



(Re)investing in defence

Aligning resources to mandate through integrated process, planning, and technology

Canada's Department of National Defence would benefit significantly from the incorporation of new resource tools and processes to give the Deputy Minister the necessary strategic oversight and insight to ensure investments and assigned resources deliver the Defence Services Program (DSP) effectively and efficiently. This is a particular challenge due to the complexity of resourcing for this department and the largely spreadsheet-based business-planning process that's in use now.

Background

National Defence is large and multifaceted. The biggest department in the Government of Canada with the largest budget, it represents a significant percentage of non-statutory government expenditures. As its Accounting Officer, the Deputy Minister is responsible to ensure a continued alignment between the department's resources, programs, and mandate. Pressures on the fiscal framework, election cycles, and other factors can and do routinely affect resourcing and departmental expectations, highlighting the need for timely and systemic strategic oversight of business-planning and program-review processes. Moreover, resource management needs to account for disruptive technologies, government policy decisions, extended procurement, program interdependencies, demanding operational conditions, and lengthy military and departmental recapitalization timelines. The principal tool the Deputy Minister

currently uses to attempt to align the resources to the mandate is the annual departmental budgeting process. This is largely a spreadsheet-structured process, grounded in year-to-year funding earmarks and baseline funding levels established well over a decade ago. Incremental and priority activities that fall short of funding allocations are identified and arbitrated as part of the business-planning process. Given this, the Deputy Minister would be challenged to effectively determine what activities may be scaled down or discontinued to create funding offsets because of shortfalls in business information and program interdependencies.

Consequently, complex resourcing decisions are often made on basic available information, organizational trust, and simple professional judgment.

Key insight

We propose that the Deputy Minister of the Department of National Defence introduce three enabling resource processes to support the accountabilities, responsibilities, and authorities of the accounting officer role. These are:

1 Integrated business planning and resource management

Canada's defence policy, Strong, Secure, Engaged (SSE), describes the nation's defence priorities over the next 20 years. These include the long-term investments required to enhance the capabilities and capacity of the Canadian Armed Forces (CAF). Achieving the policy's objectives will take significant planning from the short to the long term; the appropriate allocation of human, physical, and financial resources; and measures to track performance against plans and objectives

DND/CAF develops and maintains many different types of plans—investment, business, operational, and financial plans, for example—each with different objectives and different functional authorities.

The planning and reporting dimensions can also differ, thus making it difficult to maintain continuity and consistency between the different plans and to objectively assess the impact that resource-allocation decisions will have on achieving various interdependent plans and priorities. The fact many of these processes are siloed and spreadsheet-based limits the possibility that direct linkages can be made between them. The result is inefficiencies and inaccuracies between plans, and leaders unable to manage the integrated process from strategy and planning through to outcomes measurement

Not all plans need to be woven together into a single framework. But there needs to be clear linkages between the expected outcomes articulated in plans (and the resources required to achieve them) and the framework used to make in-year decisions. The deliberate transition toward integrated planning and resource-management processes will improve strategic and operational-level planning and resourcing integration.

This will require the implementation of enterprise-wide planning and analytic tools, using the Defence Resource Management Information System (DRMIS) platform for process and data integration. It will also necessitate a review of the holistic data structure for planning, resource management, and performance measurement, with the objective of developing an integrated model and reporting framework. This approach will draw early focus to program elements that are not performing to plan (e.g. major capability acquisition delay), either due to cost, scope or schedule, and it will effectively frame and inform considerations on what to do about it.

The Financial Planning and Forecasting (FP&F) project that is currently being undertaken by the Assistant Deputy Ministers of Finance, Data Innovation Analytics, and Information Management provides a necessary foundation upon which to develop the integrated planning and resource management platform.



2 Resource and mandate review process

While a significantly enhanced and integrated business-planning capability as described in the previous point will provide the Deputy Minister with valuable and timely fiscal-year resource insights and the ability to adjust resource allocations, it is in and of itself insufficient. The interdependence, depth, and sheer breadth of National Defence is such that it would be extremely challenging for the Deputy Minister to maintain the necessary oversight and ensure appropriate and fulsome alignment of resources to the mandate across the DND and CAF in the midst of an annual internal business planning process.

This needs to change.

The introduction of a resource and mandate review process—either to complement Comprehensive Reviews or replace them—will enable deep dives into Level 1 organizations to assess, inform, and ensure alignment. The reviews will also recommend opportunities for performance optimization and future-proofing for services and program delivery. Performance optimization can come in many forms, ranging from tactical improvement and operational efficiency (e.g., reducing spend, eliminating duplication of effort) to strategic redefinition (e.g., redesigning operating models, rationalizing IT systems).

Future-proofing services and program delivery involves reviewing relevant drivers, disruptors, and trends to assess the readiness of defence programs to meet mandated requirements and ensure continued operational readiness.

Resource and mandate reviews would provide the Deputy Minister with a substantive program review of the larger and complex elements (e.g., ADM(Material), Military Personnel Command). Insights from them would also inform process adjustments, understanding of program integration pain points, bespoke strategic departmental objective requirements, and necessary baseline and in-year business-planning allocation adjustments. Resource and mandate reviews can be done either as independent resource review or in conjunction with broader comprehensive review activities. A pragmatic flexibility in approach is warranted due to the sheer number of Level 1 elements, over half of which are significant in size, resourcing, and program complexity. Moreover, such reviews should remain independent of ADM (Review Service) and Audit Committee activities, which serve important but only complementary purposes.

3 New initiatives planning

The third key element – adjusting and incorporating new processes for force development, initiative planning, and implementation – will ensure activities and plans for new initiatives are effectively framed and accounted for in key in-year and ongoing Defence planning, governance, and resourcing. Force Development and other governance bodies and processes—such as the Senior Review Board, Defence Capability Board, Information Management Board, National Procurement Board, and Defence Team HR Strategy Committee—need to formally integrate their respective management efforts.

Initiatives that are identified and proposed by subordinate boards and committees need to be deliberately and transparently managed and brought forward for formal consideration and inclusion in appropriate in-service support, national procurement, human resource, and other resource plans. This requires an update of costing methodologies and processes used by the project director and initiative planners to ensure all relevant costs are identified. And, where such costs are unable to be properly assessed, contingency resources need to be flagged to account for increased risk. Defence management history informs us that simplistic offset approval conditions are not effective and add time, risk, and cost to the introduction of new capabilities and initiatives. Formally requiring commanders, staff, and governance chairs to consider, identify, and communicate the true and complete costs of planning efforts for new initiatives will result in evidence-based decision-making and greater plan integration, and will mitigate downstream budget-planning surprise and risk.

The potential

The Deputy Minister requires truly integrated business-planning capabilities and insights, program-integrity review processes, and a coherent methodology to ensure effective resource planning when implementing new capabilities and initiatives. This trio of key enabling resource processes will enable the Deputy Minister to exercise the Department of National Defence's significant authorities and responsibilities for the control and spending of funds as well as the management of property.

The current FP&F project, coupled with the imminent implementation of the S4/HANA operating platform, provides the perfect opportunity to renew the Defence business-planning processes to ensure effective cross-program resource planning and integration. This renewal will enable the move from a spreadsheet environment to a business intelligence and visualization platform that supports informed Deputy-level decision-making needs. Next, conducting thorough periodic reviews of the main programs (e.g. ADM(MAT), Military Personnel Command) will allow the Deputy Minister to better assess their resourcing structure and allocation to approved programs, which will in turn enable baseline validation and potential pan-Defence resource (re)allocations.

Finally, new force development, initiative, and costing processes, tools, and capabilities will ensure that well-understood and managed programs are not put at risk through inadequate resource planning when onboarding new capabilities. Taken together—modernized business planning, thorough understanding leading to fiscal confirmation or resource adjustment, and confident planning and resource support when onboarding new capabilities—the Deputy Minister will be well positioned to ensure the resourcing necessary for National Defence to fulfill its vital mandate for Canada.

Jay Schwieg, a partner in the Ottawa office, has 11 years of financial management and consulting experience. Focusing on the government and public sector, Jay has assisted clients with implementing best-practice processes for planning, budgeting, and forecasting; investment management and closing; financial systems and reporting assessments; financial systems selections; and business case development and costing.

Thomas Riisom, a consulting partner in the Ottawa office, has over 20 years of experience serving government clients. Thomas serves a Lead Partner for Deloitte's Defence Practice in Canada. Thomas assists clients in areas such as public strategy, data driven decision support, innovation, analytics, mega-programme management, strategic cost reduction, government performance, and policy evaluation.

For questions related to integrated business planning and resource management:

Jay Schwieg

Partner, Consulting
jschwieg@deloitte.ca

For questions related to resource and mandate review process and/or new initiatives planning:

Thomas Riisom

Partner, Consulting
thoriisom@deloitte.ca

About Deloitte

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Our global Purpose is making an impact that matters. At Deloitte Canada, that translates into building a better future by accelerating and expanding access to knowledge. We believe we can achieve this Purpose by living our shared values to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact.

To learn more about Deloitte's approximately 330,000 professionals, over 11,000 of whom are part of the Canadian firm, please connect with us on LinkedIn, Twitter, Instagram, or Facebook.

© Deloitte LLP and affiliated entities.

Designed and produced by the Agency | Deloitte Canada. 20-3451921