



DEFENCE RENEWAL CHARTER

Department of National Defence and the Canadian Armed Forces

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1. MESSAGE

FROM THE DEPUTY MINISTER AND CHIEF OF THE DEFENCE STAFF

The Defence Team has tremendous opportunities ahead. It is an opportunity to lead, innovate, shape our future, and position ourselves to take on the challenges that lie ahead. It is an opportunity to change the way we work for the better, strengthen the vitality of our team, and have a lasting impact on how we deliver results for Canada and Canadians. We are committed to taking advantage of the opportunity we have in front of us.

This Defence Renewal Charter and supporting Defence Renewal Plan provide a detailed roadmap for moving forward with the transformation of our major business processes. Our renewal vision for the Defence Team is a lean and efficient organization that continuously finds ways to better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the best military capabilities at the best value for Canadians.

Just as important, the Charter and Plan also provide a roadmap for improving the Defence Team's organizational practices – that is, our ability to embrace, drive, and sustain change initiatives over the long term. This includes changing elements of our business culture in ways that will position us to take advantage of renewal, and support the shift over time to a continuous and enduring cycle of improvement.



Richard B. Fadden
Deputy Minister

A successful and worthwhile renewal journey starts and ends with our people. Civilian and military leaders must be at the forefront of this journey and leading by example. They must be invested in renewal, be committed to its success, help build an environment of innovation, agility, and change, and motivate others to do the same. We expect all Defence Team personnel to be involved, providing feedback, identifying challenges, proposing solutions, and helping highlight successes.

This Charter and the supporting Plan put our Defence Renewal effort on a solid path for the upcoming years. Implementation will involve overcoming challenges along the way, but we are confident the Defence Team is well positioned to take advantage of the collective opportunity we have in front of us.



General T.J. Lawson
Chief of the Defence Staff



2. INTRODUCTION

Defence Renewal is the Defence Team's effort to comprehensively transform our major business processes. We have an ambitious objective: to create a lean and efficient organization that can generate savings to be reinvested in military capabilities and readiness. Through Defence Renewal, we will deliver the modern, first-class military envisioned in the Government's *Canada First* Defence Strategy (CFDS), sustain the operational excellence for which we are known, and continue to earn the support and trust of Canadians.

Delivering on this objective is critical to placing the Defence Team on a strong financial foundation for the future – a foundation which will enable us to continue to build a modern military for Canada in a manner that is affordable and sustainable over the long term. Ultimately, through Defence Renewal we will better position ourselves to deliver results for Canada through military operations in a strategic environment that continues to be complex, unpredictable, and characterized by a broad range of threats and challenges. Every member of the Defence Team should view Defence Renewal as a key enabler for operational excellence – whether that is providing for the safety and security of Canadians at home, or advancing and protecting Canadian interests abroad.

Defence is not alone in its efforts to examine new ways of working to ensure efficiency and effectiveness. Around the world, governments and private sector organizations are adapting to constantly evolving realities ranging from globalization and rapid technological advances, to changing demographics and shifts in the expectations of citizens. Here at home, the Federal Public Service is beginning a broader transformation to ensure it continues to achieve excellence across its core functions. Through the *Blueprint 2020* initiative, innovation, agility, and productivity will be central to adapting the way the Federal Public Service delivers results to Canadians, while at the same time upholding its enduring values. Defence Renewal will be a key part of this broader journey of transformation.

A business process is a series of activities that utilizes resource inputs like personnel, money, and time to generate an output.



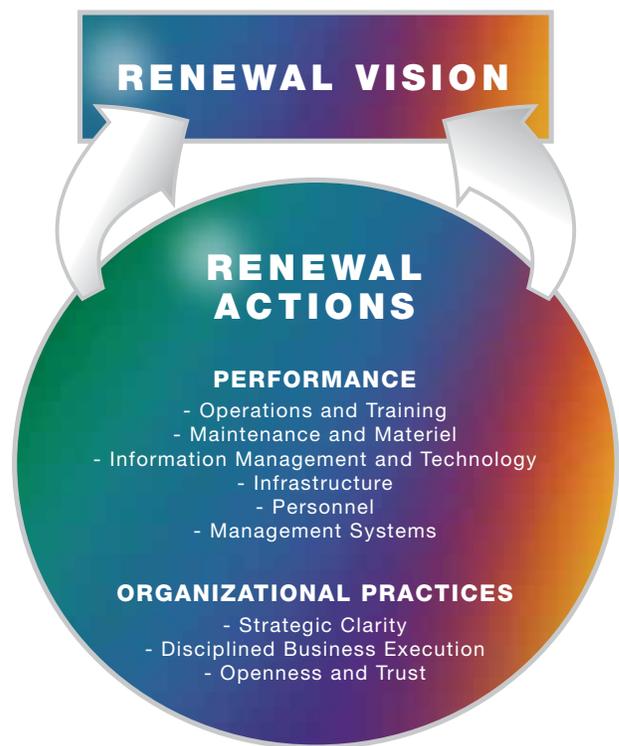
3. PURPOSE

To guide Defence Renewal over the coming years, we have developed this Renewal Charter and the accompanying Renewal Plan. The purpose of these documents is to provide the entire Defence Team with a comprehensive, unified, and focussed roadmap for moving forward on our renewal journey. This Renewal Charter provides the strategic overview of our roadmap. The Renewal Plan outlines a common set of detailed actions, activities, roles and responsibilities that will serve as the first step in launching the implementation of the roadmap. These documents will ensure that renewal is guided by a common plan, has unity of purpose and effort, is coordinated, integrated, and resourced, and that roles and responsibilities are clearly defined.

The roadmap is also designed with the end-game in mind. Our Renewal vision is a lean and efficient organization that continuously finds ways to conduct the defence business smarter, frees up resources that can be reinvested in operational capabilities and readiness, and delivers the best military capabilities at the best value for Canadians. We will be an organization that has an effective and accountable system in place for making strategic-level decisions. We will have a stronger culture of innovation, and a leaner, more efficient organizational headquarters model.

This vision rests not only on rethinking the way we conduct our major business processes, but also on shifting the mindsets of our personnel to embrace and sustain renewal, and to create an organization-wide capacity to keep changing over time. Making change stick means having the right leadership skills and mindsets in place, and identifying and transforming elements of our business culture that reinforce the status quo or fuel resistance to change.

As we move forward with implementation, our experiences and refined analysis will mean that the nature of our renewal initiatives will ultimately evolve, and amendments to our roadmap will be required to ensure it remains up-to-date. This Charter and Plan will be refreshed on a periodic basis to ensure they continue to serve as an effective and comprehensive roadmap for Defence Renewal over time.



Renewal vision is a lean and efficient organization that continuously finds ways to conduct the defence business smarter, frees up resources that can be reinvested in operational capabilities and readiness, and delivers the best military capabilities at the best value for Canadians.



4. OUTCOME

Achieving this renewal vision requires clear goals. We will focus on achieving the following key outcomes by 2018:

- Resources to be focussed strategically on front-line military capabilities and readiness, and overhead costs and process inefficiencies to be reduced to the greatest extent possible.
- A comprehensive regime of performance metrics and targets to be in place and employed to measure and assess improvements, guide resource allocation decisions, and ensure accountability.
- Technology and innovation will be embraced and used in ways that support, reinforce, and enable process improvements.
- A culture of continuous improvement and renewal will be instilled and accepted as a permanent feature of the defence business.

Metrics are performance measures used to quantitatively and objectively track, monitor, and report on progress.



5. BACKGROUND

The Government has invested heavily in Defence through the CFDS. These investments have enabled us to make substantial progress in modernizing the Canadian Armed Forces (CAF), and sustain a period of intense operational activity. Beginning in 2009, in the wake of the global financial crisis and with budget restraint measures on the horizon, it became clear that we needed to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward. Through a series of Government-wide spending reviews, Defence contributed significantly to the Government's efforts to return to a balanced budget. Through these reviews, it became clear that there were areas of the defence business that merited further, more detailed, and longer-term examinations for efficiencies.

With the implementation of Government-wide spending reviews now underway, our focus has shifted from spending reviews to renewal and building the Defence Team of the future. This includes turning our attention to renewing the areas of the defence business where analysis has indicated further opportunities for improving the way we work.

In this context, the Deputy Minister and the Chief of the Defence Staff established the Defence Renewal Team (DRT) in 2012. The DRT has a mandate to lead, coordinate, and drive a comprehensive, organization-wide business process renewal program. The first step was the development of this Renewal Charter and supporting Renewal Plan.

5.1 SCOPE

This Renewal Charter and Plan establish the roadmap for renewal for the entire Defence Team. This includes all civilian and military organizations that report directly to the Deputy Minister and the Chief of the Defence Staff. This Charter is meant to provide the strategic overview of our path forward. The Plan is the detailed guide that will direct and steer us on our journey down that path, outlining and assigning exact actions, activities, roles, and responsibilities.

5.2 ASSUMPTIONS

Defence Renewal will support and enable Government operational and policy priorities, and will be implemented in a manner that preserves the readiness of the CAF to conduct operations and missions. In addition, while implementation of some of the initiatives will involve other government departments, the renewal program is designed to be implemented without modifications to whole-of-government policies or practices.

Resource savings resulting from renewal will be internally reinvested in DND/CAF. They will be strategically guided by Government defence policy priorities, and

internally directed and managed by the Investment and Resource Management Committee. In cases where renewal initiatives will require upfront investments, the resources will be derived from Defence's existing funding levels and approved through its annual business planning cycle. Any significant up front investments outside the normal business cycle that are required to accelerate Defence Renewal implementation in priority areas will be managed at the strategic level.

5.3 CONSTRAINTS AND RESTRAINTS

The duration of the Renewal Charter and Renewal Plan is five years – 2013 to 2018. Part of instilling a culture of continuous improvement at Defence is to ensure that renewal and transformation efforts endure over the long term. As we move forward, we will identify the mechanisms, roles, and responsibilities for ensuring that Defence Renewal continues as an enduring part of our business beyond the timeframe of this Charter and Plan.



6. METHODOLOGY OF CHARTER DEVELOPMENT

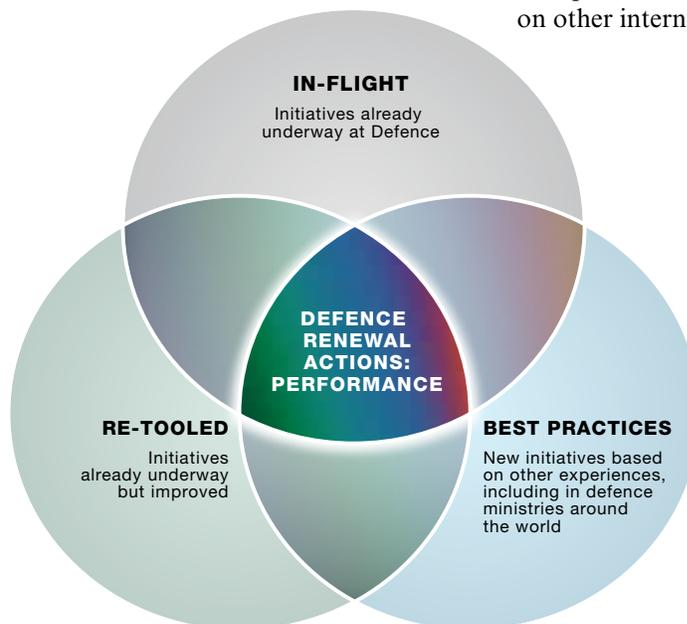
The design and development of this Charter and supporting Plan are the product of a methodical process.¹ It is an approach that leverages the insights, best practices, and lessons learned from renewal and transformation programs in other public and private sector organizations both in Canada and around the world, including other national defence ministries.

Our approach focussed on designing a roadmap that would strengthen both the “performance” and “organizational practices” of our Defence Team. With regard to performance, this meant devising better ways of executing major business processes. Strengthening our organizational practices meant designing ways of building the capacity of our team to embrace, drive, and sustain change initiatives over the long term. This included designing changes to elements of our business culture that would enable the transition to leaner and more effective business processes.

Performance Initiatives

Initiatives to improve performance were developed through three steps. The first step was to collect, assess, and catalogue renewal initiatives that had already been proposed or were already underway. This included taking stock of efficiency initiatives originating from Defence’s recent Strategic Review and Deficit Reduction Action Plan, as well as the 2011 Transformation Report. The next step was to consider the insights and experiences from past renewal programs in other defence ministries in order to validate and prioritize the portfolio of initiatives, and then broaden and balance the portfolio with international best practices and lessons learned. This approach enabled Defence to design a renewal portfolio that comprised three broad groupings of initiatives:

- In-flight – Initiatives already underway at Defence.
- Re-tooled – Initiatives already underway but improved.
- Best practices – New initiatives based on other international experiences.



¹ The approach used by Defence was based on advice and recommendations provided by the independent consulting firm McKinsey and Company over the period February-July 2013.

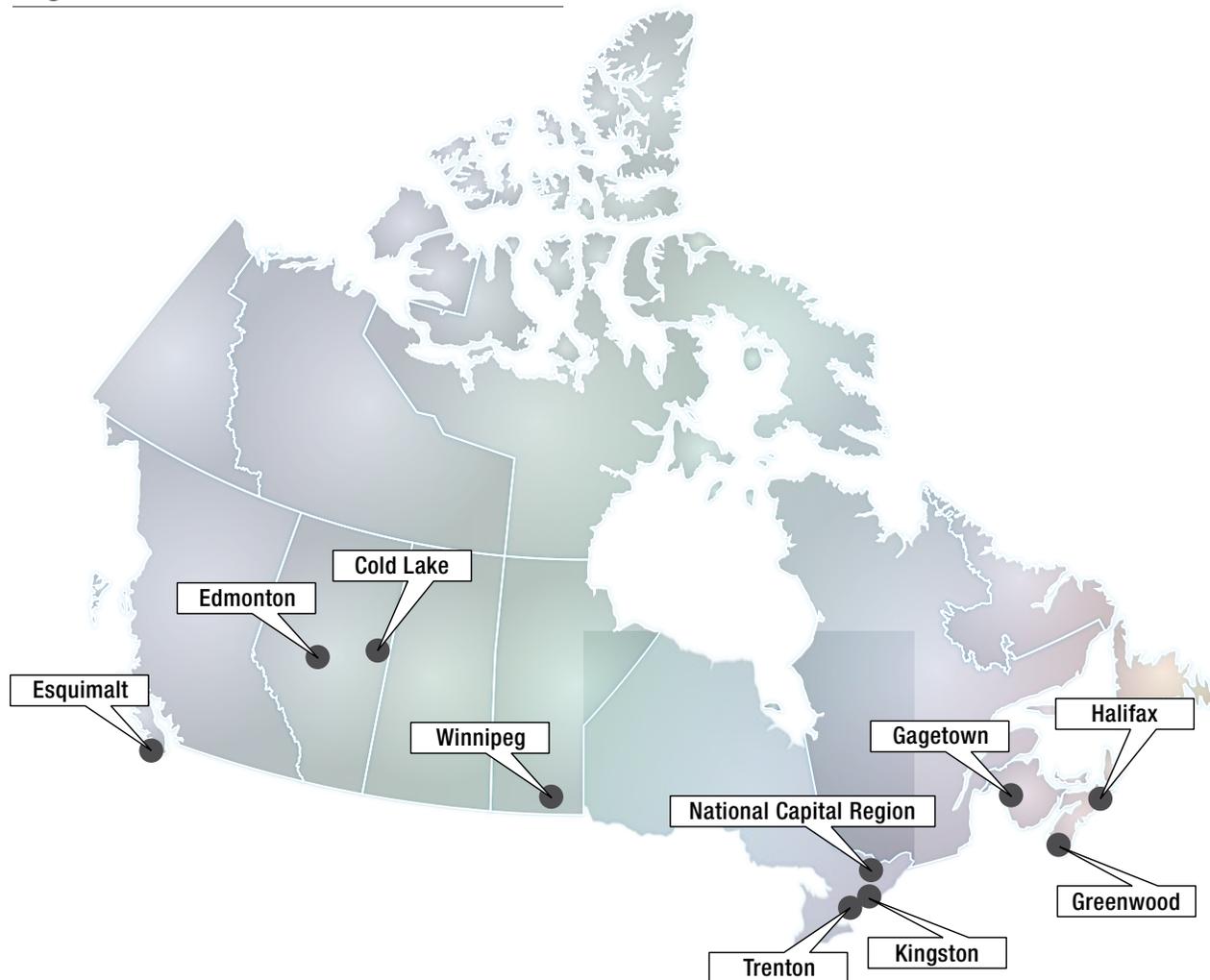


The final step was to conduct an analysis in each of the initiative areas to assess the reinvestment opportunity and design the implementation plans. International and industry benchmarks were used extensively to inform the analysis and design of implementation activities, as well as the development of renewal goals and performance indicators to measure progress.

With regard to organizational practices, Defence conducted targeted discussions with groups at all levels of the Defence Team, both at National Defence Headquarters (NDHQ) and at nine different bases, wings, and units across Canada. In total, approximately 400 personnel participated in discussions on organizational practices, providing a

valuable mechanism for identifying the prevalent opinions, attitudes, and perceptions held by Defence personnel across a range of issues related to how we can improve the way we do business. Through an analysis of the results, we were able to identify a core of organizational practices that will be strengthened and reinforced across Defence to ensure that we can sustain performance improvements over the long term. As the Defence Renewal Team transitions from planning to implementation, it will continue to solicit input from the entire Defence Team to further refine organizational practices, in cooperation with appropriate authorities within National Defence.

Organizational Practices Discussions



7. RENEWAL ACTIONS: **PERFORMANCE**

We have developed a comprehensive and ambitious portfolio of initiatives. The initiatives are balanced across functions, degree of familiarity, implementation time, and scale of opportunity, and are grouped into six major renewal themes. These themes will serve as the primary areas of focus for our renewal effort. They will drive, supplement, and build momentum and conditions for success for renewal initiatives in other areas of the defence business, including those that are currently underway, as well as those that will emerge and develop over time as we progress down our renewal path.

By targeting these areas, our aim is to generate a substantial opportunity for reinvestment into operational capabilities. Our projected global reinvestment opportunity will be in the range of \$750 million to \$1.2 billion annually by 2017-18, with the sources of reinvestment varying from efficiency savings, to improvements to productivity, to cost avoidance. It also includes the internal reinvestment of between 2,800 and 4,800 military and civilian personnel into higher priority areas or towards higher value work.

These ranges represent the current estimated renewal opportunity based on a number of confidence variables, including the projected level of difficulty, complexity, and risk associated with implementing each of our renewal initiatives. The portfolio is not static. As analysis is refined and implementation unfolds, the reinvestment opportunity associated with the initiatives will evolve – some will surely run

Force posture and readiness is the preparedness and flexibility of the CAF to deploy a force element or unit in response to Government direction, and includes how fast it can deploy, what tasks it is capable of doing, and for how long it can sustain its operations. It is how Defence prepares, trains, and integrates capabilities to ensure it can deliver the missions set out by the Government.

into roadblocks and will need to be refined, while others will yield greater opportunities than expected and even generate new ones.

The following is an overview of the six major renewal themes that comprise the performance side of our renewal program.



7.1 OPERATIONS AND TRAINING

OVERVIEW

Operations and training comprise many of the inputs that enable the CAF to maintain its readiness to conduct missions: individual occupation training, collective training for CAF units, and front-line equipment maintenance. With the end of the combat mission in Afghanistan and a return to a more typical pace of operations, the focus of the CAF's readiness and training activities is shifting. The CAF must be prepared and ready to meet a broad range of possible future tasks in line with evolving Government defence priorities.



ASSESSMENT

The CAF's operational readiness is currently managed largely by the individual environmental commanders and the other military organizations that generate operational forces. The absence of a common, CAF-wide framework and performance metrics for force posture and readiness has made it difficult in the past to measure resource and training inputs and readiness outputs, and to link one concept with the other.

Similarly, the current business planning and financial accounting systems do not align well with operational readiness and training outputs. As a result of the low level of visibility into a pan-Defence readiness system, the CAF has been challenged to fully identify and eliminate operational readiness inefficiencies, or adjust expenditures in order to ensure training aligns with evolving operational and policy priorities.

Moreover, individual CAF occupation and career training systems are largely managed through independent training streams or "pipelines" due to unique training requirements. As many of these streams comprise of steps that are managed by different organizations, the end-to-end process can be unsynchronized, leading to inefficiencies. For example, if the recruitment of candidates is not synchronized with course availability, there will either be course vacancies or a backlog of students waiting for training. In addition, high attrition and failure rates in some training streams lead to redundant training costs, as resources are dedicated to training candidates who ultimately depart mid-stream without graduating in that occupation or trade. Lastly, large portions of today's individual occupation training still rely heavily on the use of operational equipment fleets as opposed to simulation, which increases overall operations and maintenance costs.

With regard to front-line equipment maintenance, analysis indicates that some shop-floor maintenance workers spend too little of their time on any given day on the shop floor working on equipment. This is due to the fact that their time is often consumed by other activities, such as waiting for spare parts to arrive.

RENEWAL ACTIONS

Defence will renew its operational readiness and training systems by first establishing a force posture and readiness framework that will link readiness activities with expenditures, and help prioritize and balance force posture and readiness levels across the CAF in order to deliver the missions outlined in CFDS in a manner that is affordable and sustainable.

The framework will further enable a series of broader initiatives to improve CAF training. A more comprehensive view of requirements will enable more targeted, top-down allocation of training expenditures aligned with strategic level priorities. For example, this will reduce instances of units "over training" and allow resources to be redirected to other priority areas.

By investing in a training simulator for the Cormorant search and rescue helicopter, the Royal Canadian Air Force will reduce the number of flying hours on operational aircraft required to train Cormorant pilots from 55 to 30 hours.

Defence will also improve the synchronization and integration of the steps that comprise individual CAF training pipelines. The focus will be on improved planning, harmonization of information technology systems, and sharing common training elements across the environmental commands. The CAF recruiting system will be more tailored to downstream requirements, including synchronizing numbers of potential candidates with forecasted availability of training billets. Selection methods will also be improved to ensure the right candidates are recruited and entered into training streams with a view to reducing overall attrition and failure rates.

Defence will make use of new technologies for simulation and networked learning. Training curricula and tasks will be reviewed to ensure current simulators are being used to the greatest practical extent, and to inform future investments in additional simulators and technology that will enable longer-term effective training, enhanced safety, and best training value. This approach will optimize the



requirements for live training and the associated costs, including for travel, ammunition, and operating and maintaining equipment.

With regard to front-line equipment maintenance, Defence will improve the “supply” of maintenance associated with equipment programs. This means freeing up mechanics and technicians from lower priority activities so that they can focus more on high-value and more productive “wrench time.”

REINVESTMENT OPPORTUNITY

Operations and training renewal is expected to generate a reinvestment opportunity between \$100 million and \$190 million by 2017-18.



7.2 MAINTENANCE AND MATERIEL

OVERVIEW

The maintenance of equipment and the supply of materiel – from clothing and individual weapons to ammunition and spare parts – are integral to the day-to-day activities of operational units. Maintenance and materiel processes have an important and direct link to the readiness of the CAF. Being ready to respond at a moment’s notice either at home or abroad means that Defence must be able to rapidly

deploy the right people, equipment, and support when called upon by the Government. Defence has approximately 2,200 points of service (warehouses, depots, distribution centres, etc.) servicing units and operations at home and abroad.

With the acquisition of new and modernized equipment fleets as part of the CFDS, the demands on the maintenance and materiel program have increased. This is due not only to the expansion in the number of platforms, but the requirements associated with maintaining technologically advanced fleets. There is also a growing expectation that readiness levels of fleets must be maximized in order to meet operational demands in a security environment that continues to be unpredictable and volatile. These trends are expected to continue as future fleets planned under CFDS are delivered in the coming years.

ASSESSMENT

At the same time, the current business model for maintenance and materiel is reaching its maximum throughput, accentuated by the reality of capacity constraints within Defence’s materiel organization². Key information management systems are fragmented and conducted in stovepipes with insufficient control and oversight, which has led to unnecessary inventory, warehousing, and distribution costs. In addition, increased maintenance requirements for technically complex fleets have outgrown current maintenance capacities and pipelines. The ultimate effect is that Defence is having difficulty predicting the demand for spare parts and other components in an efficient manner.

There are also inefficiencies in the way Defence manages its broad range of materiel and maintenance related contracts. Opportunities exist in the broad range of procurement activities executed

There are often unnecessary delays in Defence’s supply system when transporting and distributing spare parts for equipment. Through a series of renewal initiatives, including investing in modern inventory systems, Defence will improve its supply system and help ensure the right parts are received at the right location at the right time.

² Assistant Deputy Minister (Materiel)



by Defence, from large-scale, complex contracts down to smaller contracting activities carried out across a highly decentralized group of contracting authorities.

RENEWAL ACTIONS

Defence will renew the maintenance and materiel program from end to end, with changes to how business is conducted both at headquarters and at units, bases, and wings. First, inventory, warehousing, and distribution of stock items will be improved by leveraging modern information systems that provide better quality data and business intelligence, and a more synchronized approach to supply chain management. This will involve more accurate and up-to-date stocktaking, which will enable a series of efficiencies related to inventory management. For example, more accurate information will permit Defence to reduce unnecessary purchases of stock items, dispose of legacy inventory no longer needed, right-size warehouses and distribution facilities to match requirements, and leverage economies of scale when transporting and distributing supplies.

Second, Defence will improve the “demand” associated with maintenance programs. This will involve rationalizing and better aligning maintenance requirements and schedules with operational requirements and priorities. This will ensure readiness levels of fleets are aligned to policy requirements and designed to meet expected future mission requirements.

Third, Defence will improve the way it contracts for the procurement of goods and services. The procurement transformation as part of Defence Renewal will address the various levers within Defence’s control to decrease contract expenditures. This will include simplifying specifications, matching the buy to meet the minimum operational requirements, understanding the total cost of ownership, and consolidating purchases where appropriate.

REINVESTMENT OPPORTUNITY

Maintenance and materiel renewal is expected to generate a reinvestment opportunity between \$280 million and \$450 million by 2017-18.



7.3 INFORMATION MANAGEMENT AND TECHNOLOGY

OVERVIEW

The demand for information management and technology (IM/IT) services within Defence has seen a steady and continuous growth in recent years. IM/IT services are critical to the effective and efficient administration of the entire Defence organization, and are an important enabler for modernizing and renewing business processes.

IM/IT services are also a critical enabler for successful military operations. The delivery of CAF missions and capabilities in the modern-day security environment is becoming increasingly reliant on being able to effectively operate in the cyber domain. This growing imperative of operational and cyber security requires tailored skill sets, resources, and capabilities.

The stand-up of Shared Services Canada (SSC) marks an effort by the Government to consolidate IM/IT services and move to a centralized business model to reduce duplication of services and to maximize economies of scale. This has resulted in a reduced scope of responsibility for Defence in this area, creating an opportunity to better focus the Defence IM/IT program.



ASSESSMENT

The IM/IT program is currently managed and delivered through a decentralized model. Insufficient central visibility, oversight, and control within Defence have led to overlapping services and initiatives and an unsynchronized approach to managing and delivering IM/IT services. Under the current model, Defence is unable to establish an organization-wide, fully-informed view of IM/IT requirements. As a result, Defence is limited in its ability to identify and prioritize investment opportunities to ensure alignment with Defence and Government priorities.

RENEWAL ACTIONS

Defence will transform the way it manages and delivers the IM/IT program by transitioning to a business model that is underpinned by greater central visibility, oversight, and control. A revised governance structure will provide greater authority and responsibility to the centralized functional authority for IM/IT³, enabling a more synchronized approach, with less duplication to IM/IT investment planning across the various civilian and military organizations within Defence. This will also permit better alignment of resources to Defence and Government priorities in order to achieve strategic objectives. Defence will build upon the central planning model to rationalize Defence IM/IT expenditures, maximizing procurement levers to achieve economies of scale and reduce the overall spend.

As part of IM/IT Renewal, 135 service delivery units at bases and wings across the country currently supporting non-tactical units will be consolidated into 22 or fewer regional centres offering non-SSC services (e.g. application, printer and desktop support, as well as support to CAF command and control networks). The new amalgamated centres

Personnel at the Belleville Armouries need to call a service desk in Kingston for help with their computer and another service desk in Trenton for their telephone. This is confusing, frustrating, and inefficient for personnel. Through renewal, IM/IT services will be centralized and standardized to provide streamlined support to end users.

will reduce duplication, standardize processes and service levels across bases, wings, and other locations, and be supported by common software toolsets. They will also enable Defence to better align service delivery with evolving demands.

Defence will also improve overall stewardship and effectiveness of its wide-ranging portfolio of applications. Building on work already underway in some areas, the focus will be on reducing the current application footprint by phasing-out redundant, duplicative, or legacy applications, and by transitioning to common enterprise platforms that integrate multiple applications and programs into one.

REINVESTMENT OPPORTUNITY

IM/IT renewal is expected to generate a reinvestment opportunity between \$35 million and \$70 million by 2017-18. The achievement of this opportunity is contingent on Defence retaining its current scope of responsibilities vis-à-vis SSC.



7.4 INFRASTRUCTURE

OVERVIEW

Defence administers one of the largest federal real property portfolios, comprising some 21,000 buildings, 13,500 public works (including

³ Assistant Deputy Minister (Information Management)



5,500 kilometres of roads, jetties, runways, and training areas), and more than 1,000 parcels of land covering 2.2 million hectares. Managing this portfolio includes everything from recapitalization, maintenance and repairs of existing buildings, and new construction projects, to disposal and remediation of outdated facilities.

ASSESSMENT

The management of the real property portfolio is facing a considerable range of new and evolving pressures as it enters an era in which a growing proportion of the built assets are at the end of their economic life cycle. More than half of this infrastructure is over 50 years old and much of the portfolio was not designed for today's operational requirements and the modern, first-class military envisioned in the CFDS. Moreover, the current business model for managing real property is decentralized, fragmented, and based on a complex governance model, which has led to ineffective use of capital construction and maintenance and repair budgets, inconsistent delivery standards, and delays in the delivery of infrastructure projects.

RENEWAL ACTIONS

Real property management will be transformed to be leaner and more responsive, as well as more focussed on areas critical to supporting modern capabilities. The initiative already underway to centralize real property management is an important first step that will enable broader and more transformative changes. Transitioning from nine different command-level custodians to one with a single portfolio manager⁴ will allow for common service delivery standards, and permit the phase-in of streamlined processes, systems, and tools. The new model will be underpinned by clarified and updated governance and policies.

The new model will enable the consolidation of base and wing facilities management contracts at the national, regional, or local levels. By standardizing service levels and making use of economies of scale, Defence will increase its purchasing power. Part of this initiative will be to better use private sector capabilities by developing the right mix of in-house and external facilities management delivery options.

⁴ Assistant Deputy Minister (Infrastructure and Environment)

Defence will also improve and streamline construction project delivery. The focus will be on using standardized design concepts and more strategic procurement strategies, with a view to eliminating duplicative steps in the process and better using new construction and recapitalization funding.

Currently, CFB Petawawa administers 6700 work orders per year with the private sector for real property maintenance, such as roofing repairs and asphalt maintenance. This requires significant administration time. Through renewal, we expect to reduce the administration time CFB Petawawa spends on setting up work orders by 30 percent.

Reforms to real property management will enable a more effective approach for portfolio management at the national level, allowing for a better alignment of our real property with modern-day capabilities and the delivery of CFDS. The focus will be on consolidating functions, optimizing building use, and disposing of surplus infrastructure and real property. In addition, the Capital Assistance Program will be used to the extent possible to transfer non-essential works and real property to neighbouring municipalities. A reduction in the size of the portfolio and the corresponding reductions in real property replacement costs will result in reduced requirements for maintenance and repair, allowing for reinvestment in higher priority areas to achieve infrastructure commitments.

REINVESTMENT OPPORTUNITY

Infrastructure renewal is expected to generate a reinvestment opportunity between \$110 million and \$185 million by 2017-18.





7.5 PERSONNEL

OVERVIEW

The recruitment, training, education, and career management of military personnel involves unique requirements and obligations, including the management of recruitment offices, schools, frequent rotations of personnel, and a complex training system designed to meet a diverse and wide range of present-day and future employment and leadership needs. At the same time, building a modern, technologically-advanced, and capable military is becoming increasingly dependent on having in place the right personnel with the right skill sets at the right time, and aligned to evolving capability and organizational needs.

ASSESSMENT

Defence's current business model for managing and delivering the military human resources (HR) program has not evolved with modern-day requirements. Legacy policies, procedures, and supporting systems still in place impose inefficient steps in military recruitment, basic training, education, and career management.

RENEWAL ACTIONS

The military HR program will be modernized and streamlined. Recruitment of personnel will be done increasingly through online mechanisms, permitting Defence to reach a broader pool of potential recruits and move to a more centralized system for applicant screening, processing, and selection.

A new, integrated HR and pay system will harmonize policies, eliminate process barriers, and phase-out redundant systems. The new system will be more user-friendly, provide more accurate and integrated qualitative data, and decrease costs for enhancements and maintenance by reducing the total number of systems in operation.

The move to an integrated HR and pay system will enable and support other process improvements. Individual basic training and education for military personnel offered through the Canadian Defence Academy will be modernized, namely by establishing a common program and eliminating lower priority elements. Defence will examine how the current governance and infrastructure that supports the individual basic training and education system can be transformed to enable and reinforce the move to a leaner, more efficient program. Lastly, the career management process will leverage technology and better planning to reduce travel and move requirements.

The management and administration of the Cadet and Junior Canadian Ranger programs will be modernized. Overhead and administrative structures and procedures will be reduced to enable a re-focus of resources within the programs on community-level activities and initiatives.

REINVESTMENT OPPORTUNITY

Personnel renewal is expected to generate a reinvestment opportunity between \$50 million and \$85 million by 2017-18.

Military career managers travel annually to multiple bases and other locations to interview personnel regarding future work and training assignments. By substituting video teleconferencing, we expect that the travel costs for these annual interviews will be reduced by 60-80 percent.





7.6 MANAGEMENT SYSTEMS

OVERVIEW

Management systems comprise the structures and processes that govern how National Defence Headquarters (NDHQ) operates on a day-to-day basis. NDHQ is an integrated civilian-military organization responsible for the strategic-level management, administration, and command and control of Defence. It leads and oversees the highest levels of the Defence business that turn Government of Canada objectives and policies into operational Defence practices.

The types of managers – both civilian and military – at NDHQ vary from those that oversee completely standardized tasks, to those that oversee very specific and unique tasks where no standard processes exist. Based on the nature and complexity of their role, different types of managers have varying ideal spans of control – or the number of direct subordinates a manager can effectively oversee and lead.

ASSESSMENT

An examination of NDHQ indicates that there are opportunities to realize personnel efficiencies in some areas, particularly in middle management and the delivery of internal services.

In addition, by streamlining our approval processes for major procurement and infrastructure projects National Defence can reduce or avoid inflationary costs associated with projects delays.

Analysis has indicated that nearly two-thirds of the wait time during the project approval process for major projects is within Defence's control.

Lastly, the management system for civilian HR responsibilities – including HR planning, recruitment, learning, professional development, official languages, and employment equity – is decentralized, which has led to overlap and duplication.

RENEWAL ACTIONS

The transition to leaner business processes through Defence Renewal will provide the opportunity to move to a leaner NDHQ model, freeing up management resources for reinvestment in core capabilities and readiness.

The focus will be on optimizing the spans of control of middle level managers, ensuring they are leading the optimal number of employees given their type of work. This optimization will occur within individual Level One organizations (as opposed to consolidating currently separate organizations), generating leaner organizational structures that will reinforce broader efforts to streamline processes, improve decision making, and strengthen accountability.

Defence will also streamline the decision making process for approving and delivering major equipment and infrastructure projects at NDHQ to reduce cycle time and maximize purchasing power of procurement dollars. By eliminating unnecessary or low-value steps, and clarifying internal policies, roles, and procedures, the goal is to reduce the average delivery time for most projects by 50 percent.

On civilian HR practices, work already underway to centralize HR service delivery is an important first step that will enable broader and more transformative changes. Namely, the responsibility for key civilian HR management activities will be centralized under a single functional authority. Also



underway are initiatives to improve the common HR business processes such as staffing and classification. These efforts will position Defence well to participate in broader whole-of-government initiatives to standardize HR service delivery across government departments and agencies.

REINVESTMENT OPPORTUNITY

These renewal actions are estimated to generate a reinvestment opportunity between \$175 million and \$220 million by 2017-18.



8. RENEWAL ACTIONS:

ORGANIZATIONAL PRACTICES

Our organizational practices are a reflection of how we do our business. Based on the data and analysis emanating from the series of organizational practices discussions, we identified three practices that we want to strengthen as part of our initial renewal actions: Strategic Clarity, Disciplined Business Execution, and Openness & Trust. Our renewal actions in these three areas are designed to strengthen Defence's ability as an organization to implement, embrace, and sustain improvements to performance over the long term.

The three practices that we have selected are interdependent. Success or failure in one affects progress in the other two. Renewal in all three of these practices will help us to build the right conditions for successfully achieving the changes in performance integral to Renewal success. Leadership is therefore a key factor. Leaders will be expected to play an active role in implementation, convey the renewal intent, support colleagues and exemplify conviction.

8.1 STRATEGIC CLARITY

OVERVIEW

Strategic clarity is the articulation of a clear organizational direction and strategy for success, and the translation of that strategy into specific goals and targets throughout all levels of the organization. It is an essential component of ensuring priorities and resources within an organization are aligned and focussed on delivering a set of commonly shared objectives.

ASSESSMENT

Strategic clarity was rated by group discussion participants as the most important factor for Defence Renewal to succeed, with 68 percent of participants rating it as critically important. However, there was uncertainty how their individual roles and responsibilities contributed to the achievement of strategic goals. The inability to translate visionary objectives into the concrete changes required from individual military and civilian personnel has in the past led to a lack of buy-in for major reform initiatives.

Among participants in NDHQ, there was a perception that the current governance structure is not an efficient decision-making and communications model. Most governance committees within NDHQ were assessed as too large and burdensome, resulting in an inability to set priorities, focus resources, and align efforts in a timely manner. This lack of top-level alignment leads to role uncertainty, and has in the past stifled momentum for major change initiatives.

RENEWAL ACTIONS

Defence will improve strategic clarity by ensuring strategic defence priorities are translated into specific goals, actions, and metrics. They will then be broadly communicated to ensure familiarity and a common understanding of what is required from the different Level One organizations. Greater clarity will enable leaders to have the knowledge and empowerment they need to initiate and drive business activities and programs.

Key to this will be developing a clear, integrated, and commonly understood hierarchy of plans. This



will begin with the articulation of the CFDS into guidance to the Defence Team from the Deputy Minister and the Chief of the Defence Staff. Level One leaders will then be able to shape and integrate their respective plans and directions in a manner that can be more directly linked to the delivery of CFDS. The architecture that will be provided by cascading levels of supporting plans will better connect strategic-level goals with business activities. It will be regularly refreshed in order to reflect changes to strategic policy.

Defence will also review its current governance model at NDHQ with a view to moving to a more effective and efficient decision making system that is underpinned by clear accountabilities and deliverables. To get there, we will examine and assess the value of current processes, tools, and committee memberships to inform the design of a more nimble governance model.

8.2 DISCIPLINED BUSINESS EXECUTION

OVERVIEW

Disciplined Business Execution comprises a performance management culture with clear objectives and close monitoring of progress towards those objectives. This involves developing the right set of performance measures to objectively track, monitor, and report on progress. This is a critical practice in large-scale renewal efforts. The use of performance metrics and a regular monitoring and reporting cycle keeps leaders and resources focussed. It is also critical in holding individuals accountable for delivering on commitments.

ASSESSMENT

Disciplined Business Execution was rated by group discussion participants as critical to the success of Defence Renewal. At the same time, many participants identified it as a key area for improvement, stressing the need for better development and communication of objective performance metrics, and incorporating metrics into decision making processes. This is particularly true when attempting to assess and track the value of activities and resources involved in generating operational readiness.

RENEWAL ACTIONS

Defence will pursue a number of interrelated activities to build a stronger performance management culture. The first step will be to realign and enhance the system of performance indicators that measure and track both our performance and efficiency in delivering strategic objectives. The system we put in place will employ technology and automation to the greatest extent possible to alleviate manual data integration and interpretation.

Second, we will embrace front-line innovation. This means developing the mechanisms for Defence Team personnel to be part of the problem-solving process as we tackle complex challenges. It also means developing the right tools to mine bottom-up ideas and concepts, and identify and make use of those with the greatest potential. Most importantly, it will require a shift in mindsets so that information and ideas can flow upwards in our organization in a more meaningful way.

Lastly, new ideas and concepts that have been validated will be incorporated and disseminated in regularly updated policies and directives. This standardization will ensure the documents guiding the way we work are up-to-date, relevant, and easily accessible to the entire Defence Team.

The use of performance metrics and a regular monitoring and reporting cycle keeps leaders and resources focussed. It is also critical in holding individuals accountable for delivering on commitments.

8.3 OPENNESS AND TRUST

OVERVIEW

A culture of openness and trust is defined by the presence of honesty, transparency, and open dialogue. It is an essential component for organizations where separate elements are expected to operate independently, yet be mutually supporting. It relies on information being readily shared, and having a common commitment to serve the interests of the greater organization over personal



or localized interests. It is particularly important to renewal when initiatives require cross-functional coordination and support in order to succeed.

ASSESSMENT

Group discussion participants rated openness and trust as a critical element to Defence Renewal. However, some cited a lack of information sharing across sub-organizations in the Defence Team, and the fact that this was encouraged rather than dissuaded by current norms, perceptions, and mindsets. Chief among the root causes identified for the limited information sharing was the presence of a hierarchy of loyalties that prioritizes the interests of sub-organizations above those of the broader Defence Team.

RENEWAL ACTIONS

Building an open and trusting business culture will rely first and foremost on the actions and behaviours of our most senior leaders. Our senior leaders will engage in role modeling and leadership training to enable them to lead the shift towards a more transparent and open approach to solving problems, managing information, and dealing with people. Our leaders will aspire to create an environment where subordinates can openly address their concerns, acknowledge shortcomings, and feel encouraged to propose better ways of doing business.

Defence will also improve openness and trust by enabling more cross-organizational knowledge sharing. Defence will aspire to create a world-class knowledge sharing program that will use multiple methods and mechanisms for information exchange to the greatest extent possible, mindful of legal and security requirements.

Our leaders will aspire to create an environment where subordinates can openly address their concerns, acknowledge shortcomings, and feel encouraged to propose better ways of doing business.



9. TIMELINE

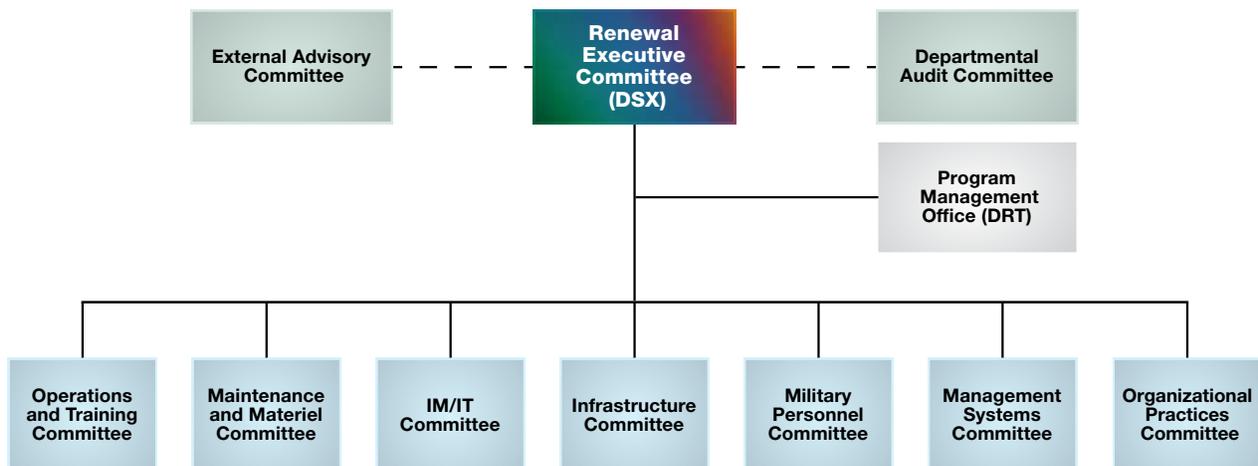
This Charter and the accompanying Plan will be in effect for a five year period – 2013-2018. Initial implementation will prioritize elements that build momentum and credibility in the renewal program or enable other initiatives. Initiatives that require investments, capacity development, policy and regulatory changes, or further analysis will be phased in over the medium term.

10. MANAGEMENT AND GOVERNANCE

We leveraged lessons learned from change programs undertaken in other defence ministries from around the world in establishing a governance system for Defence Renewal. This includes aligning the governance system to the portfolio of initiatives, using already existing structures that are effective, creating new structures where existing ones are seen to be ineffective, establishing clear roles and responsibilities, and empowering – from a leadership and decision making perspective – the organizations responsible for implementing the renewal actions.

The governance system will be a committee-based structure. The Defence Strategic Executive Committee (DSX) – comprising the Deputy Minister, the Chief of the Defence Staff, the Senior Associate Deputy Minister, and the Vice-Chief of the Defence Staff – will serve as the executive steering committee to ensure reinvestment is aligned with Government priorities. A series of sub-committees for the major renewal areas will be responsible for implementing assigned renewal initiatives. The sub-committees will be chaired by a Level One head official, and will be accountable to the executive committee.

Renewal Governance Structure



There will be two external bodies that will support the implementation of Defence Renewal. The first is an external advisory committee comprised of private and public sector leaders and experts on renewal. This committee will provide independent advice and guidance to the executive committee on an ad hoc basis, including identifying and recommending best practices from change programs in other organizations. The second is the existing Departmental Audit Committee (DAC). The DAC will provide an oversight and audit mechanism for renewal, assessing and validating progress, and helping to ensure renewal initiatives generate the expected reinvestment opportunities.

The DRT will serve as a central management and program office for Defence Renewal. This will involve

coordinating the work of the sub-committees, and providing regular, comprehensive progress reports and assessments to the executive committee on the entire Defence Renewal program. The DRT will also be responsible for overseeing the performance metrics and monitoring regime, leading the implementation of organizational culture initiatives, preparing strategic communications related to renewal, and updating and refreshing this Charter when required.

As part of a culture of continuous improvement, the DRT will also be responsible for assessing additional renewal opportunities not currently within the scope of this Charter and accompanying Plan, and advising on whether these initiatives should be added to our renewal portfolio moving forward.

11. MONITORING AND REPORTING

For the management and governance model to be effective, it will be underpinned by a regular cycle of internal monitoring and reporting, to indicate progress on the Defence Renewal Plan. The sub-committees and the DRT will provide regular progress updates to the executive committee, reporting on progress, identifying challenges and mitigation strategies, and outlining next steps. This will help ensure key decisions are made on a timely basis and that there is an individual and collective sense of accountability for delivering on our renewal commitments.

Incorporated into the decision making and reporting cycle will be a comprehensive performance measurement regime. With a view to ensuring that Defence Renewal demonstrates concrete, measurable results, a framework of performance measures has been developed to objectively measure, quantify, and track the progress we make with our renewal actions. We will have performance metrics for each renewal initiative, which will underline where

we are on track to achieve our commitments, and where we need to re-evaluate and make course corrections. Moreover, a comprehensive and analytics-based approach to measuring progress will enable us to highlight and communicate successes, and help build confidence and momentum in our renewal efforts.

The performance metrics regime for renewal will contribute to and leverage the broader shift underway at Defence towards better performance management – a key aspect of Defence’s new Program Alignment Architecture that will provide a solid framework for more effectively incorporating performance measurement into the way we manage our business activities. This shift will better position us to make well-informed and timely business decisions, execute on strategic outcomes, and ensure resources are deriving maximum value for dollar.



12. RISK MANAGEMENT

Previous experiences with organization-wide renewal in the public and private sector demonstrate that there are a range of strategic-level risks that can jeopardize the success of any renewal program. The strategic context can change and the renewal effort falls as a priority for senior leaders. The positive changes and reinvestment opportunities originally planned can be delayed or fall short of set goals, eroding momentum and confidence in the program. The organizational culture can fail to evolve, encouraging internal resistance to change that reinforces status quo methods and processes. Poor internal communications can create a lack of understanding within the organization about the renewal effort, fostering misperceptions and forcing a reactive posture that detracts efforts away from the program's implementation. A lack of coordination across change initiatives and delays in decision making can lead to unsynchronized or diverging outcomes.

The codification of our Defence Renewal effort in this Charter and Plan is designed with a view to mitigating these risks. Our renewal is a long term undertaking, with built-in mechanisms to ensure we deliver on our commitments, affect a positive and enduring change in our organizational culture, and ensure Defence Team personnel view renewal as an open, transparent, and worthwhile endeavour. The detailed implementation guide that the Plan provides, supported by a clear and dedicated governance structure for renewal, will ensure our efforts are coordinated, and that key decisions are made on a timely basis.

13. COMMUNICATIONS

We expect the entire Defence Team to be involved in renewal. To foster strong participation and commitment by all members of our team, and to build widespread understanding and momentum for Defence Renewal, a proactive, open, and transparent internal communications approach will be pursued.

In the immediate term and led by the Deputy Minister, the Chief of the Defence Staff, and the co-leaders of the DRT, the senior civilian and military leaders will actively and regularly engage their organizations and key internal stakeholders – including public service union leadership – through town halls, targeted engagements, and direct messages to update personnel on renewal initiatives, explain the changes that are underway or upcoming, and seek and incorporate feedback.

Over the long term, as renewal becomes a permanent and continuous feature of our organizational business culture, it will be increasingly incumbent upon middle levels of management and leadership to encourage and foster an open and transparent communications environment within their teams and organizations.

Throughout every stage of this process, the involvement and commitment of all levels of personnel will be vital. Defence Team personnel will be expected to provide feedback as implementation unfolds, identify challenges, propose solutions, and help communicate and highlight successes.



14. CONCLUSION

Delivering results through renewal is central to the future of Defence. It will position us over the long term to continue to build a modern, first-class military for Canada, and deliver the operations and missions that provide for the safety and security of Canadians at home, and advance and protect Canadian interests abroad. We are confident that this Renewal Charter and Plan provide a unified and comprehensive roadmap for the journey ahead. By embracing Defence Renewal at every leadership-level, committing to its success and changing our business culture and practices, National Defence will emerge a more effective and efficient organization.



