

DCC Transformation & Innovation

Proving Value in Face of Constant Change

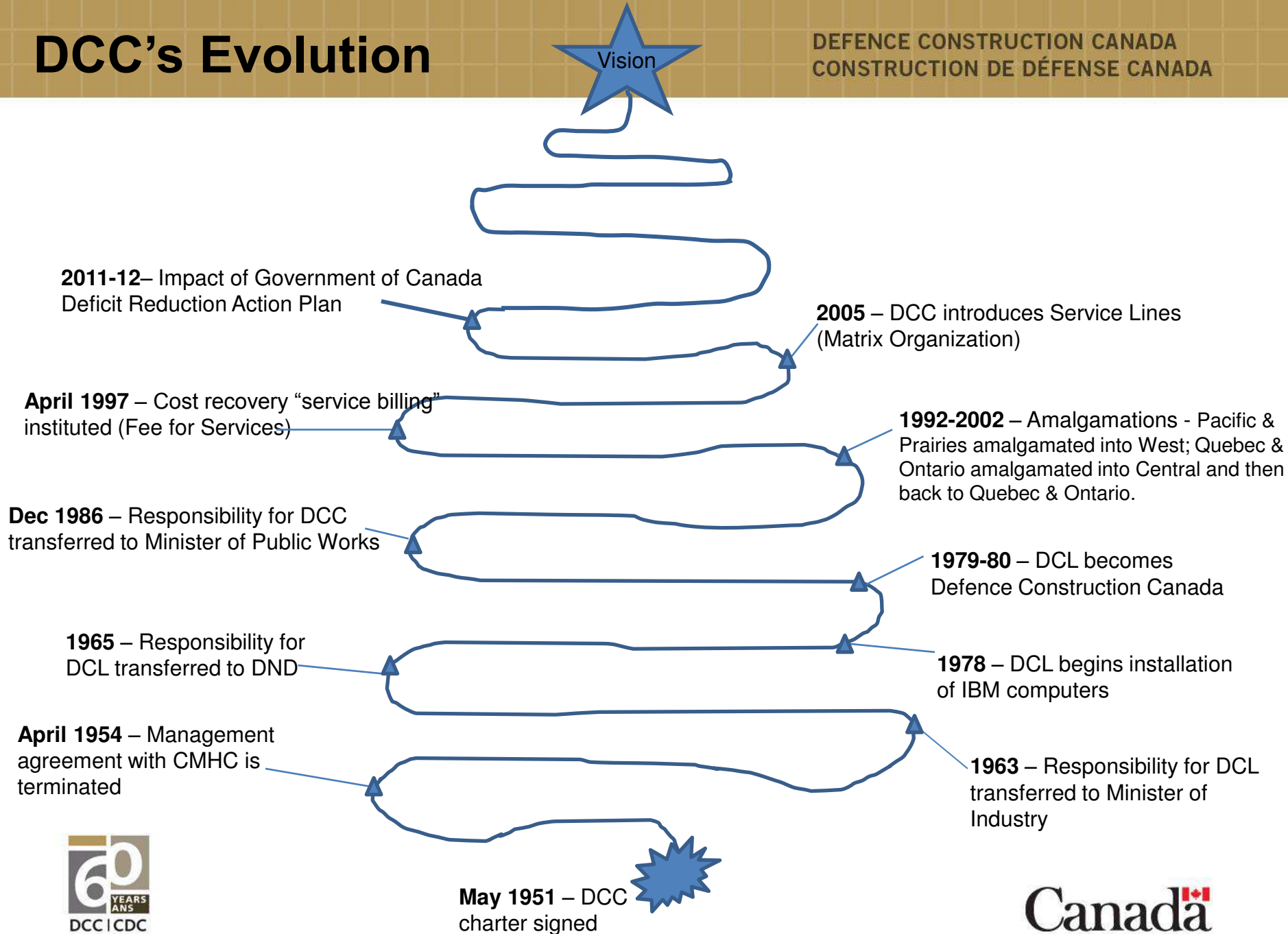
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DCC's Evolution

DEFENCE CONSTRUCTION CANADA
CONSTRUCTION DE DÉFENSE CANADA



Latest Case for Change for DCC

Known Drivers of Change:

- Consequences of DRAP from a GoC perspective
- Consequences of DRAP from a DND perspective
- Ongoing OAG Performance Audit on Military Infrastructure
- Follow on from the UNDE Report on DCC
- MHPM Benchmarking Report
- Impact of new delivery approaches (MDB, P3, IPD, BIM,...)
- Impact of World Class RP Managers coming to Canada

Case for Change for DCC

Vision

Case for Change

Current State

DCC's Vision

To be a knowledgeable and innovative leader and employer of choice, valued by the Government of Canada and Industry, in the achievement of our mission

2011-12 — Impact of Government of Canada Deficit Reduction Action Plan

2005 — DCC introduces Service Lines (Matrix Organization)

April 1997 — Cost recovery "service billing" instituted (Fee for Services)

1992-2002 — Amalgamations - Pacific & Prairies amalgamated into West; Quebec & Ontario amalgamated into Central and then back to Quebec & Ontario.

Dec. 1986 Responsibility for DCC transferred to Minister of Public Works

1979-80 — DCL becomes Defence Construction Canada

1965 — Responsibility for DCL transferred to DND

1978 — DCL begins installation of IBM computers

April 1954 — Management agreement with CMHC is terminated

1963 — Responsibility for DCL transferred to Minister of Industry

May 1951 - DCC charter signed



DCC Transformation Thru Corporate Initiatives

Focus on Goals, Structure and Processes

- Implementation of Corporate Risk Management Framework
- Optimization of Service Lines and Business Management
- Implementation of SLIM thru Phases 1, 2 and 3
- Introduction of Activity Based Costing by Program Type
- Implementation of Corporate Performance Management Framework with associated Cost of Service Dashboard
- Implementation of the Procurement Integrity Framework and then the Corporate Integrity Management Framework
- Support the DND/ADM(IE) Real Property Centralization Initiative
- Adjust to new DND Security Posture as per CANFORGEN of Jul 2015

DCC Transformation Thru Corporate Initiatives

Focus on Behaviour and Culture Change

- Empowerment thru greater Delegation of Signing Authorities
- Revamping of the Job Families
- Fostering Risk-Based Culture thru Principles-Based Service Delivery
- Implementation of new Performance Management Program (PRR)
- Implementation of Corporate Succession Planning & Management
- Implementation of Leadership Development Program
- Implementation of Corporate Social Responsibility Framework
- Revamping of the DCC Training Framework
- Accessibility to Social Media

Optimization Results for DND's Benefit

DND Related DRAP Commitments:

- No billing rate increase for 3 years (2012-2015)
- Reduce by 5% the cost of service delivery for the management of construction contracts

DRAP Savings to DND after 3 Fiscal Years

	Baseline as of 31 Mar 2012	Results as of 31 Mar 2015	Absolute Difference	Relative Difference
Contract Expenditures (\$M)	1002.5	787.8	-214.7	-21%
DCC Service Revenues (\$M)	111.8	80.5	-31.3	-28%
DCC Overall Cost of Service (%)	11.1%	10.2%	-0.9%	-8%
Number of Employees (FTE)	998	749	-249	-25%
Contract Expenditures less Afghanistan (\$M)	982.6	787.8	-194.8	-20%
Contract Management (CM) Revenues (\$M)	54.3	35.0	-19.3	-36%
CM Cost of Service (%)	5.53%	4.44%	-1.08%	-20%

Well surpassed the -5% target

DCC Cost of Service

	As of 31 Mar 11	As of 31 Mar 12	As of 31 Mar 13	As of 31 Mar 14	As of 31 Mar 15
IE Program Volume (\$M)	816	1003	1034	863	788
DCC Service Revenues (\$M)	93.6	111.8	114.5	92.9	80.5
DCC Cost of Service (%)	11.5	11.1	11.1	10.8	10.2
Number of Employees (FTE)	908	998	1041	853	749
Volume/FTE (\$K)	899	1005	993	1012	1063

	PLN	PRC	CM	CTS	ETS	RTS	Total
Cost of Service by Activity as of 31 Mar 2015 (%)	2.6	0.7	4.4	0.7	0.7	1.1	10.2

Benchmarking with the A&E Industry - 2014/15



Item	A&E Industry	DCC	Absolute Difference	Relative Difference
Operating Profit	11.8%	-7.2%	19.0%	N/A
Utilization Rate (\$ Based)	60.0%	67.7%	7.7%	+11.4%
Overhead Rate	160.0%	56.5%	103.5%	-183.2%
Net Labour Multiplier (Billing Rate)	2.97	1.49	1.48	-99.3%
Revenue per Employee (FTE)	\$129.7K	\$107.5K	\$22.2K	-20.7%

Theoretical Cost Avoidance for DND last FY: 20.7% x \$80.5M = \$16.7M

N.B. Can double that amount for High Performing A&E Industry

Cost Avoidance to DND thru Claim Settlements

- ROM Calculations for FY 14/15 = \$23M(+)
- Issue of CM Bulletin in Dec 2015
- Expect in around \$30M to \$40M per FY
- Have to be very careful not to create undesired behavior with Industry

DEFENCE CONSTRUCTION CANADA

STRATEGIC PLAN OVERVIEW 2015–2016

GOVERNMENT OF CANADA KEY PRIORITIES SUPPORTED BY DCC

STIMULATING CANADA'S ECONOMY

- Long-term economic prosperity for Canada
- An innovative and entrepreneur-based economy
- Canada as a leader in the global economy
- Preserving Canada's environment

PROTECTING CANADA

- Supporting the Canadian Armed Forces
- Defending national security and Arctic sovereignty

FOSTERING ACCOUNTABILITY AND INTEGRITY

- Sustainable public finances
- Strong fiscal and asset management in government
- Transparency (access to information and privacy)
- Values and ethics in the public sector

MISSION

To provide timely, effective and efficient project delivery and full lifecycle support for infrastructure and environmental assets required for the defence of Canada.

VISION

To be a knowledgeable and innovative leader and employer of choice, valued by the Government of Canada and industry, in the achievement of our mission.

VALUES

Dedication: DCC is dedicated to supporting defence infrastructure and environment requirements. For over 60 years, DCC employees have dependably and diligently carried out that mission.

Collaboration: DCC is committed to developing collaborative relationships with Client-Partners, industry and employees. Together, we leverage our shared expertise toward our common goals.

Competence: DCC has created a dynamic working environment in which the qualifications, experience and expertise of employees are focused on developing innovative solutions to Client-Partner needs.

Fairness: DCC deals with Client-Partners, industry and employees in a fair and ethical manner, advocating mutual respect and professionalism in the attainment of the common objectives of all parties.

STRATEGIC OBJECTIVES AND OUTCOMES

PLANNING THEME	BUSINESS MANAGEMENT	SERVICE DELIVERY	PEOPLE	LEADERSHIP AND GOVERNANCE
STRATEGIC OBJECTIVE	To develop and maintain responsive, integrated business management structures, tools, teams and practices.	To meet Client-Partner requirements and to demonstrate value for money.	To recruit, develop, support and retain a skilled, professional and engaged workforce.	To provide strong leadership and be responsive to Government of Canada requirements.
STRATEGIC OUTCOMES	<ul style="list-style-type: none"> DCC's business infrastructure and corporate performance management systems support effective and efficient service delivery and strong resource management Corporate assets are safeguarded by sound internal control systems and practices, and management oversight and audit 	<ul style="list-style-type: none"> Service lines deliver optimal, efficient, and effective service throughout the asset lifecycle Partnerships remain strong through mutually aligned objectives and integrated information sharing DCC's knowledge of and relationship with industry enable DCC to leverage industry capacity 	<ul style="list-style-type: none"> DCC provides a healthy, productive and engaging work environment DCC encourages and fosters a culture of innovation Employees relate to DCC's mission, vision, values and culture, and participate in achieving the desired outcomes 	<ul style="list-style-type: none"> DCC maintains a risk-based decision-making culture DCC demonstrates integrity and ethical leadership in the management of its business affairs DCC respects government policies and practices
2015–2016 CORPORATE PLAN INITIATIVES	<ul style="list-style-type: none"> Improve business planning, resource management and performance reporting 	<ul style="list-style-type: none"> Support DND with its IE transformation towards a centralized model Implement e-procurement 	<ul style="list-style-type: none"> Develop and implement a national leadership development program Enhance internal communications capability Consolidate corporate training frameworks 	<ul style="list-style-type: none"> Respond to the recommendations from the documents and records management internal audit Demonstrate value, integrity and innovation to stakeholders and Client-Partners Implement the Integrity Management Framework
KEY PERFORMANCE INDICATORS	<ul style="list-style-type: none"> Operational results and performance measures Financial results consistent with corporate financial management policy 	<ul style="list-style-type: none"> Service delivery rating Procurement results Contract management results 	<ul style="list-style-type: none"> Investment in training and development Innovation results Employee wellness Employee retention rate Employment equity rating 	<ul style="list-style-type: none"> Corporate reporting results, including timeliness of submissions Overall business performance results DCC Code of Business Conduct results DCC Procurement Code of Conduct results Environmental, safety and security results

DND IE Related Program Forecasts

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ACTUAL AND ESTIMATED CONTRACT EXPENDITURES

FYs 08-09 to 20-21



Federal Infrastructure Investment Program

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FIIP Program Summary (Cumulative)							
Summary 2015-16							
Region	DND FIIP Allocated	DCC Allocated	Planned			Contract Expenditures	DCC Fees to Date
ATL	\$24,760,866	\$24,760,866	\$22,451,500			\$5,036,445	\$248,511
NCR	\$6,238,640	\$0	\$0			\$0	\$42,990
ONT	\$77,837,092	\$77,837,092	\$56,573,000			\$8,683,683	\$1,620,217
QUE	\$43,176,744	\$42,458,495	\$37,878,236			\$11,597,897	\$1,202,170
WES	\$62,917,975	\$62,392,975	\$53,443,944			\$11,745,682	\$1,893,047
Grand Total	\$214,931,317	\$207,449,428	\$170,346,680			\$37,063,707	\$5,006,936
Summary 2016-17							
Region	DND FIIP Allocated	DCC Allocated	Planned			Contract Expenditures	DCC Fees to Date
ATL	\$20,090,000	\$20,090,000	\$20,730,000			\$0	\$248,511
NCR	\$440,000	\$0	\$0			\$0	\$42,990
ONT	\$90,489,680	\$90,489,680	\$101,927,500			\$0	\$1,620,217
QUE	\$46,372,913	\$46,169,735	\$47,085,104			\$0	\$1,202,170
WES	\$89,798,405	\$89,798,405	\$80,776,489			\$0	\$1,893,047
Grand Total	\$247,190,998	\$246,547,820	\$250,519,093			\$0	\$5,006,936
Program Total							
Region	DND FIIP Allocated	DCC Allocated	Planned	Approximate Designed Value	Approximate Awarded Value*	Contract Expenditures	DCC Fees to Date
ATL	\$44,850,866	\$44,850,866	\$43,181,500	\$39,746,750	\$37,438,125	\$5,036,445	\$248,511
NCR	\$6,678,640	\$0	\$0	\$0	\$0	\$0	\$42,990
ONT	\$168,326,772	\$168,326,772	\$158,500,500	\$101,592,450	\$74,455,850	\$8,683,683	\$1,620,217
QUE	\$89,549,657	\$88,628,230	\$84,963,340	\$73,921,400	\$35,382,587	\$11,597,897	\$1,202,170
WES	\$152,716,380	\$152,191,380	\$134,220,433	\$99,309,020	\$41,077,147	\$11,745,682	\$1,893,047
Grand Total - 10 Nov 15	\$462,122,315	\$453,997,248	\$420,865,773	\$314,569,620	\$188,353,709	\$37,063,707	\$5,006,936
Grand Total - 19 Oct 15	\$462,572,510	\$455,893,870	\$443,220,238	\$306,454,905	\$174,374,911	\$20,918,493	\$4,359,938
20-Jun-15	\$452,168,051	\$444,376,572	\$367,097,170	\$205,511,560	\$40,564,782	\$332,626	\$1,300,181

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Western Region (Cont'd)

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**Seaforth Armoury
and New Jericho
Vancouver**



443 Helicopter Squadron Victoria



Fire Hall Esquimalt

Western Region (Cont'd)

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3 CDHQ Edmonton (LFWA)



VMF Wainwright



OPFOR Wainwright

Ontario Region (8 Wing Trenton)

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Hangar 1



Hangar 2



Hangar 6



CFLAWC



TEME



ATESS



Fire Hall



Canada

Ontario Region (CFB Borden)

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Curtis Dining Hall



Vickers Dining Hall



CFSEME



HSS Facility



CFMPA

Ontario Region (CFB Petawawa)

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MHLH



LAV 3



TEME



TAPV

Ontario Region (Cont'd)

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**LTAP CSEC
Ottawa**



HMCS Hunter - London



HMCS Carlton - Ottawa

Quebec Region

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VBL 3 Montreal



VBL 3 Valcartier



TAPV Valcartier



NETE Montreal

Quebec Region (Coming Soon???)

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35 RG Quebec City



DRDC Valcartier



HSS St-Jean



5 RGC Valcartier

Atlantic Region (Halifax)

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Synchrolift



TEME

DRDC



Jr Rank's ADM



Bedford Armoury

Atlantic Region (Cont'd)

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Soil remediation Goose Bay



**Pleasantville Consolidation Project
St-John Nfld**



91 CEF Gander



NJ Jetty Halifax

Arctic Region

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Deep Seaport Nanisivik



DEW Line Clean-up FOX4



DEW Line Clean-up DYE-Main



Runway Repairs DYE-Main

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