assumptions</u>	<u>Corporate Strategy & Policy Assumptions</u>

Figure 7: Capability Initiatives Database

1.3.3 The Defence Planning and Management (DP&M) Framework

The DP&M [1] provides a common framework to support the defence capability-based planning and management activities. It is based on six interdependent core processes, each with its own set of specifications and steps. The six processes are:

- Strategic Visioning;
- Capability-based Planning;

- Business Planning;
- Prioritization;
- In-Year Management; and
- Performance Management.

The DP&M provides to decision-makers and managers an end-to-end description of the management system implemented within the Department of National Defence (DND) and the Canadian Forces (CF) to achieve effective and efficient delivery of defence services to the Government of Canada and Canadians. It is considered as the primary reference for DND/CF Senior Managers and supporting staff for resource management and Defence Services program projects and activities. Links to many key documents (ex. Defence Plan 2003-04, Planning, Reporting and Accountability Structure (PRAS)) are incorporated within the DP&M.

1.3.4 Summary

Finally, the following Figure, which represents the new DND Business Flow, summarizes well all that has been discussed in this Introduction. It shows the capability-based 'top-down' approach, starting with the Defence Policy, the strategic objectives, and the priorities, broken down into Defence Tasks and Change Initiatives assigned to L1 Managers for further refinements, planning and resource assignments. The process then goes up by measuring achieved performance results and by providing continuous feedback from the bottom to the top.

The next chapter focuses on the Acquisition process, more specifically on the decision-making process applied to the approval of capital projects.

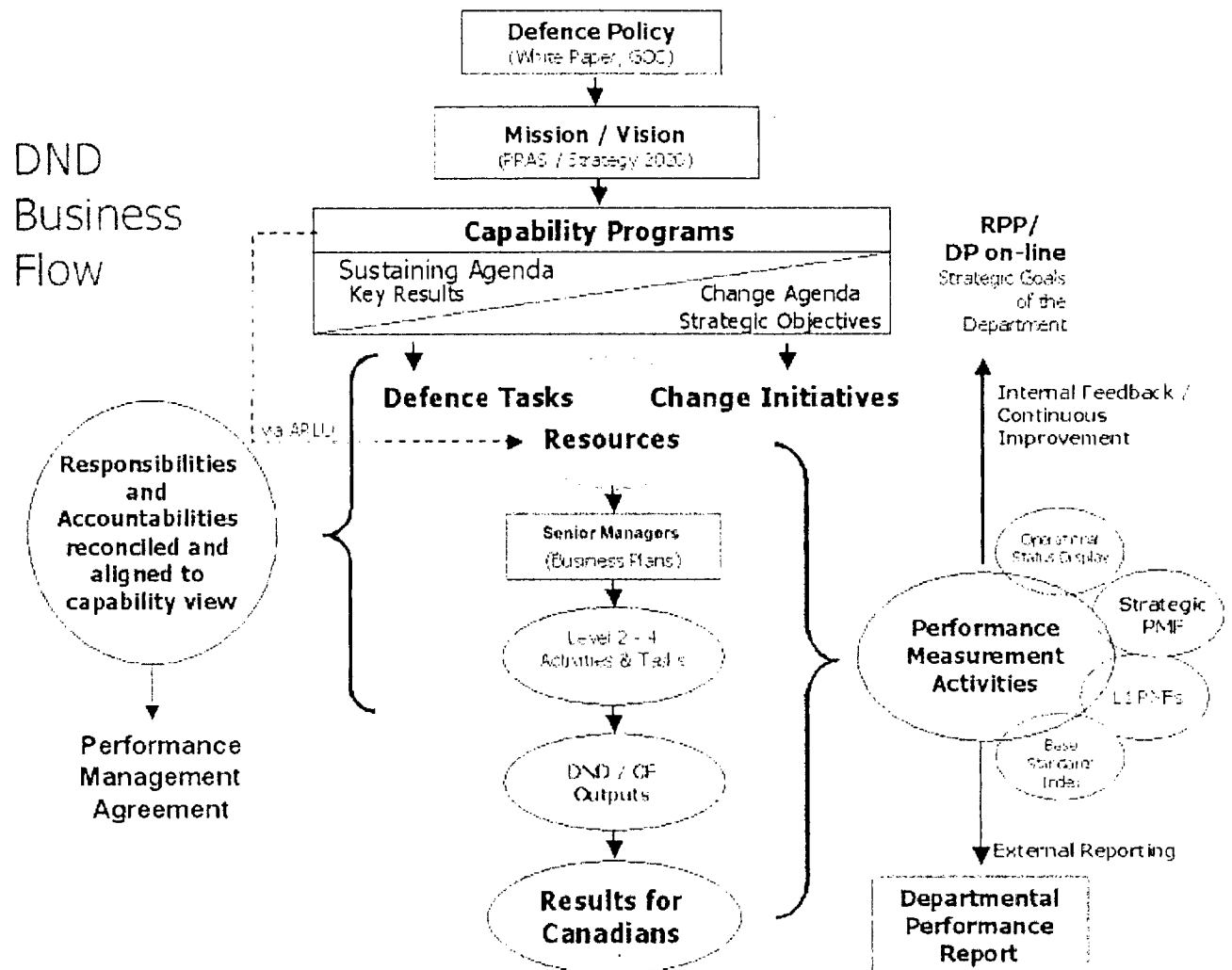


Figure 8: DND Business Flow

2 JCRB AND PMB DECISION-MAKING PROCESS

This chapter aims to describe the decision-making process with regard to the Joint Capability Requirements Board's (JCRB) and the Program Management Board's (PMB) mandates in the context of the acquisition and capital project approval process.

Although the analysis of the situation first consists of examining the decision roles of JCRB and PMB, it is not limited to these two boards only, but includes other committees, groups or organizations playing a role in the decision-making process. Before entering into detail, it is also important to position the role of JCRB and PMB in the up-front strategic and business capability planning activities upon which the acquisition projects should normally be based.

This chapter is structured as follows:

- Section 2.1 presents the main stakeholders involved in the decision process;
- Section 2.2 presents an overview of the Defence planning, management and project approval process;
- Section 2.3 details the decision process in the context of the Capital project approval;
- Section 2.4 presents a non-exhaustive list of deliverables produced during the planning & management activities;
- Section 2.5 lists some tools used to help senior managers and decision-makers; and
- Section 2.6 highlights one of the problems related to the Acquisition and decision-making process. Other problems and issues are documented in Chapter 3 (section 3.4) of this document.

2.1 STAKEHOLDERS

Stakeholders, as used here, refer to primary committees, working groups, organizations and sponsoring entities, those who contribute to the DND/CF acquisition process and are involved at various stages of the decision-making process. The description provided hereafter has been extracted directly from the information found on the DP&M website.

2.1.1 The Program Management Board (PMB)

Mandate

The PMB [19] is used to provide resource management oversight. It is organized to support the VCDS in coordinating the delivery of the Defence Services Program (DSP). In terms of the DMS, subject matter considered at PMB include:

- Structure or resource options for inclusion in draft Defence Plan and Long Term Capital Plan (LTCP);
- In-year resource management issues related to the implementation of the Defence Plan and business plans (including performance measurement data);
- The Department's Long Term Capital Plan (LTCP), strategic projects and any projects which are not contained in an approved LTCP;

- Financial Status Reports (FINSTAT);
- Resource matters arising from changes in Government policy and/or direction, decisions taken by the DM/CDS or unforecasted taskings which cannot be funded using established reserve funds; and
- Other matters as directed by the DM/CDS.

Membership

The PMB is composed of the following members:

Chair	VCDS	
Members	CMS	DCDS
	CAS	ADM(Pol)
	CLS	ADM(HR-Mil)
	ADM(Fin CS)	ADM(Mat)
	ADM(IM)	ADM(IE)
	ADM(S&T)	ADM(HR-Civ)
	DGSP	
Executive Secretary	DFPPC	
Attendance:	CRS	
	DGPA	
	DG Fin	

2.1.2 The Joint Capability Requirements Board (JCRB)

The role of JCRB is increasingly recognized as a very important one in the context of the new DND/CF capability-based approach. Indeed, according to the two referenced papers from the Canadian Military Journal [13], [14], JCRB is becoming an important aspect of the departmental management process.

"In recent years there has also been some movements in term of joint requirements. The DCDS has become the proponent for joint requirements. The need to ensure that every procurement dollar is used as wisely as possible, and that oversight is provided at the highest level, resulted in a new management board being created in 1999. The Joint Capability Requirements Board reviews all major crown projects or large Omnibus SOR as well as cross-environmental procurements to ensure commonality across the CF." [13]

"The express purpose and design of capabilities is to develop an inter-service or joint perspective. The Joint Capability Requirements Board, a sub-group of DMC was established to this end." [14]

Mandate

The mandate of the JCRB [20] is to review proposals, challenge the issues and provide direction for the development of multi-purpose Canadian Forces (CF) capabilities including the Long Term Capital Plans and Future Capability Plans. For strategic projects, JCRB routinely develops a joint understanding of Concepts of Employment/Operations, debates and reaches consensus for Statements of Operational Requirement and resolves issues of project scope at the corporate level.

JCRB does not normally take decisions that directly assign resources to activities or projects. JCRB does take decisions and give direction that will help define the desired scope of an activity or project including the expected level of investment.

Membership

The JCRB is composed of the following members:

Chair	VCDS	
Core Members	CMS	DCDS
	CAS	ADM(Pol)
	CLS	ADM(HR-Mil)
	ADM(Fin CS)	ADM(Mat)
	ADM(IM)	
	ADM(S&T)	
Associate Members	ADM(IE)	ADM(HR-Civ)
	CRS	ADM(PA)
Secretariat	DGSP/DDA	

2.1.3 The Senior Review Board (SRB)

Mandate

An SRB [21] is a departmental committee, which provides guidance to the Project Leader, assists in resolving issues and provides departmental review and oversight of the project. It is the vehicle used to ensure that Level One Advisors and other major stakeholders have input into the management of a project, and that program issues are recognized and given due consideration at the appropriate level. Activities applying to SRBs include:

- Provide rigorous examination of and challenge to projects,
- Provide detailed scrutiny at an early stage - within one year of Synopsis Sheet (ID) approval (earlier if there are significant horizontal/cross Level One impacts),
- Endorse Synopsis Sheet (PPA/EPA) before departmental approval/expenditure authority is sought, and
- Review projects at least annually.

Membership

The SRB is composed of the following members:

Chair	Project Leader	
Core Members	Project Sponsor Project Implementer Procurement Authority VCDS/DGSP	
Associated Members	CMS CAS CLS DCDS ADM(Fin CS) ADM(IM) ADM(S&T) ADM(PA)	ADM(HR-Mil) ADM(Mat) ADM(IE) ADM(HR-Civ) ADM(Pol)
Secretary	Project Office Staff	

2.1.4 Others

The other committees, organizations or entities involved in the decision process for Capital projects include:

Procurement Review Committee (PRC)

The PRC is an interdepartmental committee that considers the socio-economic development potential of all procurements valued at more than \$2M. With respect to the Capital project approval process, the PRC reviews and analyzes the impact of the procurement strategies prior the project approval.

Senior Project Advisory Committee (SPAC)

The SPAC provides an interdepartmental senior level forum to guide a capital project, to facilitate agreements between departments, to resolve interdepartmental issues and to review project objectives.

Treasury Board (TB)

The Treasury Board manages the government's financial, personnel, and administrative responsibilities. Considered the general manager and employer of the public service, it sets policy in these areas, examines and approves the proposed spending plans of government departments, and reviews the development of approved programs.

With respect to the Capital project approval process, the TB provides the expenditure authority for all projects over \$30M (or \$60M for Construction).

2.2 OVERVIEW OF THE DECISION PROCESS

As introduced in the first chapter, the new business model adopted by the DND/CF is driven by the capability. It starts at the strategic level where capabilities are identified based on goals and deficiencies and then become initiatives that must be planned, prioritized, approved, managed and then measured. However in reality, not all projects are initiated from the top and follow the capability-based planning path, many come from departmental operations where deficiencies and needs are also identified ³.

The following Figure presents the high-level view of the capability-driven model. The view⁴ is based on the six (6) core processes that DND/CF uses to plan, manage, monitor and report to Government including the Project Approval process for long-term horizon capital projects, which is the focus of the next section. JCRB and PMB are involved at many levels starting from the capability-based planning up to the project approval.

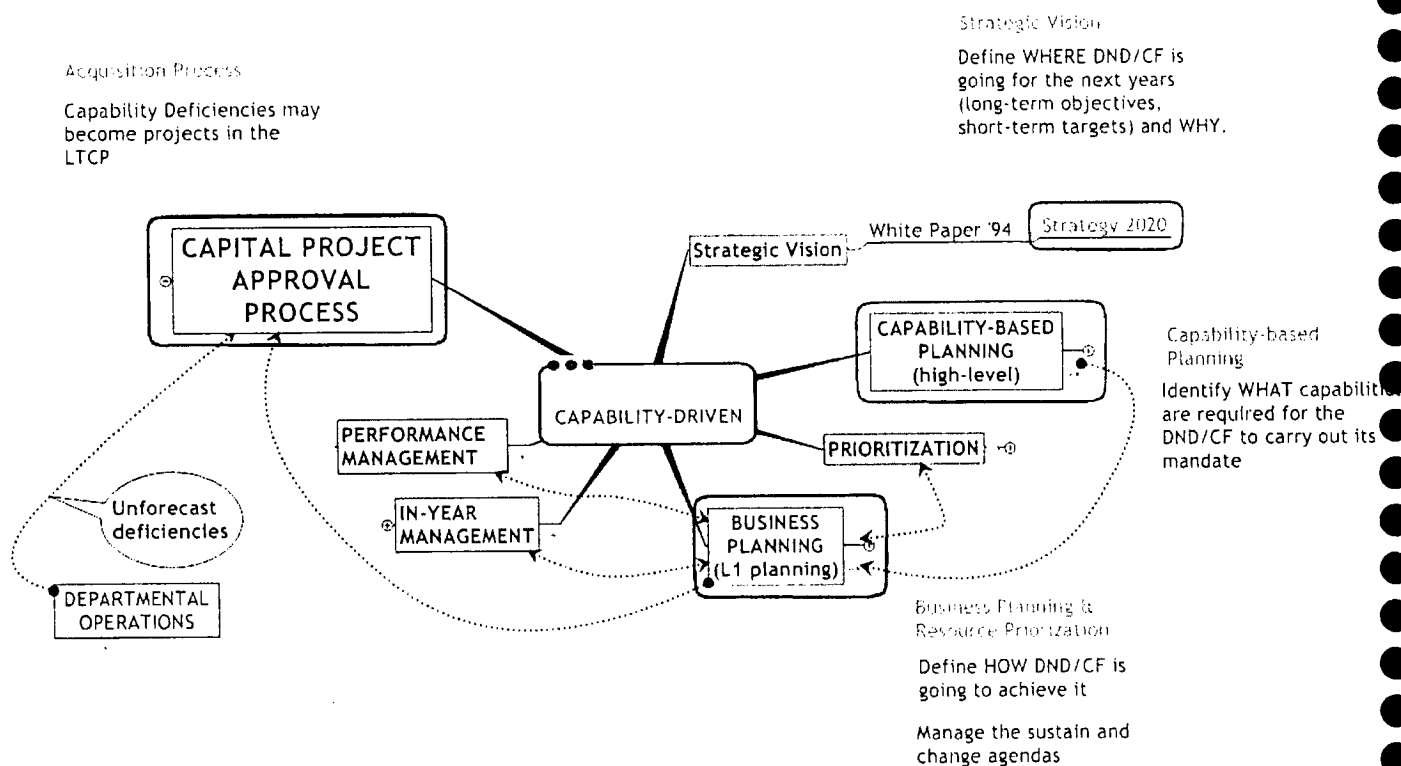


Figure 9: Core process relationships

³ There is an increasingly broad understanding that far too many redundancies and overlaps exist in capabilities across military services. A top-down capability approach is meant to avoid the waste of resources inherent in these legacy systems.

⁴ The detailed view of this model is presented in Annex A of the present document.

Strategic Visioning - Horizon 3 (long-term 10-30 years)

Provides a roadmap (e.g. Strategy 2020), consisting of the overall strategic vision and long term strategic objectives, to steer planning and decision-making to deal with defence challenges that may emerge in the future.

Capability-Based Planning - Horizon 2 (medium-term 5-10 years)

Produces the capability goals and gaps of the DND/CF consistent with the department's White Paper and Strategic Vision. The capability-based planning is a cyclical process where goals and gaps are revisited and re-aligned with the government policy and priorities. Regular assessment of CF capabilities thus becomes the basis for annual corporate priorities.

Implication of the JCRB in the capability-based planning process consists in:

- Providing general recommendations and guidance;
- Approving the revision of the capability goals and gaps; and
- Reviewing the long term plans.

Resource Prioritization - Horizon 1 (short-term 1-4 years)

Involves analyzing annual corporate priorities and establishing resource priorities over a four (4) year planning horizon. The resource prioritization is done in parallel with annual business planning.

Business Planning - Horizon 1 (short-term 1-4 years)

Establishes annual plans and priorities and balances the investment in sustaining ongoing operations and activities with the investment required to modernize the Forces. Each year then, the Level 1 senior Managers develop business plans aligned with the annual corporate plan as part of the overall business planning cycle. The business plans are presented for approval in Jan/Feb to the Deputy Minister (DM)/Chief of the Defence Staff (CDS).

The results of the decisions are then captured in the Level 1 BP Approval Letter sent to each Senior Manager and in the PMB initial Allocation providing expenditure authority for the first year of the plan.

In-Year Management

Involves monitoring the progress against the Defence Plan and Level 1 approved Business plans, managing the impact of significant issues and new requirements and adjusting resources as needed.

At the corporate level, In-Year Management activities include, but are not limited to:

- Monitoring progress through quarterly reviews. This is the primary mechanism used to identify financial variances from the plans;
- Reallocating resources, including revenues and vote transfers, as necessary;
- Managing the impact on the Defence Plan of significant issues with resource implication;

- Releasing funds from the corporate reserves as requests are brought to PMB and approved;
- Reducing the corporate over-programming to zero by the end of the fiscal year; and
- Etc.

Performance Management

Outlines the structure and focal areas (i.e. Strategy Map) for measuring performance in the DND/CF through which senior management monitors the achievement of results and reports on performance.

Capital Project Approval

The Capital Project Approval process is described in the following section.

2.3 PROCESS MODELS & DESCRIPTIONS

This section first presents a model showing the main phases and milestones for the Capital Project Approval process and then describes in detail the corresponding decision flows. Activity diagrams using UML notation are used to model the decision flows; it is a useful representation to highlight the various actors involved in the decision-making process.

2.3.1 High-level Model (Phases and milestones)

The following picture illustrates the principal phases of the Capital Project Approval process. It shows that each phase culminates in a point where a decision needs to be taken by an appropriate level of management before proceeding to the next phase.

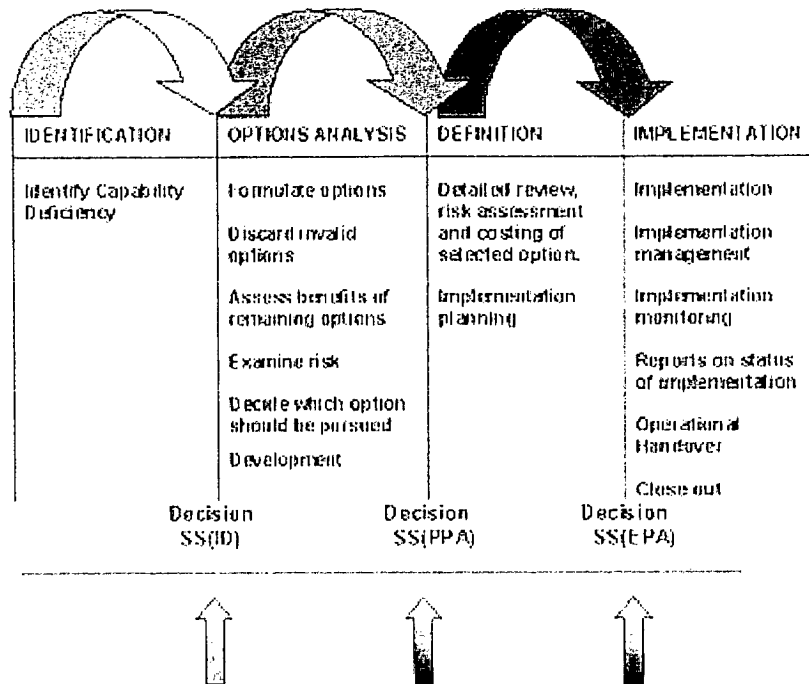


Figure 10: Decision points in the Capital Project Approval process

The Synopsis Sheet (SS) is the document used within DND/CF to record information and decisions about the project. As the project evolves, information is completed and refined for the next iteration. The content must be sufficient to ensure that all necessary information for senior decision management is presented. However, the SS is not the only document presented to committees for approval. Many other supporting documents are usually presented.

2.3.2 Types of approval

With regard to capital projects, two (2) types of approval are required:

- **Departmental Approval:** which is the recognition and acceptance of a project's objectives in delivering an identified capability; and
- **Expenditure Authority:** which authorizes DND/CF to expend financial resources towards delivering an identified capability.

2.3.3 Approval of the SS(ID) - Identification

The SS(ID) represents the first step in the approval process. It is a document of about three (3) pages containing basic information such as: identification, estimated cost, capability deficiency, broad options to be investigated, project management approach, cash flow, cost breakdown and schedule.

The **capability deficiency** is the most important element of the SS(ID). It must include enough information to allow decision-makers to determine if the project actually delivers a solution to a problem. To that end, many questions must be addressed, for example:

- How does the deficiency relate to the Defence Plan, mission or objectives?
- Why the requirement exists?
- What are the consequences of not taking action?
- When is the capability required? ...etc.

The decision flow for the SS(ID) approval is presented in the next page (activity diagram 1):

1. Except for Major Crown projects (over \$100M) or Omnibus projects, the SS(ID) is approved by the sponsoring L1 manager as the budget comes from their funds;
2. For Major Crown projects or Omnibus projects, the endorsement and approval from the SRB is required;
3. The sponsoring L1 manager may decide that he needs the support from the SRB for endorsement/approval if it is believed that the project may impact other organizations; and
4. When the SS(ID) is approved, the L1 manager approves the option analysis funding (Expenditure authority Vote 1).

At the end of the process, when Departmental approval for planning on the basis of an SS(ID) has been granted by the appropriate authority, a capability deficiency has been identified and a project has been initiated to address the situation. Options analysis activity also takes place.

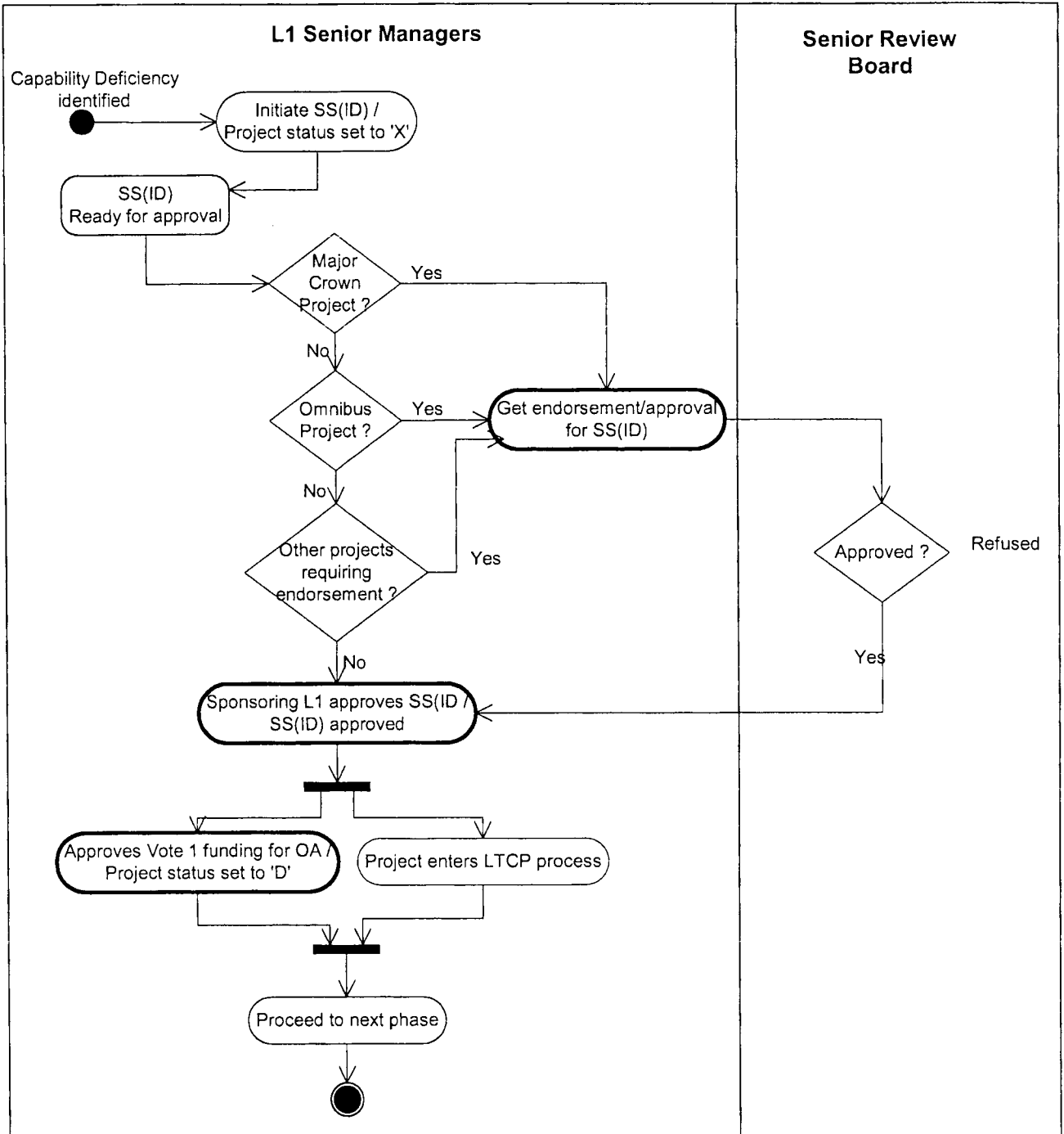


Figure 11: Activity Diagram 1- Decision Flow for the Approval of the SS(ID)

2.3.4 Approval of the SS(PPA) – Preliminary Project Approval

The SS(PPA) summarizes the work done in the Options Analysis phase. It consists of refining the SOR, evaluating and costing options with respect to the capability deficiency, identifying and assessing the risks, etc.

The purpose of the SS(PPA) is to obtain:

- Approval for the preferred option, the anticipated project cost and the resulting implications of implementing the project; and
- Agreement to proceed to the Definition phase and funding for the Definition phase.

The decision flow for the SS(PPA) approval is presented in the next pages (Activity diagrams 2, 3 and 4). The number of entities involved in the decision process is mainly dependent on the project cost and whether or not it is strategic.

Diagram 2 is used for projects with an estimated cost over \$100M:

1. The SRB reviews the documentation, approves the Project Charter, the Project profile and risk assessment and provides advice as needed;
2. The JCRB must endorse any strategic project or Major Crown Project (over \$100M);
3. The SPAC is established for all projects exceeding \$100M to discuss the procurement strategy;
4. Once approved by the sponsoring L1 manager, the PMB reviews the SS(PPA) for approval of the project definition (may asked for a briefing on the options being explored); and
5. The Treasury Board reviews the SS(PPA) and grants expenditure authority.

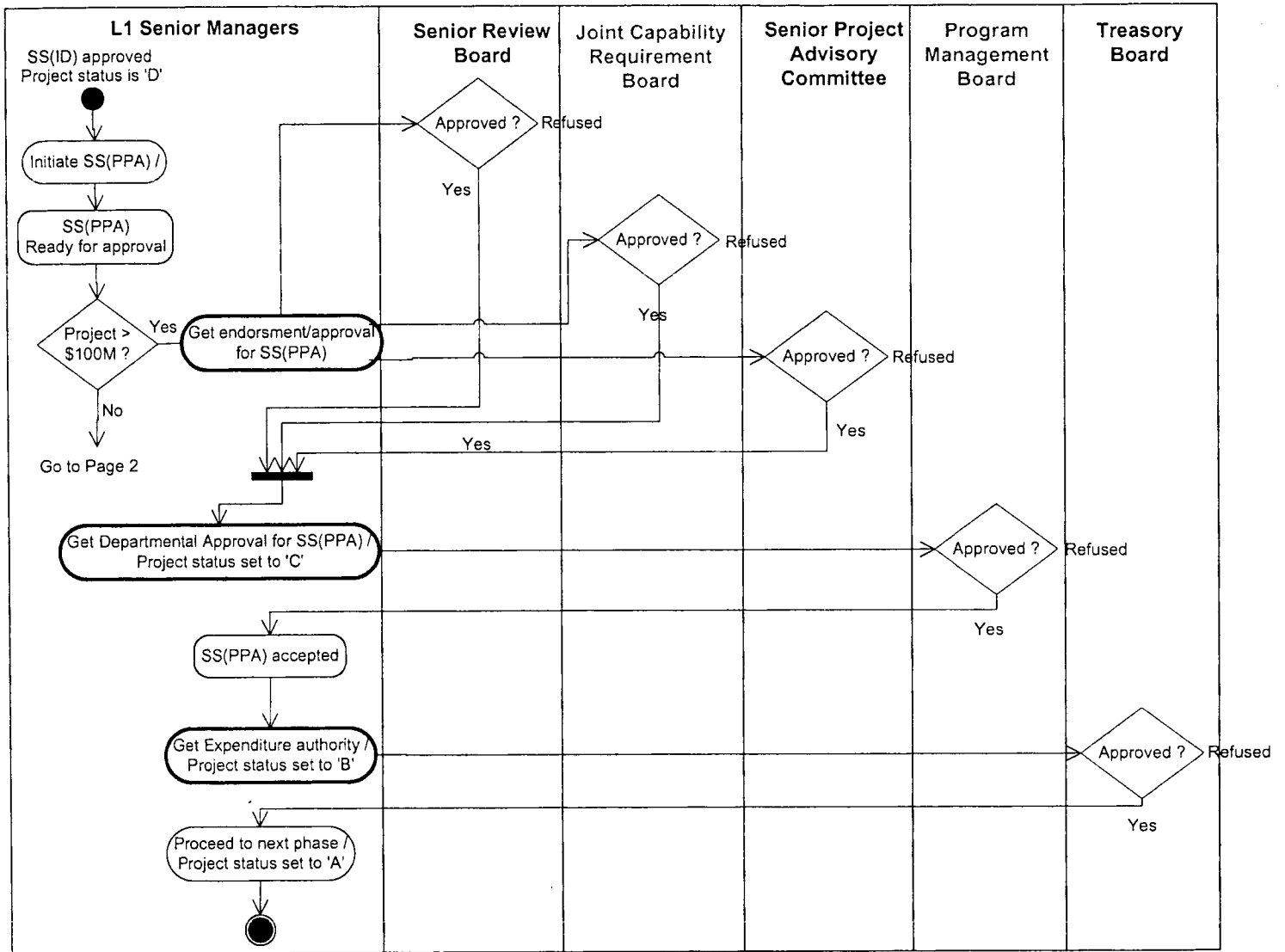


Figure 12: Activity Diagram 2- Decision Flow for the Approval of the SS(PPA)

If the project is less than \$100M and the project is strategic, then diagram 3 applies:

1. The SRB reviews the documentation, approves the SS(PPA) and provides advice as needed;
2. The JCRB is requested to endorse any strategic project;
3. The procurement strategy is reviewed by the Procurement Review Committee;
4. Once approved by the sponsoring L1 manager, the PMB reviews the SS(PPA) for approval of the project definition (may be asked for a briefing on the options being explored);
5. If the project costs over \$30M (or \$60M for a Construction project), then the Treasury Board is designated to review the SS(PPA) and grants expenditure authority, unless it is the responsibility of the MND.

Page 2

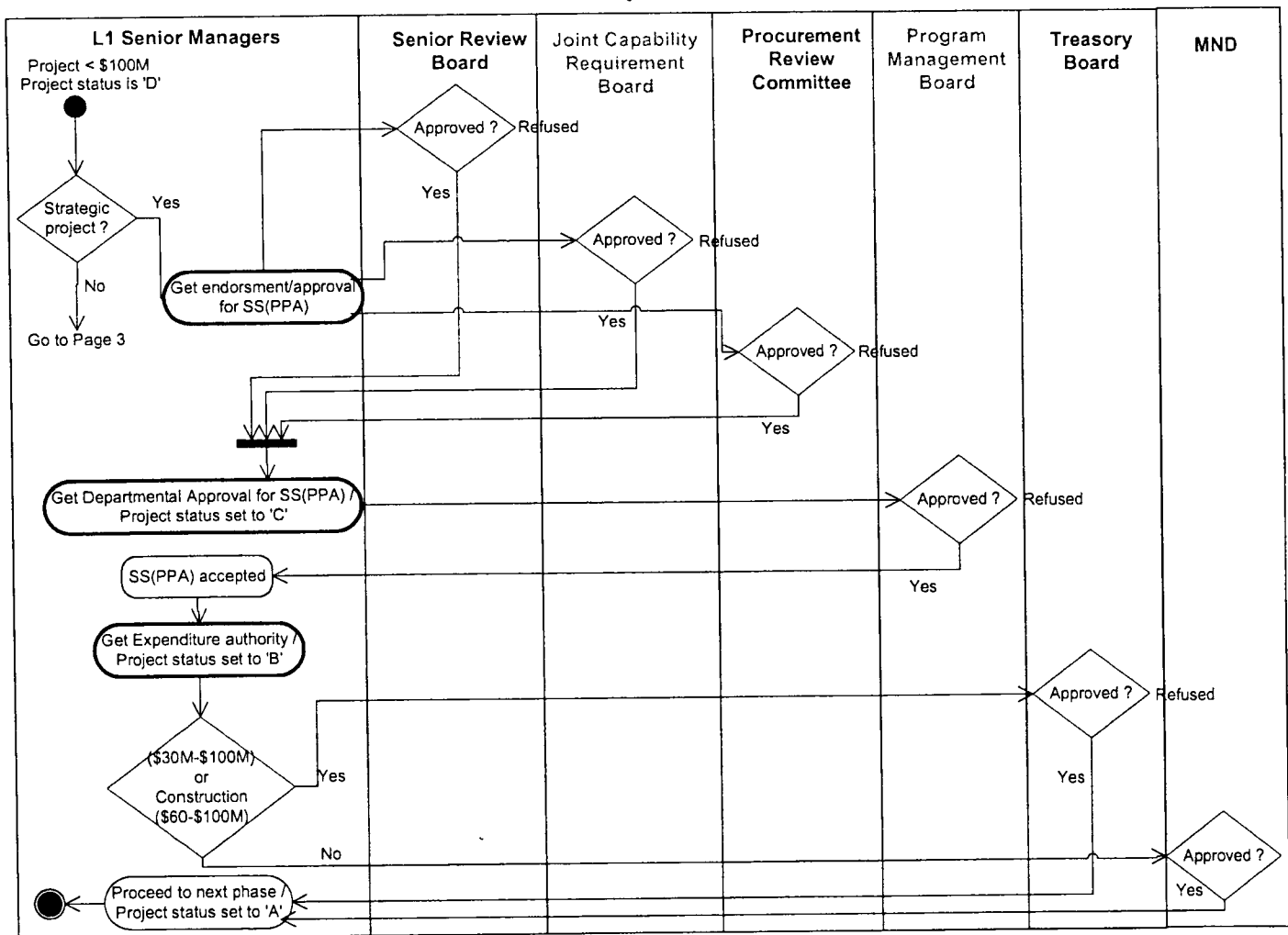


Figure 13: Activity Diagram 3- Decision Flow for the Approval of the SS(PPA)

Finally, diagram 4 is used when the project cost estimate is less than \$30M (or \$60M for Construction project) and the project is not strategic. In that case the JCRB and PMB are not involved in the decision process, which involves:

1. The SRB reviews the documentation, approves the SS(PPA) and provides advice as needed;
2. The procurement strategy is reviewed by the Procurement Review Committee;
3. The sponsoring L1 manager reviews the SS(PPA) for departmental approval; and
4. If the project costs over \$30M (or \$60M for Construction project), then the Treasury Board is designated to review the SS(PPA) and grants expenditure authority, unless it is the responsibility of the MND.

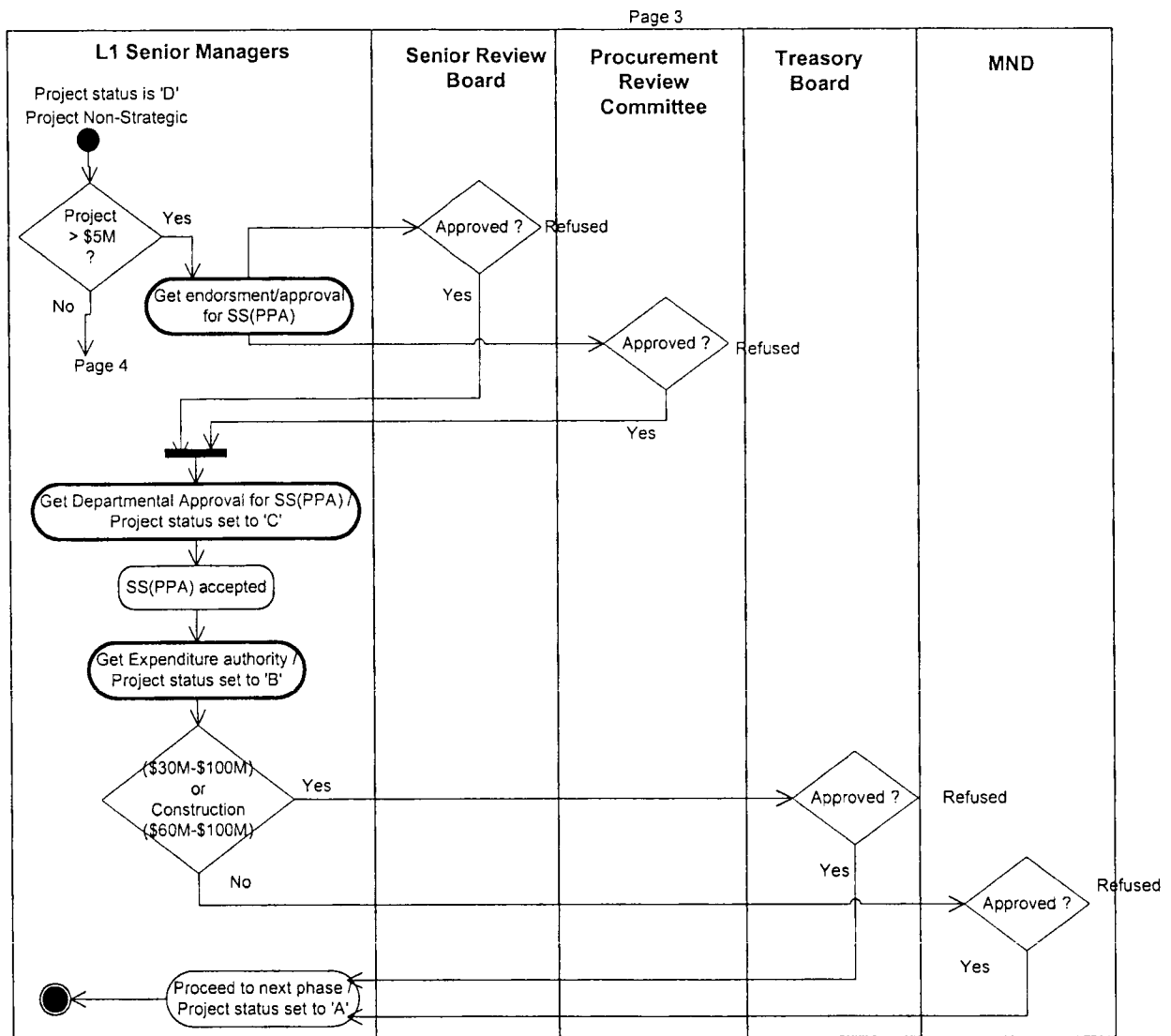


Figure 14: Activity Diagram 4- Decision Flow for the Approval of the SS(PPA)

2.3.5 Approval of the SS(EPA) – Effective Project Approval

The SS(EPA) summarizes the work done in the Definition phase. The purpose of the SS(EPA) is to obtain:

- Approval for the selected option;
- Agreement with the costs and funding method associated with the implementation of the selected option; and
- Agreement to proceed to, and funding for the Implementation phase.

The decision process of the SS(EPA) is exactly the same for the approval of the SS(PPA) therefore the Activity diagrams 2, 3, and 4 apply with the same decision criteria. Upon approval of the SS(EPA) the Implementation phase may commence.

2.4 DELIVERABLES

Various deliverables are produced all along the planning, management and project approval activities. The list of deliverables presented here is not exhaustive.

Strategic Visioning

The main documents issued from the Strategic Visioning are:

- 1994 Defence White Paper;
- Strategy 2020 document; and
- Planning, Reporting and Accountability Structure (PRAS).

Capability-based Planning

The main deliverables of the Capability based planning are:

- Canadian Joint Task List;
- Capability goals & gaps matrix;
- Planning scenarios; and
- Defence Plan.

Business Planning and Prioritization

The products and results available from Level 1 Business Planning include:

- Impact assessment;
- Corporate priorities;
- Report on Plans and Priorities;
- L1 business plans; and
- Approval letters.

Project Approval

The main deliverables of the Project Approval process are:

- SS(ID);
- SS(PPA);
- SS(EPA); and
- Many other supporting documents (ex. Option analysis, risk assessment, etc.).

2.5 TOOLS & TECHNOLOGIES USED

This section lists some tools mentioned in DMS manual, which are used to help managers in the capability-based planning and management activities. These tools are:

- CJTL - Canadian Joint Task List (described in Chapter 1);
- CID - Capability Initiatives Database (described in Chapter 1);
- Defence Plan On-Line
- Defence Planning & Management Website
- SOCRAM – risk assessment tool; and
- FIDO - decision support tool.

The Defence Plan On-Line

The Defence Plan On-Line [15] provides easy on-line access to the annual departmental business plans. Defence Plan On-Line gives DND/CF personnel, and members of the public, access to a wide range of information about the strategic objectives, structure, responsibilities and budget of DND/CF.

The Defence Planning & Management (DP&M) Website

The DP&M Website [1] describes the DND/CF planning and management process based on the following component processes: Strategic Visioning, Capability Planning (including Capital Program), Resource Prioritization, Business Planning, In-Year Management, Performance Measurement. The site provides guidance on each component process, inputs and outputs, and related foundation documents.

Scenario Operational Capability Risk Assessment Model (SOCRAM)

SOCRAM⁵ is a software application that supports the decision process at the strategic level. It is a simulation model that uses the eleven Force Planning Scenarios to generate the demand for operational assets. The output of the simulation model is a series of risk assessments where risk is defined as the probability of having an insufficient amount of operational assets. If the Force

⁵ Additional information can be found at the following website: http://www.vcds.forces.gc.ca/dgsp/pubs/rep-pub/dfppc/dpg/intro_e.asp

Planning Scenarios are prioritised or weighted then the consequences of this risk can be determined. SOCRAM is a decision support tool and, as such, is not meant to provide the definitive answer to force structure/employment questions. However, SOCRAM can be used to provide insight and identify topics for further analysis and discussion.

Fundamental Investigation of Defence Objectives (FIDO)

FIDO ⁶ is a software application that supports a multi-criteria decision process at the strategic level. The tool may not provide definitive answers but the consensus rankings determined by the tool should be considered as a starting point for further analysis and discussion.

2.6 REPORTED/OBSERVED DEFICIENCIES

One of the main problems identified in the document *Achieving Administrative Efficiency* [11] produced in 2003 by a DND Advisory Committee is that 'the current approval process is often slow, resource intensive and characterized by a 'one size fits all' approach' (page 118).

The following Figure extracted from the document portrays the current average timelines of the Acquisition process. We can see from this model that the approval of the SS(ID) and SS(PPA) takes about forty-four (44) months and the approval of the SS(EPA) takes about forty-nine (49) months. The overall process may take as long as fifteen (15) years for major and large acquisition projects.

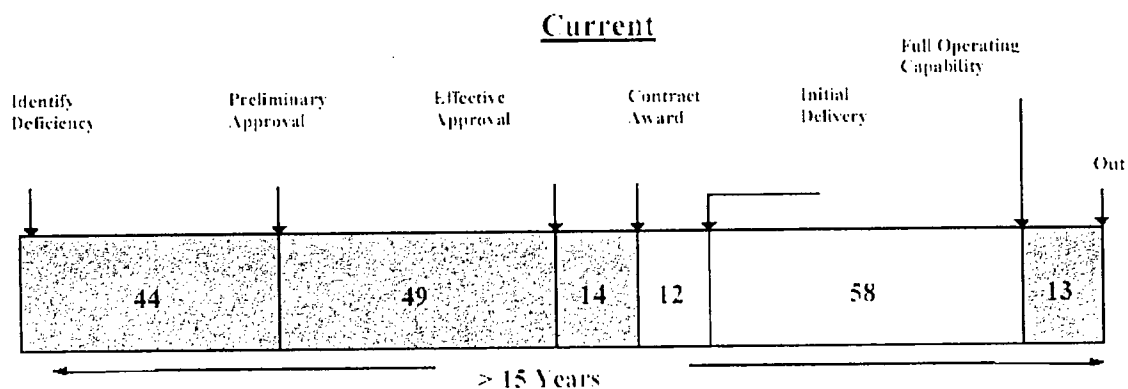


Figure 15: Current timelines for Capital Project Approval (extracted from [11])

As shown in the next Figure, the Advisory Committee proposes some changes in order to shorten the Acquisition cycle by about thirty percent (30%). We can observe that the main reduction efforts are in the first phases of the whole process, that means the preparation and approval of the SS(ID), SS(PPA) and SS(EPA) and all supporting documents.

⁶ Additional information can be found at the following website: www.vcds.forces.gc.ca/dgsp/pubs/tools/fido_e.asp

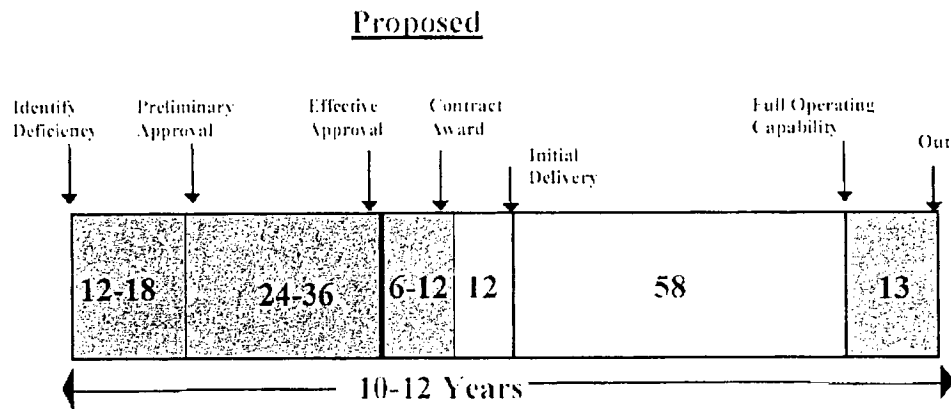


Figure 16: Proposed timelines for Capital Project Approval (extracted from [11])

Based on these observations, it will be important in the following phase of the project to further analyse the changes proposed by the Advisory Committee, to determine where the efforts should be concentrated and what should be done to improve the process.

3 THE DEFENCE MANAGEMENT SYSTEM (DMS) ACQUISITION PROCESS

3.1 OVERVIEW

3.1.1 Introduction and Positioning of the Acquisition Process

The DMS Acquisition Process refers to chapters 6 to 10 of the DMS Manual that provides information regarding the Capital Program and Project approval process. The DMS Manual is in the process of being integrated into the Defence Planning & Management (DP&M) web site. Chapters 1 to 5 have already been integrated while chapters 6 to 10 will be integrated into a new section called the **Project Approval Guide (PAG)**.

As shown in the next Figure, the DMS Acquisition Process stands between Pre-acquisition activities (Concept Development & Experimentation (CDE) and Research & Development (R&D) Support), and In-Service and Disposal activities (Life-Cycle Management, Training & Rehearsal, and Dispose).

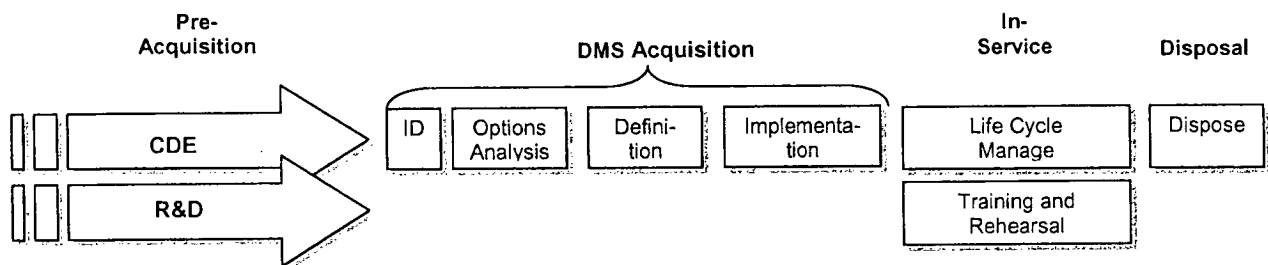


Figure 17: Positioning of DMS Acquisition process

The DMS Acquisition Process entertains close relationships with several other internal or external processes for one or more of the following reasons:

1. Obtain planning information and priorities;
2. Comply with DND and federal government policies;
3. Seek approval;
4. Obtain guidance;
5. Execute formal Procurement activities (e.g. RFP);
6. Obtain expert advice and/or technical support;
7. Provide or Obtain Project information (e.g. Progress/Success status); and
8. Hand-off Project responsibility.

The most relevant interrelated processes are:

- Vice Chief of Defence Staff's (VCDS) Defence Planning & Management Processes [1];
- Treasury Board of Canada – Secretariat's (TBS) Project Approval Process [22];

- Public Works and Government Services Canada's (PWGSC) Procurement Process [23];
- Materiel Acquisition & Support's (MA&S) Acquisition Project Management Process [24];
- MA&S Engineering Management Process [24]; and
- ADM(Mat) Life-Cycle Management Process [24].

The next Figure illustrates how these internal and external processes may interact at each Phase of the DMS Acquisition Process. Numbers on flows indicate the nature of these interactions.

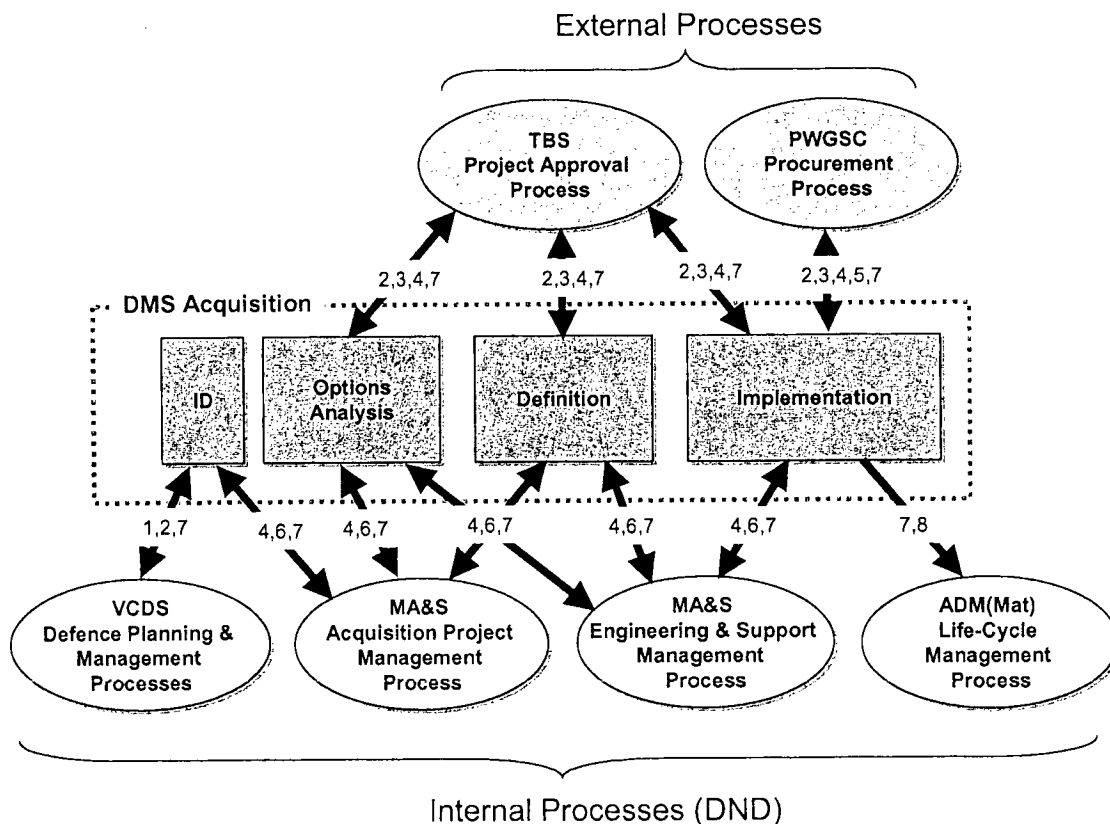


Figure 18: DMS Acquisition Process – Relationships with other Processes

3.1.2 Process Compliance with Treasury Board Policies

The most relevant policy regarding the DMS Acquisition Process is the Project Approval Policy that was put in place by Treasury Board Secretariat (TBS) of Canada to ensure that *Capital Projects* proposed for approval by Departments (including DND) can receive informed and effective consideration.

As stated in TBS Project Management and Other Policies Glossary [25], a Capital Project “*is specifically intended to acquire or improve a capital asset. Acquisition of a capital asset refers to obtaining the use of that asset over the long term, irrespective of whether the method of acquisition is construction, purchase, lease/purchase or lease. A project to improve a capital asset is considered to be a capital project when the performance, value or capability of that asset is significantly increased or its useful or economic life is extended by more than one year.*”

In essence, the Policy applies to all capital, lease, and information technology projects funded in whole or in part by the federal government regardless of the method of acquisition. The policy also says: “*The Treasury Board may designate any collection of activities as a Capital Project for the purposes of this policy*” [26].

According to this Policy, the DMS Acquisition Process described in the PAG applies to all Capital Projects belonging to the following categories:

- Omnibus Projects;
- Construction Projects;
- Miscellaneous Requirements Projects (MR);
- Major Crown Projects (MCP); and
- Any other group of activities that TBS may designate as a Capital Project.

In order to comply with TBS Policy requirements, the DMS Acquisition Process adopted many aspects of its vocabulary and practices. For example, the DMS Acquisition Process’ structure closely follows the aspect of the Policy which explicitly states that, in order “*to provide for adequate departmental approval and control, project implementation must be broken down into phases corresponding to natural decision points*”[26]. Moreover, the PPA and EPA decision points used in the DMS Acquisition Process are explicitly defined in the same Policy [25].

The next Figure shows the different Project Phases (and DMS Acquisition Phases), and associated Milestones (decision points) that will be discussed in greater detail in the forthcoming sections of this report.

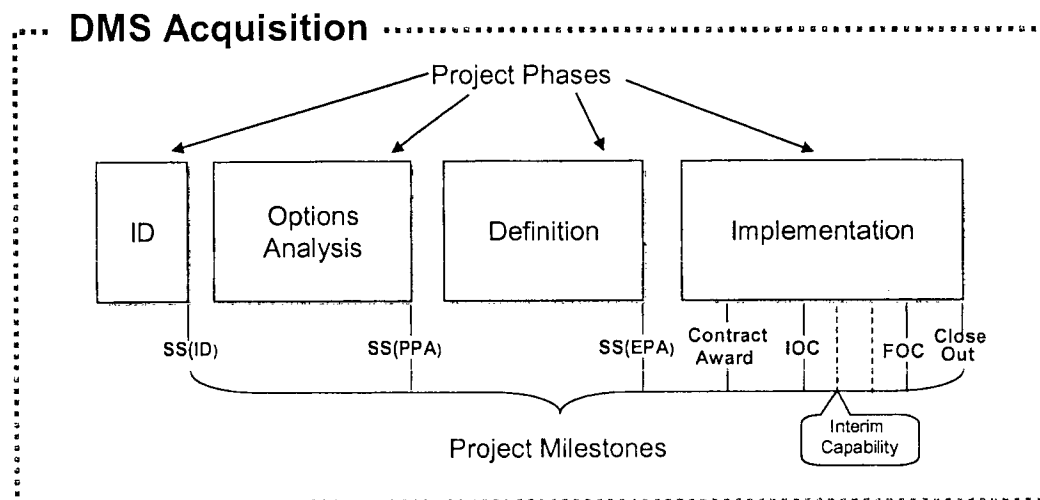


Figure 19: Capital Project - Phases & Milestones

3.2 PROCESS MODELS & DESCRIPTION

3.2.1 Introduction

DND Capital Projects evolve through the phases and milestones depicted in the previous Figure. These phases and milestones are used to monitor the progress of the project towards delivery of equipment, infrastructure and services with the intent to rectify an *identified capability deficiency*. As part of the DMS project management framework, decisions to proceed further with each subsequent phase of a project (or subset of a Phased Implementation project) are required from Senior Management (e.g. Level One Managers) and/or from Government (e.g. Minister of National Defence, Treasury Board) in the form of approvals.

The vehicle for seeking project decisions is the Synopsis Sheet (SS). Its purpose is to provide sufficient information about the project (purpose, relationship to capability plans, costs, etc.) to enable Senior Management to decide the merits of pursuing the project further, and in gaining Ministerial or Treasury Board expenditure authority.

The SS is an iterative document, which is initiated when a *capability deficiency* is identified, and developed further at each successive Phase of the project as more detailed information becomes available.

The document should reflect the level of work. To this end, it is prescribed in the DMS Manual that the Identification Section should not exceed three (3) pages, whereas the Preliminary Project Approval and Effective Project Approval Sections can be up to a maximum of six (6) pages with the remaining detail contained in an Annex or in the Project Brief (in the case of a MCP). Synopsis Sheet for a MR Project should not exceed one (1) page.

The next Figure describes the DMS Acquisition process. Starting with its structure (phases and milestones), the following elements will be described:

- Initiation, or triggering event that precipitates the beginning of activity realization;
- Major inputs which are required or useful to the realization of phase activities;
- Key activities which are necessary to produce the required outputs;
- Outputs to be produced; and
- Approval or delivery outcomes and associated conditions.

A list will also be provided of the tools that are used by one or more of the process phases, and finally a report on the major problems and issues applying to the Acquisition process at large.

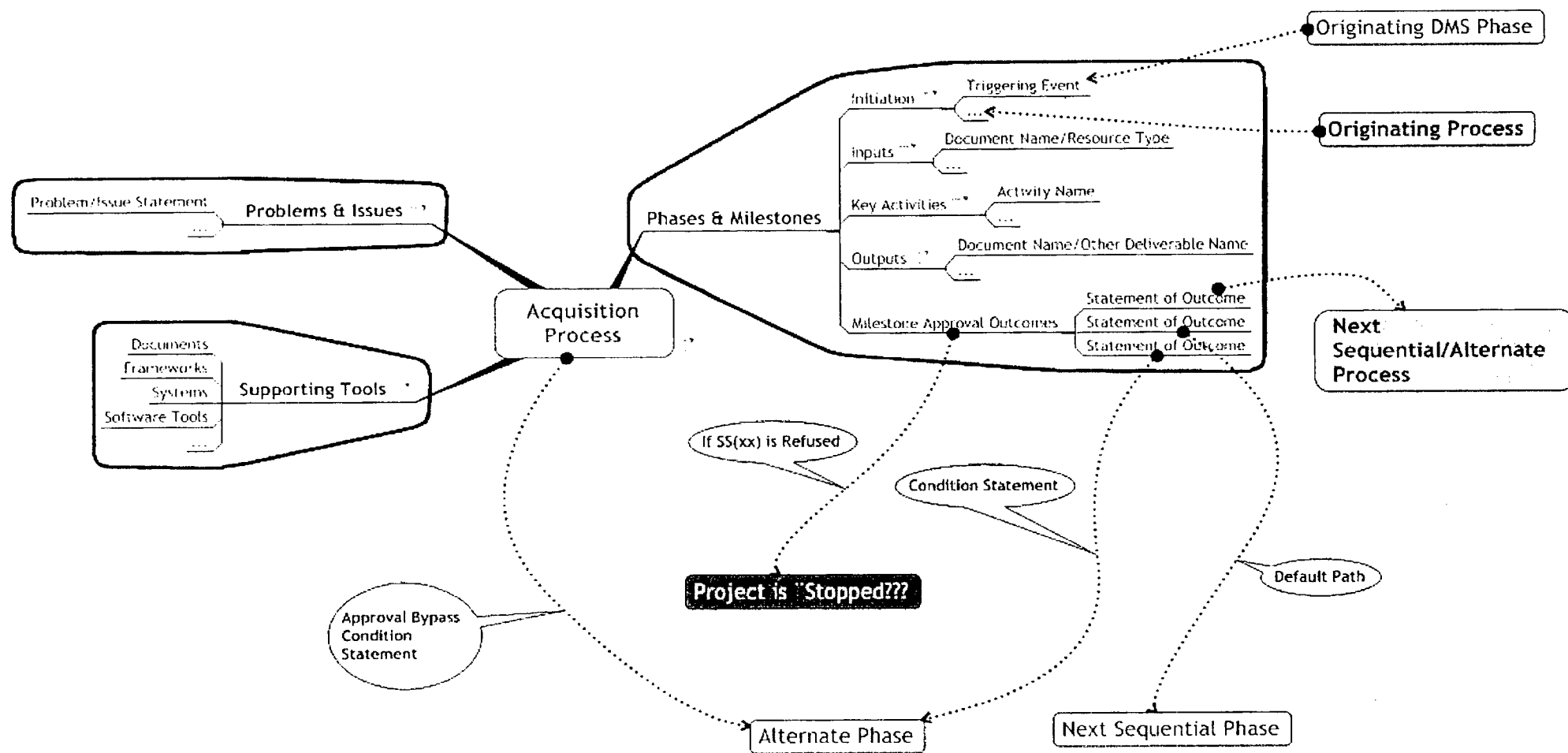


Figure 20: Key to Phase Description Mind Maps⁷

⁷ Refers to maps produced by MindManager (X5 Pro) Software.

The intent of these maps is to grasp, at a glance, all the important aspects of any DMS Acquisition Phase, and see how the different phases are interrelated to each other. A textual description accompanies each map to provide supporting details concerning each aspect of the Phase. Where appropriate, complementary notes are included.

The maps do not show the approval flow as it is covered in Chapter 2 of this report. In the same manner, the maps do not show nor explain the interrelationships of the DMS Acquisition Phase with the other internal and external processes (TBS, PWGSC, ADM(Mat), MA&S) since this subject is discussed in the Introduction and the Positioning of the DMS Acquisition Process.

3.2.2 DMS Acquisition Process – Identification Phase

The **Identification Phase** focuses on defining the *Capability Deficiency* that led to the definition of the Project as a potential solution (by itself or by association with others). It also aims at obtaining the necessary SS(ID) endorsements, agreements and approvals to proceed to the Options Analysis Phase. The results of phase activities are summarized in the Identification Section of the Synopsis Sheet – SS(ID). The Identification Phase is required for all Capital Projects categories except MRs where this phase is optional. The Figure on the next page illustrates the various aspects of the Identification Phase.

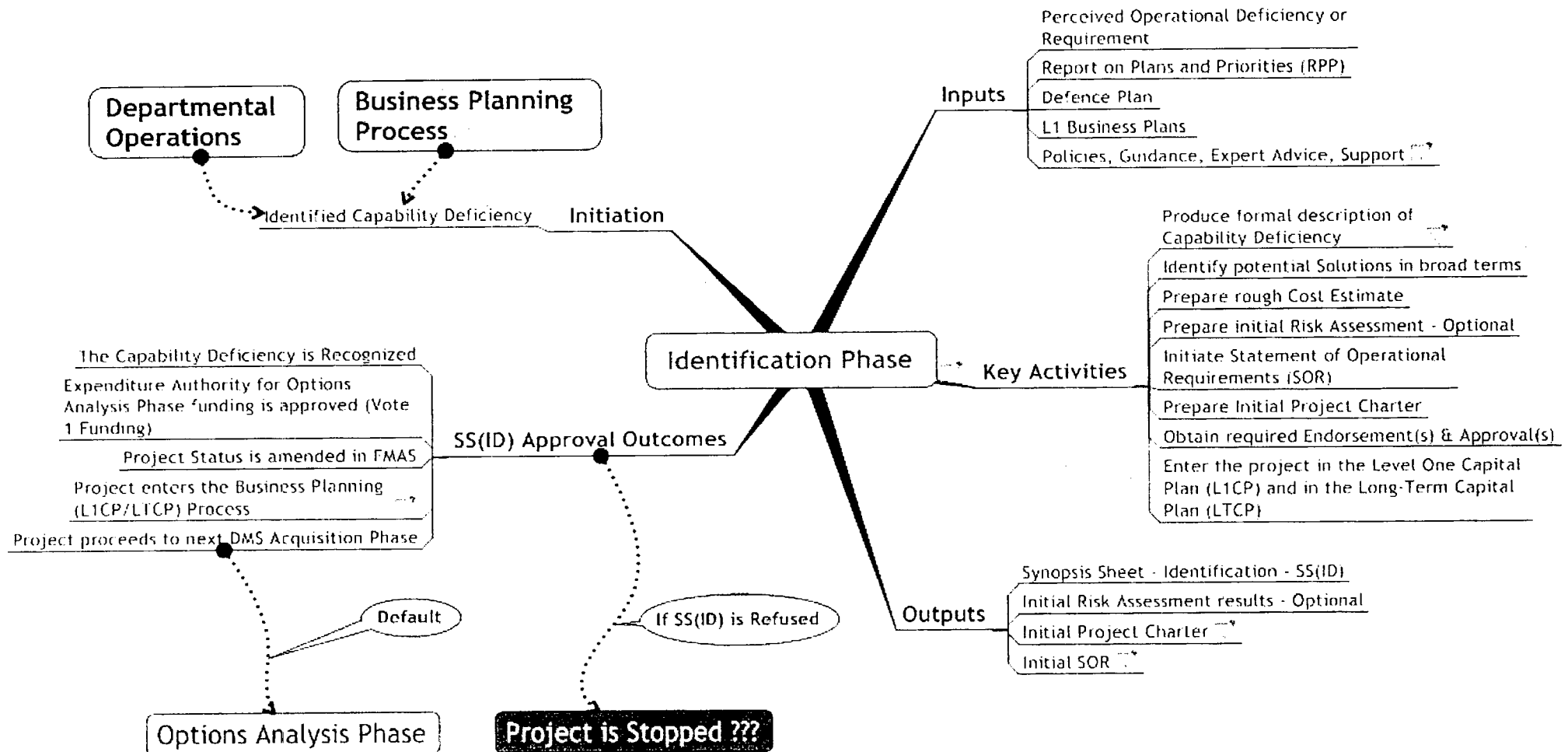


Figure 21: Identification Phase Overview

3.2.2.1 Initiation

The Identification Phase is initiated when a *Capability Deficiency* has been either identified in the daily conduct of Operations (“bottom-up”), or results from formal Capability-based Planning and Business Planning activities (“top-down”).

3.2.2.2 Inputs

The major inputs to the Identification phase are:

- The perceived Operational Capability Deficiency or Requirement as identified during the daily conduct of operations;
- The Report on Plans and Priorities (RPP), the Defence Plan, and the Level One Business Plans containing the information necessary to ensure the proper Project alignment to Capability objectives and plans; and
- Policies, Guidance, Expert Advice and technical Support incoming from the interrelated internal (e.g. MA&S) and external Business Processes (e.g. TBS) introduced earlier in this report.

3.2.2.3 Key Activities

The key activities realized during this Phase are:

- The production of a formal description of the identified Capability Deficiency (. Statement of Capability Deficiency);
- The identification of potential Solutions in broad terms;
- The preparation of a rough Cost Estimate for planning purpose;
- The preparation of an initial Risk Assessment;
- The production of an initial Statement of Operational Requirements (SOR);
- The preparation of an initial Project Charter;
- The seeking of required Endorsement(s) and Approval(s) depending of project category and vote requirement; and
- The formal entry of project parameters in the Level One Capital Plan (L1CP) and in the Long-Term Capital Plan (LTCP).

3.2.2.4 Outputs

The Identification phase produces the following Outputs:

- The Identification Section of the Synopsis Sheet – SS(ID);
- The initial version of the Project Charter; and
- The initial version of the SOR.

3.2.2.5 SS(ID) Approval Outcomes

Following SS(ID) Approval:

- The identified Capability Deficiency is formally recognized;
- The Expenditure Authority for Options Analysis Phase funding (using Level One Departmental funds) is approved;
- The Project Status is amended in FMAS;
- The Project enters the Business Planning (L1CP/LTCP) Process (if within 5-year planning window); and
- The Project proceeds to the Options Analysis Phase of the DMS Acquisition process.

In the event where the SS(ID) is not approved:

- The project is stopped or, depending on the refusal reasons, may come back to the Identification phase once the necessary adjustments have been made.

3.2.3 DMS Acquisition Process – Options Analysis Phase

The **Options Analysis Phase** aims at formulating options, discarding invalid options, assessing the benefits of remaining options, examining risks, conducting context-specific studies, determining which option should be pursued (the preferred option), and obtaining agreement and approvals to proceed to the Definition Phase.

Examples of Capability Options (for Major Crown Projects) are:

- Replace existing capability;
- Improve existing capability;
- Combine existing capabilities;
- Re-locate existing capability;
- Acquire new capability;
- Eliminate the requirement; and
- Hand-off to third party.

The results of phase activities are summarized in the Preliminary Project Approval section of the Synopsis Sheet – SS(PPA). The Options Analysis Phase applies to all Capital Project categories with no exception. The Figure on the next page illustrates the various aspects pertaining to the Options Analysis phase.

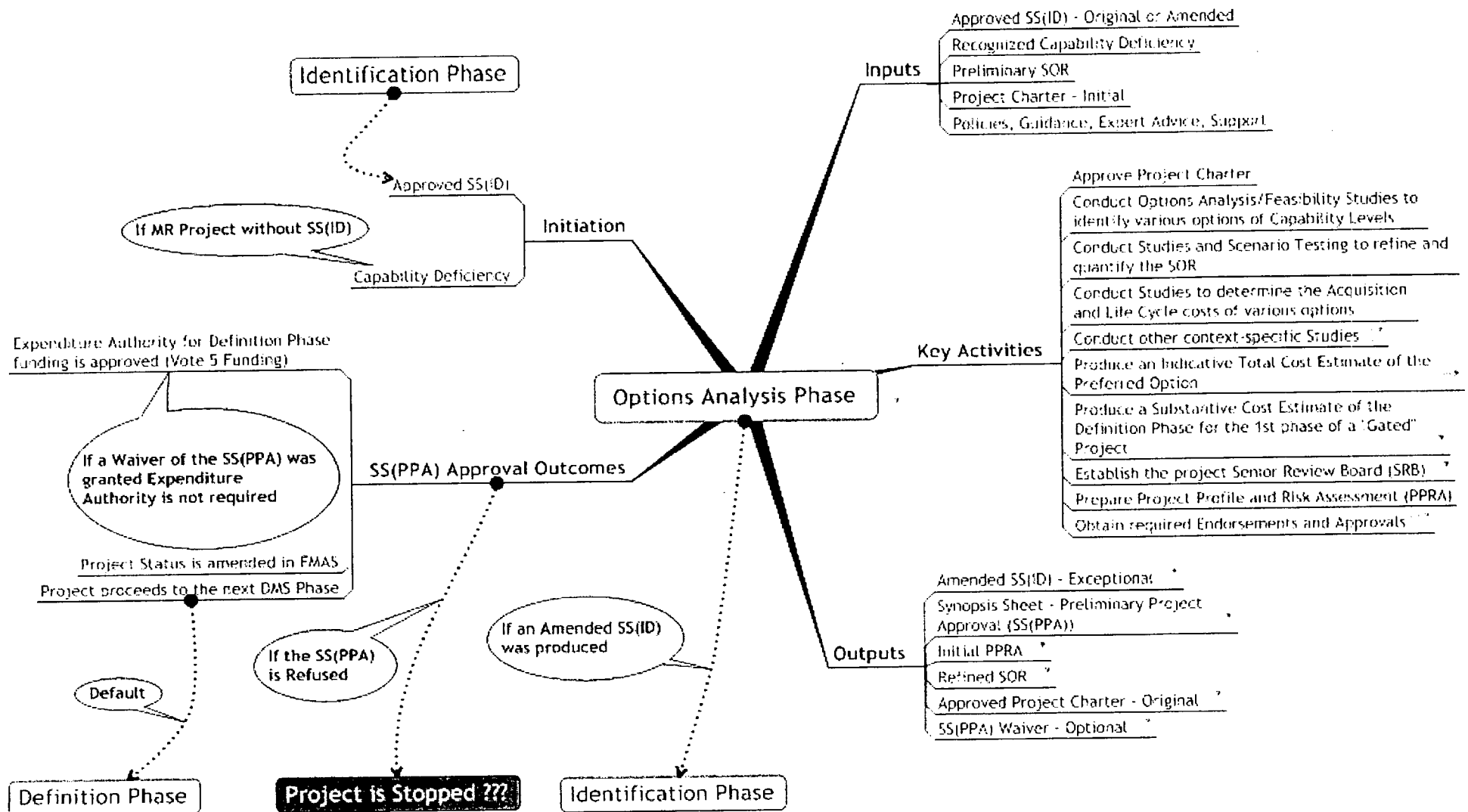


Figure 22: Options Analysis Phase Overview

3.2.3.1 Initiation

This Options Analysis phase is initiated either when the SS(ID) has been approved (during the Identification Phase), or when the identified Capability Deficiency has been submitted as a Miscellaneous Requirement (MR) project that did not require formal funding approval through an SS(ID).

3.2.3.2 Inputs

The major inputs to this Options Analysis phase are:

- The Approved SS(ID) – original or amended;
- The Recognized statement of Capability Deficiency;
- The preliminary SOR;
- The initial Project Charter; and
- Policies, Guidance, Expert Advice and technical Support incoming from the interrelated internal (e.g. MA&S) and external Business Processes (e.g. TBS) introduced earlier in this report.

3.2.3.3 Key Activities

The key activities of the Options Analysis phase are:

- The approval of the Project Charter;
- The conduct of Options Analysis/Feasibility studies to identify various options of Capability Levels;
- The conduct of studies and scenario testing to refine and quantify the SOR;
- The conduct of studies to determine the Acquisition and Life Cycle costs of the various options;
- The conduct of other context-specific studies;
- The production of an indicative Total Cost Estimate of the Preferred Option;
- The production of a substantive Cost Estimate of the Definition Phase for the first phase of a “Gated” Project;
- The Establishment of the project Senior Review Board (SRB);
- The preparation of an initial Project Profile and Risk Assessment (PPRA); and
- The pursuit of required Endorsements and Approvals.

3.2.3.4 Outputs

The following outputs are produced during the Options Analysis phase:

- An amended SS(ID), if a significant change in scope or in total anticipated project costs is raised during the early stage of Options Analysis activities;

- The Preliminary Project Approval Section of the – SS(PPA);
- An initial version of the PPRA;
- A refined version of the SOR;
- The approved initial Project Charter; and
- A SS(PPA) Waiver is also granted if no Definition funds are required. This situation may happen when the Options Analysis Phase produces data that is sufficiently refined to provide a substantive cost estimate, or given the nature of the requirement (e.g. COTS/GOTS), there is only one viable Option, which satisfies the recognized Capability Deficiency. The Waiver decision should however be noted in the subsequent SS(EPA) where the retained Option and underlying rationale will be fully discussed.

3.2.3.5 SS(PPA) Approval Outcomes

Following SS(PPA) Approval:

- The Expenditure Authority for Definition Phase funding is approved (Vote 5 Funding) unless a Waiver of the SS(PPA) was granted;
- The Project Status is amended in FMAS; and
- The Project proceeds to the Definition phase.

In the event where the SS(PPA) is not approved:

- The project is stopped or, depending on the refusal reasons, may come back to the Options Analysis phase once the necessary adjustments have been made.

3.2.4 DMS Acquisition Process – Definition Phase

The **Definition Phase** performs detailed review, risk assessment and costing of the preferred Option and plans its implementation. The results of phase activities are summarized in the Effective Project Approval Section of the Synopsis Sheet SS(EPA). This Phase applies to all Capital Project categories with no exception. This phase makes a distinction between projects based on the risks they represent. For this reason low to moderate projects are designated as *standard* projects while *high risk* projects are designated as such.

The next Figure illustrates the various aspects of the Definition Phase applying to *Standard* Projects. This Figure is followed by a second map that illustrates the various aspects of the Definition Phase, which apply to *High Risk* Projects for which a Phased Implementation Strategy has been retained.

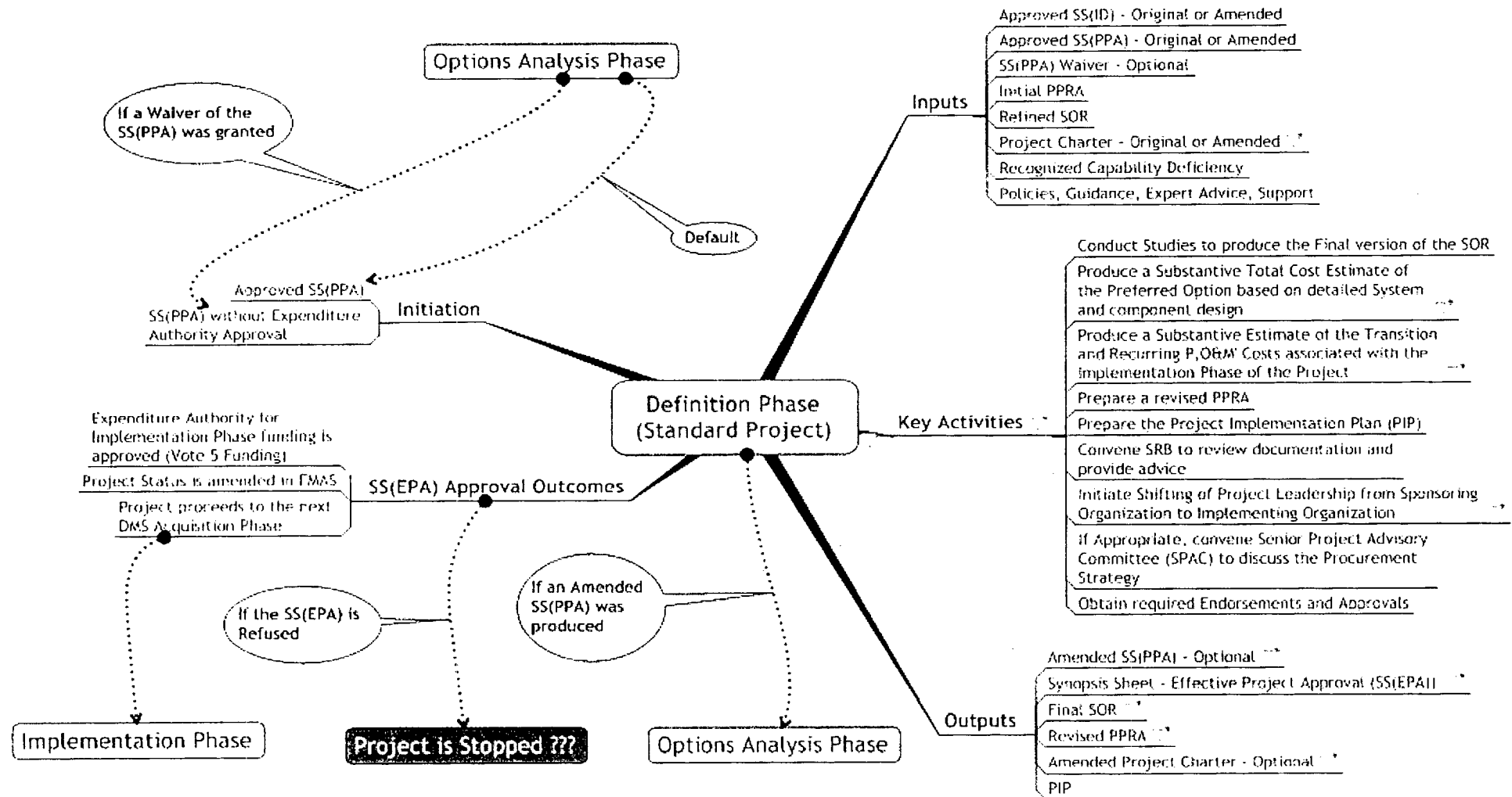


Figure 23: Definition Phase Overview – Standard Project

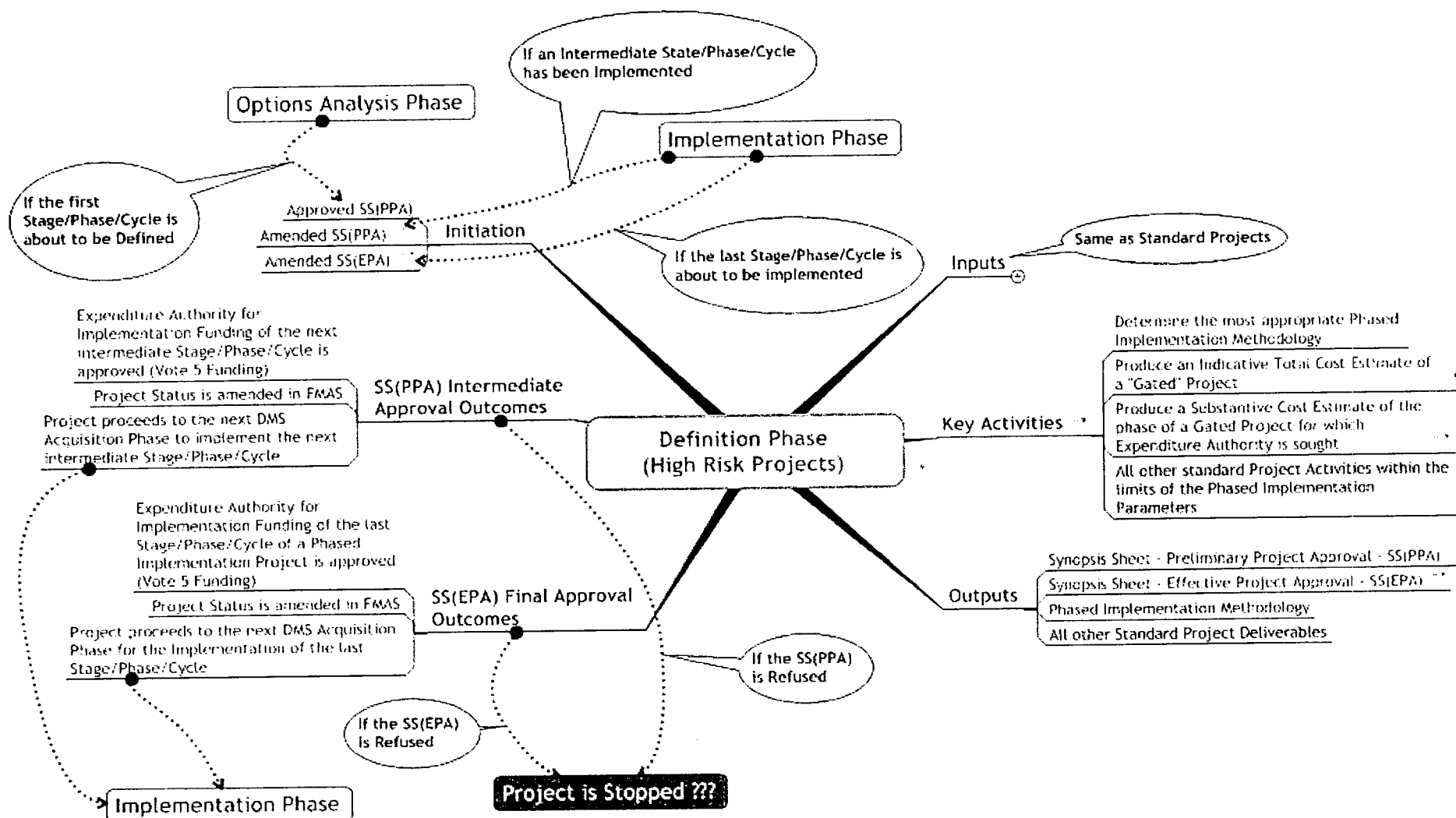


Figure 24: Definition Phase Overview – High Risk Project

3.2.4.1 Initiation

For *Standard* Projects, the Definition phase is initiated, either when the SS(PPA) has been approved during the Options Analysis phase, or when a Waiver of the SS(PPA) has been granted during the same phase.

For *High Risk* Projects, the Definition phase is initiated either when the SS(PPA) of the first incremental capability has been approved, or when an amended SS(PPA) has been submitted indicating that the IOC or an Interim Capability has been delivered. It is also initiated when an amended SS(EPA) has been submitted to signal that the Final Operational Capability (FOC) is ready to seek formal approval.

3.2.4.2 Inputs

For all projects, regardless of their Risk level, the major inputs to the Definition Phase are:

- The Approved SS(ID) – original or amended;
- The Approved SS(PPA) – original or amended;
- Optionally, the approved SS(PPA) Waiver;
- The Recognized Capability Deficiency;
- The refined SOR;
- The initial version of the PPRA;
- The up-to-date version of the Project Charter; and
- Policies, Guidance, Expert Advice and technical Support incoming from the interrelated internal (e.g. MA&S) and external Business Processes (e.g. TBS) introduced earlier in this report.

3.2.4.3 Key Activities

The key activities realized during the Definition phase of a *Standard* Project are:

- The conduct of studies to produce the Final version of the SOR;
- The production of a substantive Total Cost Estimate of the Preferred Option based on detailed system and component design;
- The production of a substantive Estimate of the Transition and Recurring PO&M Costs associated with the Implementation Phase of the whole Project;
- The preparation of a revised PPRA;
- The preparation of the Project Implementation Plan (PIP) for the whole project;
- The convening of SRB to review documentation and provide advice;
- The initial shifting of Project Leadership from Sponsoring Organization to Implementing Organization – for the whole project;
- If Appropriate, the convening of Senior Project Advisory Committee (SPAC) to discuss the Procurement Strategy for the whole project; and

- The seeking of required Endorsements and Approvals for the whole project.

The key activities realized during the Definition Phase of a *High Risk* Project are:

- The conduct of studies to produce the Final version of the SOR;
- The determination with TBS of the most appropriate Phased Implementation methodology;
- The production of an indicative Total Cost Estimate of a Phased-implementation project based on detailed system and component design;
- The production of a substantive Cost Estimate for the next incremental capability (Stage/Phase/Cycle) of a Phased-implementation project for which Expenditure Authority is sought;
- The preparation of a revised PPRA;
- The preparation of the Project Implementation Plan (PIP) – within the limits of the incremental capability to be implemented;
- The convening of SRB to review documentation and provide advice;
- The initial shifting of Project Leadership from Sponsoring Organization to Implementing Organization – within the limits of the incremental capability to be implemented;
- If Appropriate, the convening of Senior Project Advisory Committee (SPAC) to discuss the Procurement Strategy – within the limits of the incremental capability to be implemented; and
- The seeking of required Endorsements and Approvals for the incremental capability to be implemented.

3.2.4.4 Outputs

The Outputs produced during the Definition phased of a *Standard* Project are:

- An amended SS(PPA), if a significant change in scope or increase in funding is associated with Definition activities already approved;
- The Synopsis Sheet - Effective Project Approval - SS(EPA) authorizing the Implementation phase for the whole project;
- The final SOR;
- The revised PPRA;
- The up to date Project Charter (if amended during the Definition phase);
- The Procurement Strategy; and
- The PIP.

In addition to these *standard* project outputs, the following additional outputs are produced during the Definition Phase for a *High Risk* project:

- The Synopsis Sheet - Preliminary Project Approval - SS(PPA) authorizing the Implementation of the *next incremental capability* including the Initial Operational Capability (IOC) and subsequent Interim capabilities, but excluding the Final Operational Capability (FOC); and
- The Synopsis Sheet - Effective Project Approval - SS(EPA) authorizing the Implementation of the Final Operational Capability (FOC).

3.2.4.5 SS(EPA) Approval Outcomes – Standard Project

Following the SS(EPA) Approval of a *Standard Project*:

- Expenditure Authority for Implementation Phase funding is approved for the whole project (Vote 5 Funding);
- Project Status is amended in FMAS; and
- The whole Project proceeds to the Implementation Phase.

In the where the SS(EPA) is refused, the whole Project is stopped. (this has to be verified).

If an amended SS(PPA) is produced as part of Definition activities, the whole Project returns to the Options Analysis Phase to obtain the required endorsements and approvals.

3.2.4.6 SS(PPA) Approval Outcomes – High Risk Project

Following the SS(PPA) Approval of a Phased Implementation Project:

- Expenditure Authority for Implementation Funding of the next intermediate Stage/Phase/Cycle is approved (Vote 5 Funding);
- Project Status is amended in FMAS; and
- Project proceeds to the Implementation Phase for implementation of the next incremental capability of the Project. These deliveries correspond to the Initial Operational Capability (IOC) and other Interim Capabilities.

In the event where the SS(PPA) is refused, the remainder of the Project is stopped or, depending on the refusal reasons, may come back to the Definition phase once the necessary adjustments have been made.

3.2.4.7 SS(EPA) Approval Outcomes – High Risk Project

Following the SS(EPA) Approval of a Phased Implementation Project:

- Expenditure Authority for Implementation Funding of the Final Operational Capability (FOC) is approved (Vote 5 Funding);
- Project Status is amended in FMAS; and
- Project proceeds to the Implementation Phase for the implementation of the last incremental capability of the project. This delivery corresponds to the Final Operational Capability (FOC) of the Project.

In the event where the SS(EPA) is refused, the remainder of the Project is stopped or, depending on the refusal reasons, may come back to the Definition phase once the necessary adjustments have been made.

3.2.5 DMS Acquisition Process – Implementation Phase

The **Implementation Phase** describes the actual development and procurement activities of the Preferred Option, manages and monitors its implementation, reports on implementation status, performs close-out activities, and handovers project deliverables to Operations once an initial, interim or final operational capability (IOC/interim/FOC) has been delivered and accepted. The Implementation phase applies to all Capital Project categories with no exception.

For standard projects, since all approvals have been received at this point, no other decision document will be produced unless there is a significant change in scope or funding requirements during project implementation. For High Risk projects, amended SS(PPA) or SS(EPA) will be used to document success and progress and seek funding for the next incremental capability. These approvals have already been described in the Definition phase. The Figure on the next page illustrates the various aspects pertaining to the Implementation Phase regardless of the Implementation strategy that is used.

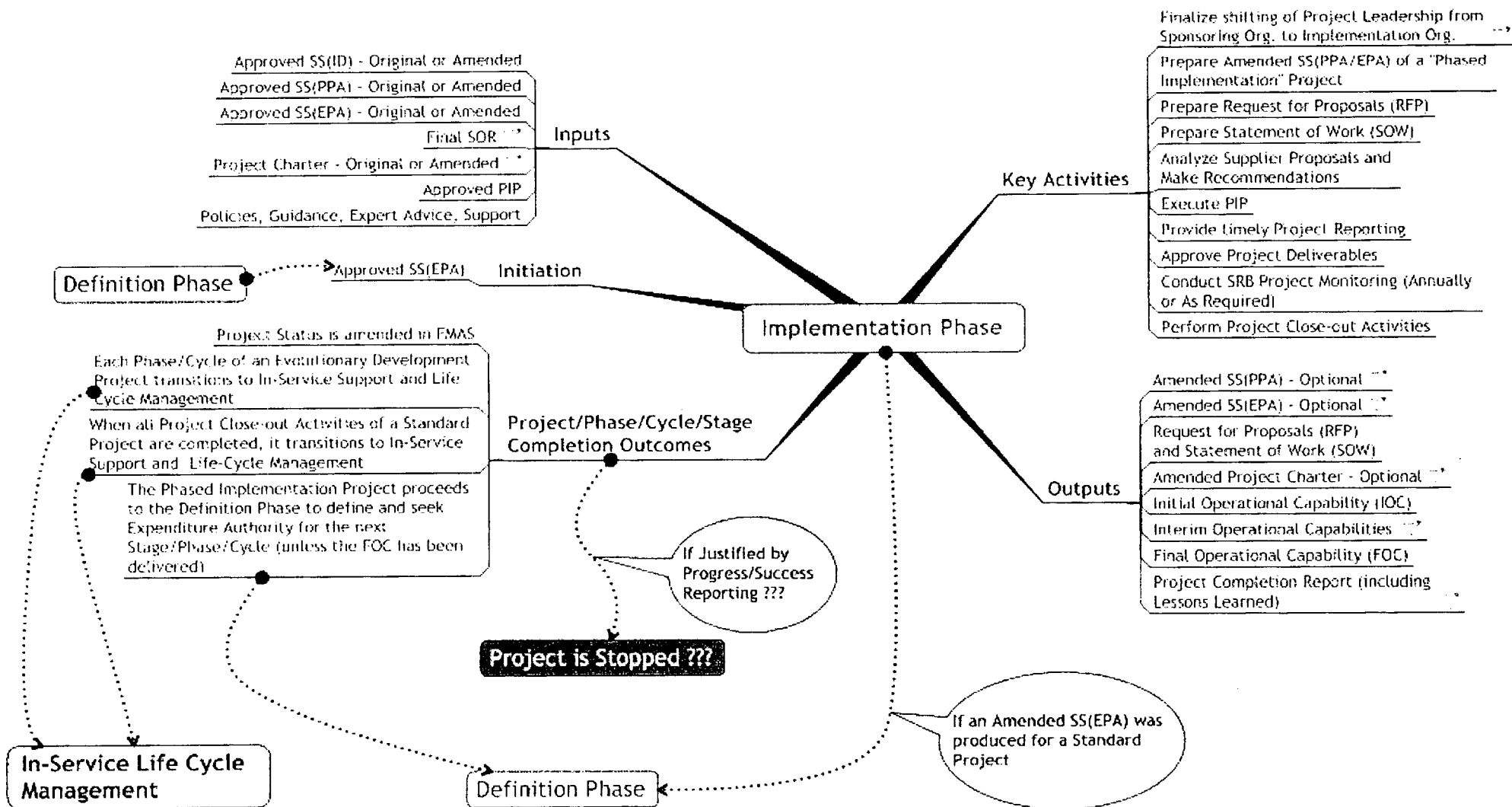


Figure 25: Implementation Phase Overview

3.2.6 Initiation

The Implementation Phase is initiated when a SS(EPA) has been approved during the Definition Phase of the project. As discussed in that phase, capability Implementation may concern the whole project or only a subset of project capabilities planned for delivery.

3.2.7 Inputs

For all projects categories, regardless of their level of Risk, the major inputs to the Implementation Phase are:

- The approved SS(ID) - Original or Amended;
- The approved SS(PPA) - Original or Amended;
- The approved SS(EPA) - Original or Amended;
- The Final version of the SOR;
- The up to date Project Charter;
- The Approved PIP; and
- Policies, Guidance, Expert Advice and technical Support incoming from the interrelated internal (e.g. MA&S) and external Business Processes (e.g. TBS, PWGSC) introduced earlier in this report.

3.2.7.1 Key Activities

The key activities realized during the Implementation phase are:

- The finalization of Project Leadership shifting from Sponsoring Organization to Implementation Organization;
- The optional preparation of an amended SS(PPA) aimed at obtaining approval for the implementation of the next incremental capability (IOC and other Interim) of a "Phased Implementation" Project;
- The optional preparation of an amended SS(EPA) aimed at obtaining approval for the implementation of the last incremental capability (FOC) of a "Phased Implementation" Project;
- The preparation of the Request for Proposals (RFP);
- The preparation of the Statement of Work (SOW);
- The analysis of Supplier Proposals and the making of Recommendations;
- The execution of the PIP within the scope of the approved funding;
- The production of timely Project Reporting;
- The approval of Project Deliverables;
- The conduct of SRB Project Monitoring (Annually or As Required); and
- The (timely) execution of Project Close-out Activities.

3.2.7.2 *Outputs*

The outputs produced during the Implementation phase are:

- Optionally, an amended SS(PPA) to seek approval for the implementation of the next incremental Capability (IOC and Interim) of a Phased Implementation Project;
- Optionally, an amended SS(EPA) to seek approval for the implementation of the Final Operational Capability (FOC);
- The Request for Proposals (RFP) and associated Statement of Work (SOW);
- Optionally, an up to date Project Charter if it was changed during the implementation phase;
- The Initial Operational Capability (IOC);
- Optionally, one or several Interim Operational Capabilities of a Phased Implementation Project;
- The Final Operational Capability (FOC); and
- The Project Completion Report (including Lessons Learned) when project implementation is completed.

3.2.7.3 *Project/Stage/Phase/Cycle Completion Outcomes*

Following the Implementation of the whole Project or of a subset of the Project:

- The Project Status is amended in FMAS;
- Each Phase/Cycle of an Evolutionary Development Project transitions to In-Service Support and Life Cycle Management;
- When all Project Close-out Activities of a Standard Project are completed, the whole set of project deliverables transition to In-Service Support and Life-Cycle Management; and
- Unless the Final Operational Capability (FOC) has been delivered, a Phased Implementation Project proceeds to the Definition Phase in order to define and seek Expenditure Authority for the next incremental capability of the project.

The project may be stopped if progress/success reporting justifies such a decision, or if “off-ramp” conditions of a “gated” project are met.

3.3 SUPPORTING TOOLS

This section inventories the miscellaneous documents, frameworks, software tools and corporate systems that are available to support one or more of the Acquisition process phases.

3.3.1 Documents

The following on-line documents are available to support the Acquisition process:

- Capability Initiatives Database (CID);
- PWGSC's Online Supply Policy Manual;
- The Defence Plan Online;
- The DP&M Project Approval Guide (formerly known as the DMS Manual);
- The MA&S Logistic Support Analysis Manual;
- The MA&S Acquisition Desktop;
- The Canadian Forces Life Cycle Cost (LCC) Case Book; and
- The ADM(Mat) Project Management Manual (Project Management Body of Knowledge - PMBOK).

3.3.2 Frameworks

The following frameworks are available to support the Acquisition process:

- The Defence Planning & Management Framework (DP&M); and
- Treasury Board Integrated Risk Management Framework.

3.3.3 Software Tools

The following tools are available to support the Acquisition process:

- Appropriate Modeling & Simulation (M&S) Tools;
- Requirement Specifications tool (e.g. DOORS);
- System Engineering Tool (e.g. CORE); and
- The LOGAN 2.0 Software for doing LCC, LORA and sparing analysis.

3.3.4 Corporate Systems

The Acquisition process uses the following corporate systems:

- The Financial Management Accounting System (FMAS); and
- The Life-Cycle Management System (LCMS).

4 CONCLUSION

4.1 SUMMARY OF PROBLEMS AND ISSUES

The problems and issues reported hereafter were either extracted from a recent report, *Report Administrative Efficiency*⁸, or were obtained from an Interview conducted with a staff member of the Directorate of Force Planning and Program Coordination (DFPPC)⁹.

- Capital equipment and other requirements are driven 'bottom-up' rather than 'top-down' and do not flow from a coherent overall plan;
- Tolerance to risk throughout Defence appears low. This is exemplified by 'one size fits all' approach in the capital expenditure approval process and the organization's tendency to manage by committee;
- The current strategic planning process¹⁰ appears to be still focussed on the production of an equipment acquisition plan largely driven by a 'bottom-up' process that collates the various requirements of the three Environments¹¹. The shortfalls of this 'bottom-up' approach are exacerbated by the fact that current planning retains a focus on specific equipment 'platforms' rather than on 'capabilities';
- Defence's internal process for defining requirements and approving capital projects takes too long, involves too many authorities and committees, occupies too much senior management time for little added value, and fails to distinguish between processes on the basis of risk and complexity;
- Procurement [which includes the Acquisition process] is universally viewed as being a slow and cumbersome process that does not fully respond to Defence's needs:
 - Acquisition of major military systems takes too long, with the average being over 15 years for major capital equipment procurement;
 - There are no clear timelines for project review;
 - There is a substantial duplication of effort or functional overlap between DND and PWGSC;
 - DND's internal approval process involves excessive non-value-added review and an undifferentiated approach to risk management;
 - The total value of projects approved for inclusion in the LTCP far exceeds available funding, yet projects included in the plan with little likelihood of approval consume staff resources and administrative overhead; and

⁸ Most of the problems identified were found in the report to the Minister of National Defence titled: "Achieving Administrative Efficiency" - Produced by the Advisory Committee on Administrative Efficiency – August 21, 2003

⁹ Interview with Mr. T.W. (Terry) Melnyk – Directorate of Force Planning and Program Coordination (DFPPC) – Director General Strategic Planning.

¹⁰ Refers to the ongoing implementation of the Strategic Capability Investment Plan (SCIP).

¹¹ Refers to Land, Maritime and Air.

- Capital projects are not always closed in a timely fashion; and
- Lack of formal methodology to evaluate projects, select options, and evaluate risks.

The content of this report reflects the CapDEM team's current understanding of the DMS Acquisition Process, its underlying decision-making activities, and its most visible problems.

The description of the process is not exhaustive and is essentially based on what is readily available from the Internet (e.g. VCDS, PWGSC, and TBS Web Sites), from the DWAN (e.g. MA&S Desktop, Capability Initiatives Database), or from project documentation (e.g. Project Kick-off presentation material).

The problems and issues reported are essentially based on the assessment contained in a report to the Minister of National Defence, and on the opinion of a member of the VCDS staff obtained during an interview conducted in February 2004. Further interviews or/and workshop(s) will certainly be required in the short term to validate and refine our common understanding, as an integrated team, of a fundamental process that occupies an important part of CapDEM problem space.

A common and valid understanding of the current DMS Acquisition process and its verified shortfalls will drive the design of creative (while rigorous) Capability Engineering solutions for the enhancement and, hopefully, simplification of current DND/CF capability acquisition practices.

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http://www.vcds.forces.gc.ca/dgsp/pubs/commit/srb_e.asp
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25. TBS Project Management and Other Policies Glossary can be found at the following URL:
http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_122/abkglos-1_e.asp
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http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/tbm_122/chap2-1-1_e.asp#_Toc2061674

6 LIST OF ACRONYMS

ADM(Fin CS)	Assistant Deputy Minister – Finance and Corporate Services
ADM(HR-Civ)	Assistant Deputy Minister – Civilian Human Resources
ADM(HR-Mil)	Assistant Deputy Minister – Military Human Resources
ADM(IE)	Assistant Deputy Minister – Infrastructures and Environment
ADM(IM)	Assistant Deputy Minister – Information Management
ADM(Mat)	Assistant Deputy Minister – Materiel
ADM(Pol)	Assistant Deputy Minister – Policies
ADM(S&T)	Assistant Deputy Minister – Science & Technology
A.K.A.	Also Known As
CAS	Chief of Air Staff
CDE	Concept Development and Experimentation
CDS	Chief of Defence Staff
CEP	Capability Engineering Process
CID	Capability Initiatives Database
CJTL	Canadian Joint Task List
CLS	Chief of Land Staff
CMS	Chief of Maritime Staff
CRS	Chief of Review Services
DCDS	Deputy Chief of Defence Staff
DFPPC	Directorate of Force Planning and Program Coordination
DG Fin	Director General - Finance
DGPA	Director General – Public Affairs
DGSP	Director General – Strategic Planning
DM	Deputy Minister
DMC	Defence Management Committee
DMS	Defence Management System
DND/CF	Department of National Defence/Canadian Forces
DP&M	Defence Planning & Management
DPG	Defence Planning Guidance

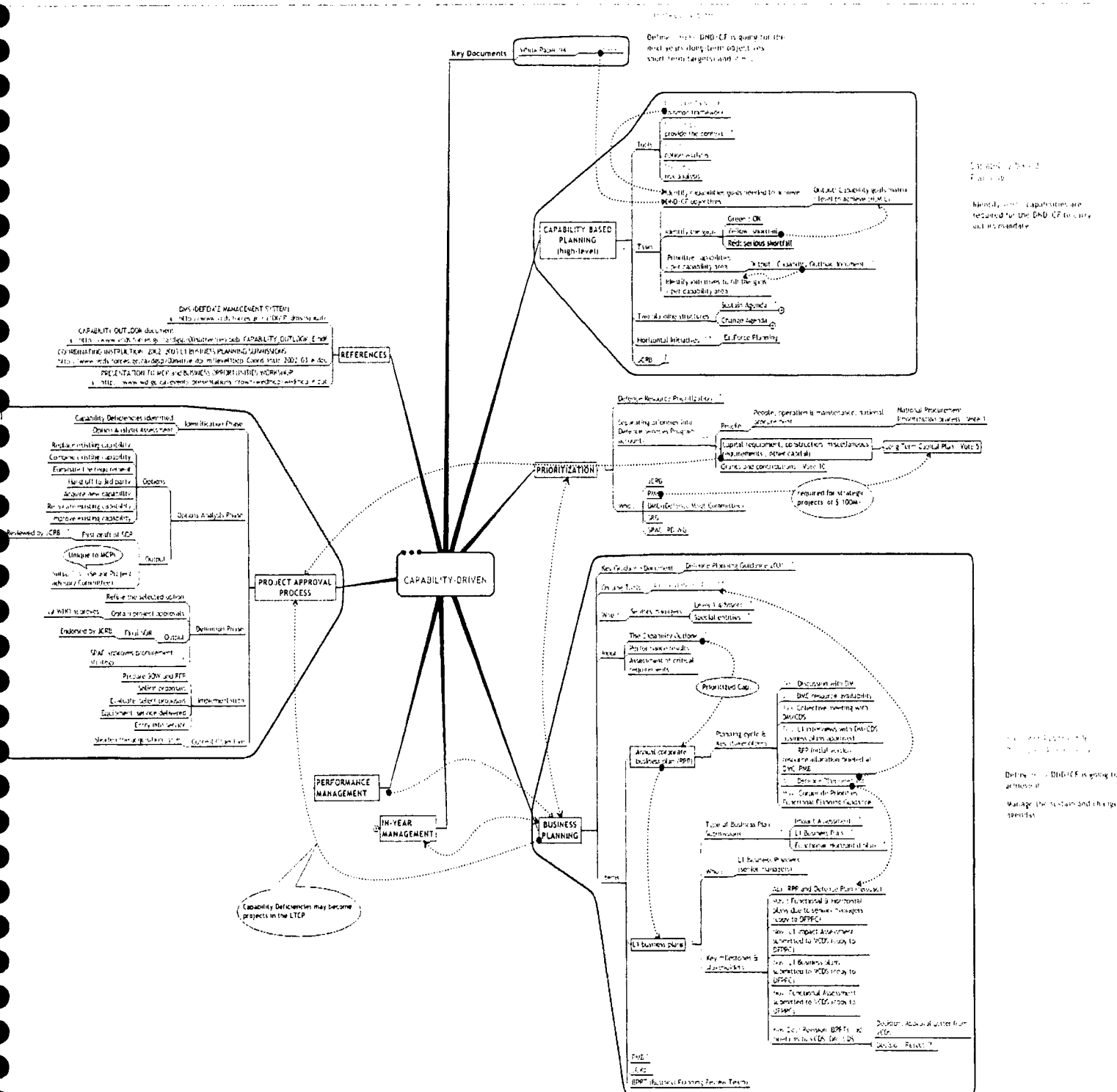
DPR	Departmental Performance Report
DWAN	Defence Wide Area Network
FIDO	Fundamental Investigation of Defence Objectives
FINSTAT	Final Status Report
FMAS	Financial Management Accounting System
FOC	Final Operational Capability
IOC	Initial Operational Capability
JCRB	Joint Capability Requirements Board
JETL	Joint Essential Task List (Former UK designation)
JMETL	Joint Mission Essential Task List (Former US designation)
L1	Level 1
L1CP	Level 1 Capital Plan
LCC	Life Cycle Cost
LCMS	Life Cycle Management System
LTCP	Long Term Capital Plan
MA&S	Materiel Acquisition & Support
MCP	Major Crown Project (Project Category)
MND	Minister of National Defence
MR	Miscellaneous Requirements (Project Category)
PAG	Project Approval Guide
PIP	Project Implementation Plan
PMB	Program Management Board
PMBOK	Project Management Book of Knowledge
PRAS	Planning, Reporting and Accountability Structure
PRC	Procurement Review Committee
PWGSC	Public Works and Government Services Canada
R&D	Research & Development
RFP	Request for Proposals
RMA	Revolution in Military Affairs
RPP	Report on Plans and Priorities
SOCRAM	Scenario Operational Capability Risk Assessment Model

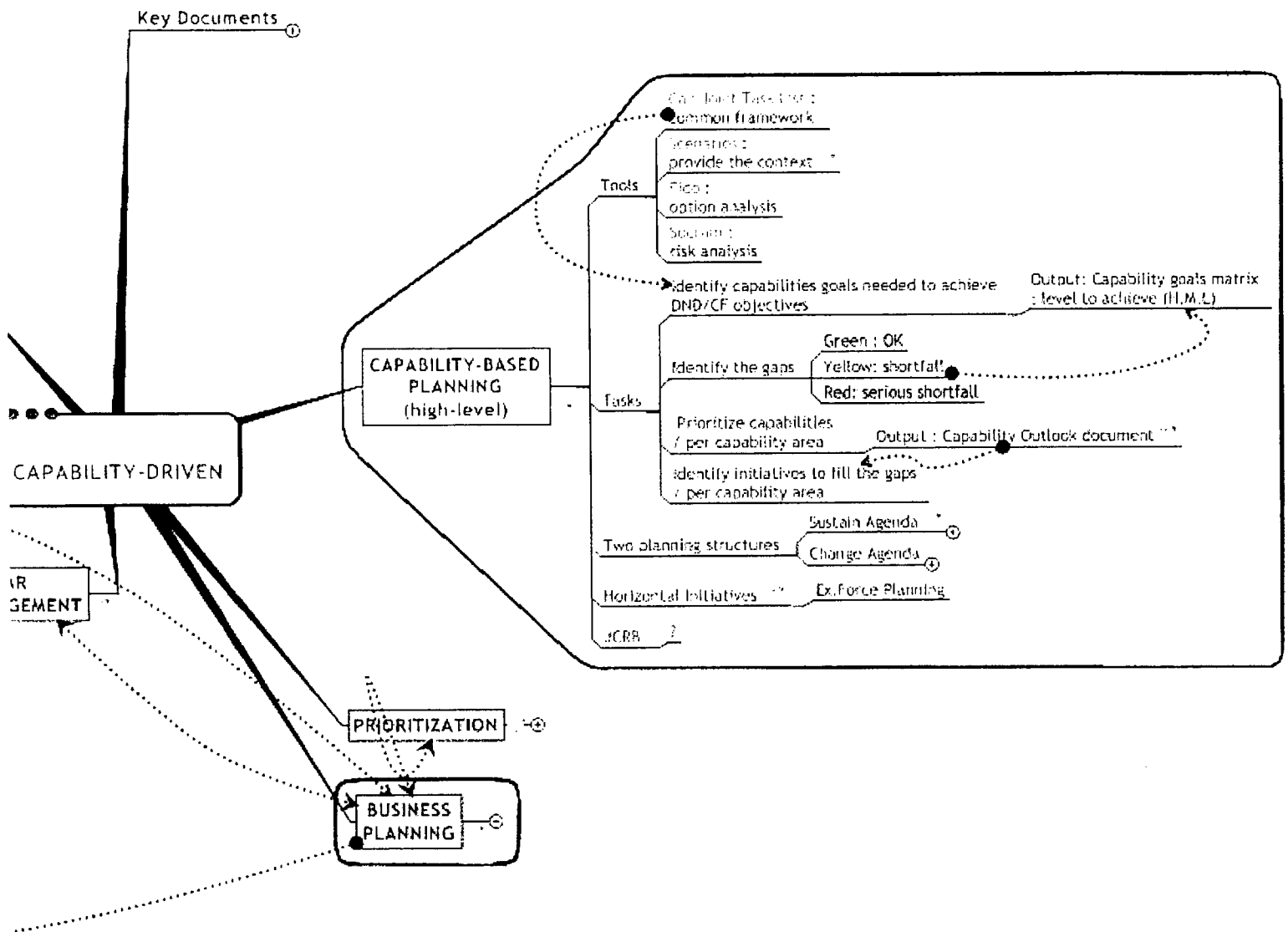
SOR	Statement of Requirements
SOW	Statement of Work
SPAC	Senior Project Advisory Committee
SRB	Senior Review Board
SS	Synopsis Sheet
SS(EPA)	Synopsis Sheet – Effective Project Approval Section
SS(ID)	Synopsis Sheet – Identification Section
SS(PPA)	Synopsis Sheet – Preliminary Project Approval Section
TB	Treasury Board
TBS	Treasury Board Secretariat
UML	Unified Modeling Language
VCDS	Vice Chief of Defence Staff

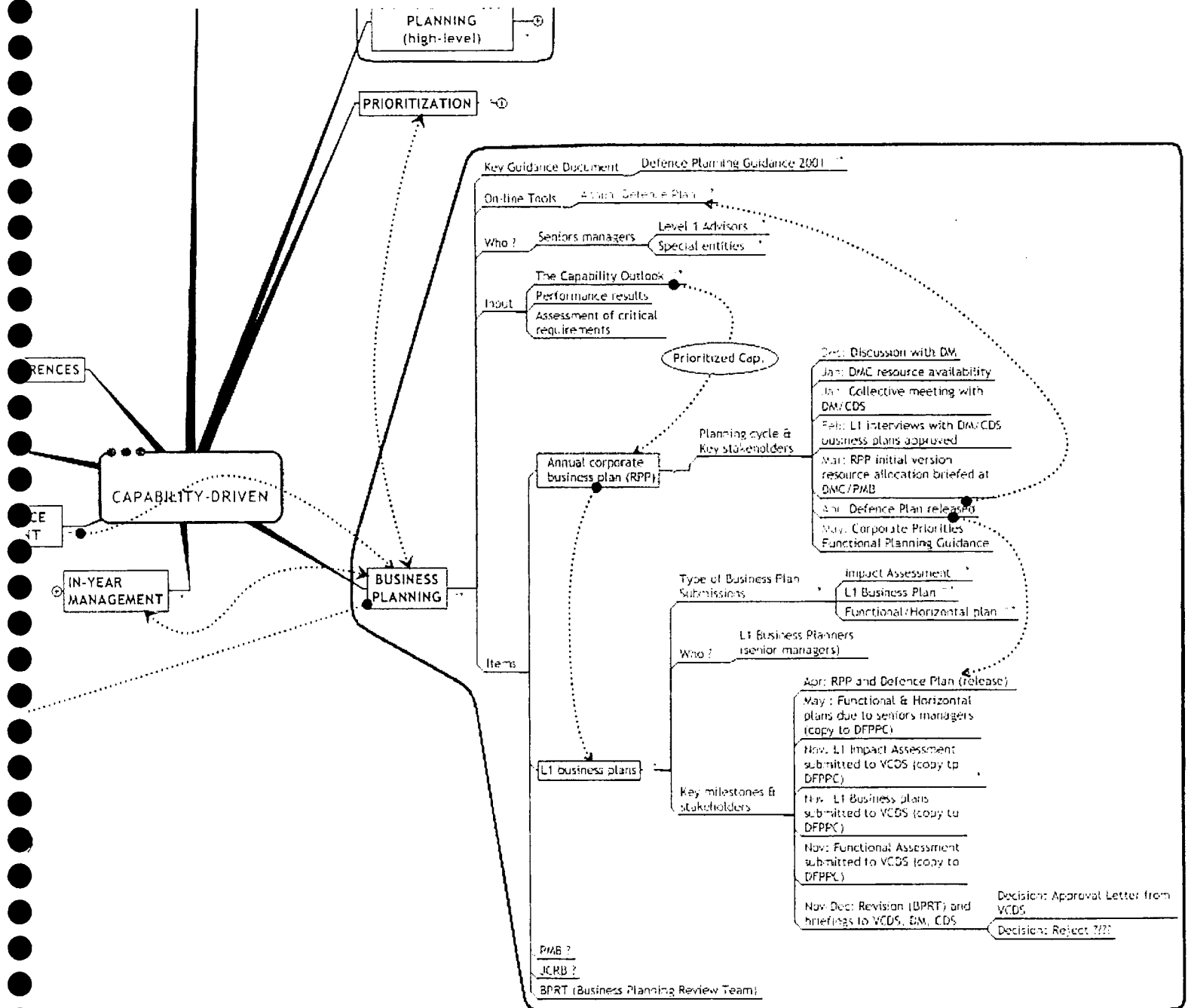
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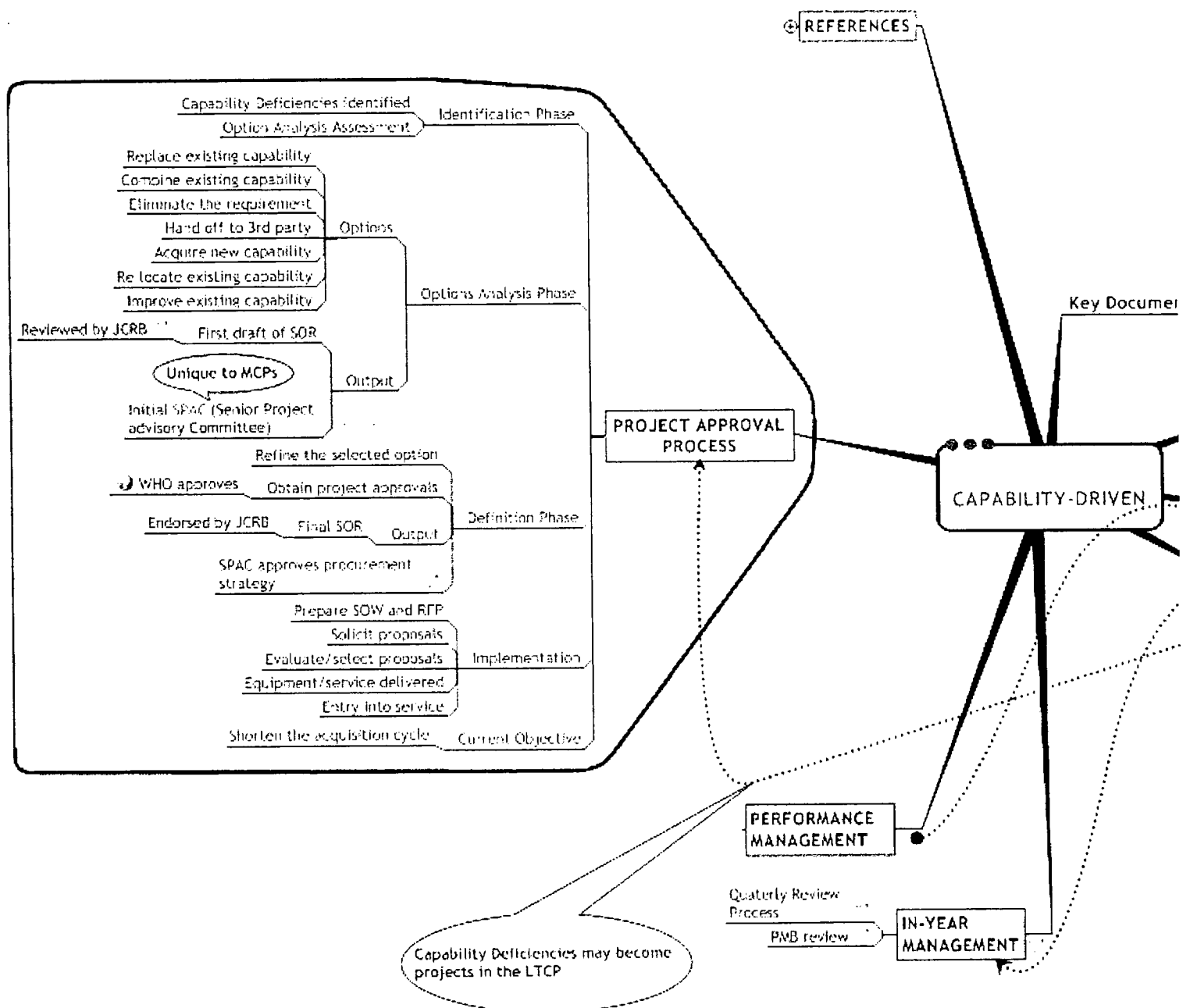
DND/CF Capability-based Planning, Management, Approval processes

Note: The model presented in the following illustration being difficult to read, the main processes are presented separately in the next pages.









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The purpose of this document is to describe the current DND/CF Acquisition process as well as the associated decision-making process in order to provide the project team with a common understanding of the current situation, to identify the corresponding needs and deficiencies and to provide a significant input to the definition of a new Capability Engineering Process (CEP).

14. MOTS-CLÉS, DESCRIPTEURS OU RENSEIGNEMENTS SPÉCIAUX (Expressions ou mots significatifs du point de vue technique, qui caractérisent un document et peuvent aider à le cataloguer. Il faut choisir des termes qui n'exigent pas de cote de sécurité. Des renseignements tels que le modèle de l'équipement, la marque de fabrique, le nom de code du projet militaire, la situation géographique, peuvent servir de mots-clés. Si possible, on doit choisir des mots-clés d'un thésaurus, par exemple le "Thesaurus of Engineering and Scientific Terms (TESTS)". Nommer ce thésaurus. Si l'on ne peut pas trouver de termes non classifiés, il faut indiquer la classification de chaque terme comme on le fait avec le titre.)

Acquisition Process
Capability
Capability Engineering
Capability Engineering Process
CapDEM

SANS CLASSIFICATION

COTE DE SÉCURITÉ DE LA FORMULE
(plus haut niveau du titre, du résumé ou des mots-clés)

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