



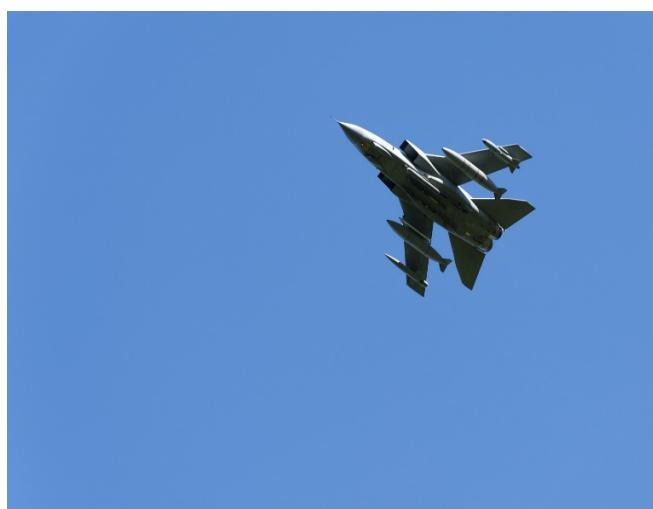
Re-focusing on the business of defence

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By now, we've all had time to read (or at least review) the Government of Canada's 111 new initiatives to enable a bold new vision and approach to defend Canada and contribute to a peaceful world. And if there is one takeaway from summer 2017's policy, Strong Secure Engaged (SSE), it is that Ottawa acknowledges the need to equip the women and men of our Canadian Armed Forces (CAF) with the modern capabilities, resources, and systems they need to succeed on operations and be supported in theatres across the globe and at home.

Among the policy's rallying cries for stronger investments and a "transformative innovation agenda", is an equally important – albeit quieter – call for the Department of National Defence and the Canadian Armed Forces (DND/CAF) to "work tirelessly to modernize the business of defence" by maximizing operational output and "[ensuring] every defence dollar is put to the best use in achieving our objectives."

This particular objective may only get a small mention in the 113-page document, but it is arguably one of the most important requirements. Certainly, if the DND/CAF is to see this modernized vision through – it must be able to meet the commitment made to transparency, results and accountability and address the real business challenges



that have plagued defence in effectively maintaining existing and investing in new military capabilities. Ultimately, it must better manage the billions of dollars invested in military capabilities over the long term.

Looking upstream instead of down

This is easier said than done. Under the DND/CAF's current structure, decisions regarding the procurement, storage, maintenance, and disposal of goods are largely made independent of one another. Those purchasing supplies, for example, aren't always considering how they will be stored or maintained, while opportunities to order in bulk are being missed due to a tendency for departments to look upstream instead of down. The result is a network of disparate systems that lack a holistic view of how their inventory, the condition of goods, and how they can best be used.

In previous Defence Business columns, my colleagues and I have championed a number of methods to achieve that holistic view. Adopting Enterprise Performance Management (EPM) is one such solution, while another is adapting the current supply-chain operations reference (SCOR) model across the DND/CAF environment. Applying these solutions allows DND/CAF to address the challenges of the past and to enable Material Total Asset Visibility (MTAV), which is a systematic approach to defence inventory management that facilitates better linking, tracking, and monitoring of material from requirements to contracting, procurement, storage, transit, use, and disposal.

These are all viable solutions and, to its credit, DND/CAF

has already implemented a deliberate, integrated, and systemic approach to improve its inventory management practices. In so doing, it has received favourable mention in the Office of the Auditor General reports. In their comments on consolidated financial statements for the year ended 31 March 2017, it is noted that defence appears to be on track to complete the action plan it presented to SCOPA. It is also noted that the department needs to improve the way it counts inventory in locations

other than at major depots, pricing, recognition of obsolete inventory, and classification of items as an inventory of asset-pooled items (API).

While understated in the SSE, modernizing Canada's approach to defence hinges on transforming and modernizing the Business of Defence. Only then will DND/CAF benefit and realize the full potential of the long-term investment that has been committed.

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