

Side *by* side

Sergeant Earl Rouzes supervises training, as a young engineer (sapper) prods a simulation mine. There are over 1,000 Canadians maintaining the peace in Bosnia-Herzegovina as part of NATO's Stabilization Force (SFOR).

by Richard Bray

Photo by: MCpl Bernie Tessier, TFBH RCD



All photos courtesy of the Combat Camera Unit, Department of National Defence

employed on deployed operations. They realized that if they were going to use it as a long-term tool to support the military, that for every operation, they didn't have the time or the expertise necessarily to go out and get a Request for Proposal on every single operation that came along," he said. They wanted to be dealing with one contractor for a period of time, to build up the rapport and the business acumen within the company."

The three-year ATCO-Frontec commitment provided valuable experience, but it wasn't always easy. In fact, said LCol Charles Hobbs, speaking from National Defence Headquarters (NDHQ) in Ottawa, "I would rate the first year and a half with ATCO as being a somewhat rocky road."

Looking back on the civilian-military partnership, he said, "We've attempted to actually do 'lessons learned,' rather than 'lessons identified,' because there is a difference between identifying something and doing something about it, and just identifying something and then doing the same thing all over."

Outsourced supply at work in Bosnia

THE DEPARTMENT OF National Defence (DND) has declared victory in its campaign to bring civilian support closer to soldiers in the field. The effort began in September 2000, when ATCO-Frontec of Edmonton received a contract to provide a wide range of services to Canadians serving with the NATO Stabilization Force (SFOR) in Bosnia. (*Summit*, March 2001) From laundry to logistics, from foodservice to fuel supplies, a private contractor was suddenly doing work previously done mostly by soldiers.

The lessons learned from that experience have been reflected in a new 10-year

contract, the Canadian Forces Contractor Augmentation Program (CANCAP), awarded to SNC Lavalin/PAE in December 2002 and worth up to \$400 million over its term.

Under the new contract, the company not only took over the Bosnia commitment from ATCO-Frontec in September 2003, but also provides support to Canadian military personnel serving in Afghanistan. (See sidebar.)

Steve Sinclair is SNC Lavalin/PAE's deputy project manager in Bosnia. He studied the ATCO-Frontec experience closely. "That was really a trial run by the military to test the concept of a contractor being

Close enough

In the ATCO-Frontec years, the civilian and military chains of command were mixed, which led to some conflict at the shop floor level, so, Hobbs said, "We broke out the management of the functions a little bit differently. In the first CSP [Contractor Support Program] contract we had all the ATCO people what we called 'embedded,' and they either worked for the military or the military worked for ATCO – and there were some issues in that regard, in certain functional areas. On this contract, with CANCAP, we tried to keep the chains a little clearer."

In the transportation function, for example, civilian CANCAP employees and

military personnel all work for the Transportation Officer. Corporate services are done centrally, but actual management of each group is now done functionally.

"It was a bit personality-driven, so by going to more of an organizational, functional format we were able to remove some of that," Hobbs said. "They all work for a military boss and everybody understands that, but it just made the line of day-to-day tasking a little clearer."

On the ground in Bosnia, Steve Sinclair agrees with the separation. "I think culturally that didn't work that well, and the military recognized that. And ATCO recognized it. In our contract [DND have] very deliberately written it so the embedding is absolutely minimized, so we have very clear functions to perform that is purely CANCAP to deliver."

Delicious difference

Another major difference between the two contracts is a move away from "fixed-price" terms, because it tended to give the contractor an incentive to provide a minimum level of service.

"What we did with CANCAP was slightly different," Hobbs explained. "We went with more of what I would call a cost-plus, where there is a certain number of items that are fixed, but basically you pay for what you ask for, which gives you more flexibility in more areas."

From the military's perspective, he said, this type of contract manages the military's expectations better. "If you look at the area of foodservices as an example, if a soldier says, 'I want steak and lobster three times a week,' the company will provide it, because they're going to be paid their actual costs. That is a slightly different dynamic from where you say, 'we'll pay the company \$15 a day as a number to buy food.'"

The new contract suits Roger Charman. As the foodservice manager at the DND base at Velika Kladusa in Bosnia, he feeds hundreds of soldiers and civilians every day.

Under the fixed price arrangement, he said "Obviously we would want to make as much of our baseline out of that money. Now it is a lot better for the client, because he can see what the baseline is, and we make our money on top." The results speak for themselves, he said. "We have a better variety of products on the line, I think, for the customers."



Lord Strathcona's Horse (LdSH) (RC) RECCE Squadron serves up a "special" breakfast at the Canadian camp in Kandahar, Afghanistan. Photo by MCpl Danielle Bernier, DGPA/J5PA

There is no doubt about the variety. "We have things like springbok on the menu, we have alligator, we have had wild boar and a few other delicacies for them and it gives the Canadian soldier here something different to taste. Where else can we give them a bit of difference?"

Deploy globally, purchase locally

Capt. Dave Yurczyszyn is the Supply Platoon commander at Velika Kladusa. From his perspective, the civilian-military partnership is working well.

"I've got a cell [people doing the buying] that's totally civilian that goes out, tenders the contract, looks at the quotes they need, receives their bids and they actually go out, buy the stock and receive the stock," Yurczyszyn said. "All the demands, and the vetting of the demands and the prioritizing of demands and the approval of them, that's all done from the military cell, so they work hand in hand."

Although they try to purchase as much as possible on the local economy – items like pencils and paper, spare parts for vehicles, rental equipment, construction equipment, and photocopiers – most is purchased throughout Europe. "We do have some little problems with border crossings and customs," Yurczyszyn said.

Those problems arrive on the desk of civilian Daniel Gagné, senior buyer for the Local Purchase Office and a certified professional purchaser, level two.

"The big difference here is just the trans-borders," Gagné said. "There's nothing really different from any other Canadian outfit or any other purchasing in Canada or the US. The principles are the same."

Denis Pouliot, the CANCAP Material Management distribution manager, is Gagné's boss. "You're dealing with more than one border," he added. "Here you can go from Hungary, you have to cross Slovenia, bring it across to Croatia and into Bosnia, so there is a lot more than one crossing involved in some of our shipments."

Building the business

Multinational corporations now provide a wide range of support services to military forces around the world, as well as construction projects, oilfields and relief operations.

As Steve Sinclair explained, SNC Lavalin already had expertise in supporting its own construction projects around the world, but partnered with PAE Government Services, a US firm, to win the CANCAP project.

PAE has decades of experience supporting the US military around the world. "They've been in this game a long time, and I think it was a wise move on both companies parts to join forces," Sinclair said. "I think PAE knew that the value of this contract was not going to be handed to an all-American company, or even an American company with just a token Canadian presence. I think they shopped

around for a partner and struck a mix with SNC.”

Dan Clarke is SNC Lavalin/PAE’s project manager in Bosnia. He believes CANCAP is just the beginning for the company.

“We want to be a world-wide service provider,” he said, “and so we’re starting here.” Competing companies, mainly based in the US and the United Kingdom, are much bigger and have more experience than SNC Lavalin/PAE.

As Clarke said, “They have bigger organizations to work for, therefore they have economies of scale that aren’t really applicable to us.” Because the Canadian deployments are smaller, he said, “I don’t think we can be like them.”

That said, Clarke does not believe that configuring the company to smaller operations means it will always be the high bidder. “What we need to do, because Canada’s deployments are not standard, is to be flexible,” he said. “By not being too big, we can be more flexible than they are,

Outsourcing supply in Afghanistan

About 2,000 Canadian soldiers began serving in Afghanistan in August 2003, as part of the International Security Assistance Force. When the troops began arriving in Kabul, they found most of their facilities ready and waiting, prepared by SNC Lavalin/PAE. In fact, the company had already been operating there for two years, providing services to the United States military and non-governmental organizations.

In comparison with Bosnia, which is considered a ‘mature’ theatre and relatively safe, Afghanistan is still dangerous. As Don Chynoweth, a senior vice-president of SNC Lavalin/PAE said, “Afghanistan is a much different level of threat. The guys are in bunkers at night. A much more significant threat than Bosnia.”

Afghanistan is a much different kind of CANCAP project, he said. “That one has got many more elements to it than taking over a relatively benign, stable theatre and the usage of contractors in Afghanistan will need to be reviewed, I think, consistently to see how and what worked, what lessons are learned and all that kind of thing, later.”

According to LCol Charles Hobbs, the services provided by SNC Lavalin/PAE in Afghanistan are exactly the same as the service provided in Bosnia, with a few minor exceptions.

“Administration and management is common to everybody, along with foodservices, what we call materiel management and distribution, communications, land equipment maintenance,” he

whereas when you have a large organization, I’ll sell you Plan A, Plan B or Plan C and then you try to make it work around.”

When the company first began talking with National Defence, Clarke said the department was concerned that it would be forced to take the package that was available. “I think the advantage that we have is the ability in our company is we have the ability to tailor the package to the requirement and we very much intend to do that.”

Planning ahead

LCol Hobbs believes both parties to the current contract have learned to manage expectations, “... and it is all tied to proper writing of the Statement of Requirement or Statement of Work as to what you really want and what do you really mean and what do you write.”

Communication is critical. “In theatre [the site of military operations], they’re talking minute-to-minute and day-to-day.

said. The contractor is also responsible for accommodation, engineering services, power supply and distribution, water supply, roads and ground, fire services and environmental management.

However, he said, “In Kabul, the contractor is doing its own health services for employees. It was just tied to some concerns about availability of resources within theatre. So basically in Bosnia the military provides an immediate first response, but the contractor had ultimate responsibility for medical support to their own people – but there is lot more resources in Bosnia in terms of civilian hospitals than in Kabul.”

As well, because of the heightened security situation, in Kabul, the private contractor does very little transportation. Although it was in the initial contract covering the Afghanistan assignment, it was removed by mutual agreement. “It was easier to do it ourselves, using military personnel, because we need an armed guard with everybody,” Hobbs explained.

There is little or no local purchasing in Kabul, both because there is little there to buy, and because there are serious security concerns about dealing in the open market.

There are few locally-employed Afghans working for SNC Lavalin/PAE. Because it is difficult, if not impossible, to obtain security clearance for them, so the company has recruited a number of Nepalese, Indian and Pakistani workers.



Dan Gagné and Denis Pouliot stand outside Hanger 1 Bay 8, the Local Purchase Office (LPO) at Camp Black Bear, Velika Kladusa, Bosnia. Both men work for CANCAP. Photo by MCpl Kevin MacAulay

At the higher level, we are in communications with the company almost on a daily basis, but we’ve got a formal weekly session. That resolves a significant amount of those issues, even as they develop and even in some cases before they develop,” Hobbs said.

Issues that cannot be resolved in theatre are referred to Kingston, Ontario, where the military’s Joint Support Group and the contractor both have project offices. If they still remain unsolved, Hobbs said, “At NDHQ we also have a weekly meeting to go over the issues, because some issues quite frankly can’t be solved at the lower levels. They can raise the issue as a problem, but they don’t have the authority or the capability to resolve it at their level.”

The success of the ATCO-Frontec contract in Bosnia, and the deployment of a successor company in two different countries mean the Canadian Forces must now institutionalize a new way of doing business. As Hobbs explained, the military now knows that there is a cost to managing contracts, and a need for contract oversight mechanisms.

“We have had to develop what we call the Contract Management cell, which we have had to adjust over time – the staffing levels within it – to make sure we have the right level of staff and the right qualifications,” he said.

In the Canadian military, civilians working beside soldiers are here to stay. ■■■

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