

## WARNING

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## Terminology Used in this Summary

- Viability of the Project
  - Is the project workable, functional and sustainable?
  - Does the project have a reasonable chance of succeeding?
- Operational Relevance
  - Can project deliver to the RCAF operational capability that satisfies mission needs?
  - Can project support the operational needs of the RCAF in the intended environment?
- Project Structure
  - All elements that define the project including the contract and governance
  - Creates expectations of all parties
- Governance
  - Exercise of authority
  - System of management, “Battle Rhythm”, structure of behaviour
    - Goals, objectives, key processes, process controls, information flow, decision making, stakeholder involvement and empowerment, reporting, feedback loops and staff organization
- Integrated Product Team (IPT)
  - Team with personnel from all the stakeholder groups associated with a product, including customers and suppliers. Empowered to consider all aspects of development and support. Accountable to leadership for delivery of their product.



## Terminology Used in this Summary (continued)

- Off-The-Shelf (OTS) Equipment
  - Established in-service with the armed forces of another country or Canada
  - Currently “in production” in qualified facilities
  - Does not include projects where a number of off-the-shelf systems are purchased and integrated together for the first time
- Development Program Characteristics
  - Lengthy technology and engineering activities that culminate in a technical baseline
    - Program Managers behave as Risk Managers where tradeoffs are made between cost, schedule, and capability and where they work to preserve options in the face of uncertainty
  - The voice of the end user is essential; the right mechanisms for incorporating this perspective is a key success factor
  - An incremental development approach is the preferred approach to achieving full capability to satisfy operational needs, rather than a single step approach
  - “Trade Space Analyses” (*see graphic on following page*)
    - Decisions are made relative to life cycle cost, schedule, and capability to satisfy end user needs; less urgent requirements are “traded” to maintain operational relevance to the end user

## Key Finding: a fundamental problem existed at the outset of this project – this set the stage for significant misalignment

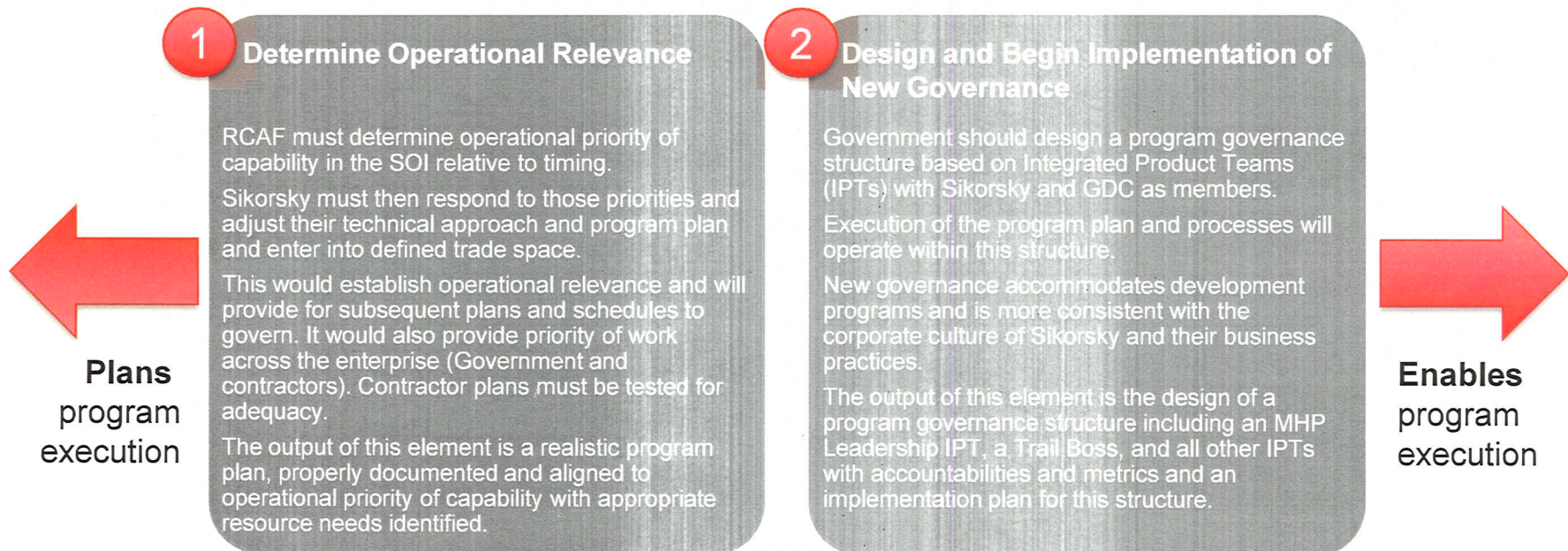
- Government believed they bought an OTS product sold by Sikorsky
  - Structured the project and established governance based on that understanding
  - MHP was in the commercial division of Sikorsky until early 2013
- MHP is a full development program
  - CH-148 will be a state-of-the-art aircraft incorporating advanced technology with an “in service support” capability that is likely unsurpassed in the world today
- Structure of this project is not appropriate for a development effort
  - Government and Sikorsky are therefore misaligned in the most fundamental way
  - Critical aspects of this program (including recognition of a common operating framework, common goals, common terminology, and a common understanding of expectations) are inadequate
  - Ongoing legal process exacerbates this situation
- Many essential elements of appropriate governance required to successfully execute this program are not incorporated; these elements are key success factors of a development program

**Project could be viable and operationally relevant with a new structure and governance model as described in our recommendations**



## Summary of Recommendations

1. Government should act to achieve and test for program viability by:
  - (a) getting stakeholder commitment to a new form of governance, and
  - (b) acting on two essential elements of governance described below.This should be done within 45-90 days based on the urgency of this situation as it has been communicated. Support will be necessary.



**Through this effort, a viable MHP could be achieved which would be relevant to the RCAF and which may not fundamentally violate the SOI; however this must be validated by the Government**

## Summary of Recommendations (continued)

2. Government should design and implement all remaining elements of a comprehensive MHP governance model to sustain program viability and to establish a “Battle Rhythm”
  - New model must be more appropriate to a complex development program based on practices that have been established and proven for such a program and with Sikorsky in particular, as a prime contractor.
3. Government should evaluate the impact to the current contract to support changes to governance, the development nature of this program, and the motives of Sikorsky and GDC to be responsive to the Government.
4. Government should identify an MHP “Trail Boss” to help guide the efforts of the IPTs. The “Trail Boss” serves as the Leader of the MHP Leadership IPT and is empowered to make informed decisions that best serve the end user in often uncertain acquisition environments MHP will encounter.
5. Government should recognize that they will be required to sacrifice less important MHRS requirements to deliver relevant capability to the RCAF.
6. Government should conduct a “lessons learned” to determine contributing factors that led to the current MHP state and to determine if systematic issues exist that must be addressed for future major capital acquisition investments.



## Conclusions

- There is a reasonable expectation that project viability and operational relevance will be achieved within a timeframe that supports the needs of the Government with a different project structure and governance model
- This would require the Government, Sikorsky, and GDC to negotiate within a defined “trade space” over the next 45-90 days to meet RCAF operational needs with a validated contractor approach
- Through this effort, a viable MHP could be achieved which would be relevant to the RCAF and which may not fundamentally violate the SOI, however this must be validated by the Government