RDIMS #2188403

J85
PROPULSION GROUP SUSTAINMENT (PGS)

ANNEX D

PERFORMANCE MANAGEMENT SPECIFICATION (PfMS)

1 Performance Management Guidance

1.1 Purpose

1.1.1 The Performance Management Specification (PfMS) provides a link to the Performance Work Statement (PWS) (Annex A) to ensure the Canadian Government achieves the desired level of performance and value for money.

1.1.2 Sustainment of an aerospace weapons systems is a highly complex business requiring perpetual trade-offs and optimization. To achieve the desired outcomes, there is a need for a close working relationship between government and industry. Government of Canada (Canada) has the responsibility to be a Smart Buyer, necessitating transparency into cost and technical drivers, and to retain an active role in the service delivery. Industry has the responsibility to deliver against its commitments and to apply their expertise in an innovative and proactive manner to ensure Canada receives best value. Industry is also responsible to act in the best interest of government by bringing forward recommendations for continuous improvement as well as anticipating future support challenges and actively mitigating their impact.

1.1.3 To ensure the entire sustainment Enterprise works in an aligned and collaborative manner, there is a need for a system to provide strategic governance and a set of remedies and rewards to incentivize relationships that are open, constructive and positive. There is also a need for simplified and clear metrics to monitor and assess performance against established targets as well as to provide a basis for analysis and recovery.

1.1.4 This PfMS establishes the health indicators necessary to assess overall program health and provides the necessary leading indicators to proactively manage potential risks in achieving the desired outcomes required by the Royal Canadian Air Force (RCAF) and Canada.

1.2 Metrics

1.2.1 General

1.2.1.1 Metrics have been developed to measure program health and the contract's ability to deliver the required performance.

1.2.2 System Health Indicators (SHIs)

1.2.2.1 The SHIs have been selected to provide the tools that will be required to monitor the health of the sustainment system and provide lead indicators to issues that, if not corrected, could result in degradation of the higher level outcomes. The SHIs cover all the KRAs and constitute the suite of metrics that will be monitored for negative trends and cautionary indications. There are no Rewards and Remedies beyond any directed recovery actions associated with the SHIs.

1.3 Management Forums

1.3.1 The management forums consist of PRMs and Technical Review Meetings (TRMs). Management forum meetings will be held monthly and do not require attendance in person. The attendees will consist of the Service Delivery Team, including the Contract Authority (CA) (Chair, PRM), Technical Authority (TA) (Chair, TRM) and Procurement Authority (PA) as well as their counterparts from the Contractor. The aim of the forums is to monitor performance through the analysis of appropriate SHIs. Analysis and Recovery plans as well as initiating and monitoring Continuous Improvement activities are integral to the meeting and a set of Action Items and minutes will be developed and tracked.

1.4 PfMS Implementation Period

1.4.1 The PfMS will be active upon Contract Award. The transition of the Performance Management metrics, reporting and performance periods can be found in Annex A, Section 2.

1.5 Acronyms and a Glossary

1.5.1 The Acronyms and Glossary can be found in Annex A, Appendix 5.

2 System Health Indicators

2.1 SHI Review Periods

2.1.1 There are no SHI Performance Periods as there are no associated Rewards and Remedies. The Contractor's SHI Review Period is monthly, unless otherwise stated. The Contractor must have shared the SHI results through the Electronic Information Exchange System in accordance with CDRL/DID PF-001 prior to the PRMs. The PRMs serve to monitor the SHIs and ensure analysis and recovery activity is delivering the desired improvement. The active SHIs will be reviewed monthly during the management forums. SHIs, their method of calculation, and review period and frequency can be changed at any time at the request of the TA as they are not linked to any performance reward or remedy, but are for the overall betterment of the program.

2.2 SHI Metrics

2.2.1 General

2.2.1.1 The Contractor must report the information/results of the SHIs as described below.

2.2.2 SHI-1 Actual vs Annual Activity Forecast (AAF)

Outcome: Affordability KRA

Description: This metric provides Canada with insight, through the year, into how actual deliverables and expenditures are progressing in comparison to the AAF. It includes:

a. Dollars allocated to the contract for the fiscal year as defined in the accepted Annual Activity Forecast (excl. GST/HST) plotted on a cumulative month-over-month basis. At the close of every month, the invoiced year to date amount will be plotted as well as the revised forecast (if a revision is accepted) both in terms of $ and as a percentage of the Annual Activity Forecast; and

b. Monthly delivered and invoiced goods and services compared to the accepted AAF and, the revised forecast (if a revision is accepted) in terms of quantities of J85 FLMSs and FLRUs and other major deliverables.

Target: No Target. Annual Activity will be demand based and will be a function of RCAF operations and maintenance. There will be additional constraints imposed through Canada's Program Management. The ability of the Contractor to predict and account for uncertainty and the AAF accuracy will be a function of the Contractor's value in delivering the contracted Outcomes.

Frequency: Monthly

Data Source: AAF (quantities of items to be sustained and services), Contract Line Items completed Actual vs Forecast (Quantity, % and $), Invoiced amounts, approved forecast amendment

Format: Graphical and with a financial reporting in the background. The R&O Report (CDRL/DID MAT-001) and Monthly Data Report (CDRL/DID MAT-004) that accompany the Invoice will provide material and cost details for each Overhaul or Repair Line Item that is completed and shipped during the reporting period.

Explanation: AAF will include factors outside of Contractor's control such as change of DND's allocation level (on-ramps, off-ramps). Refer to AAF Instruction Annex A, Appendix 2. An element of this metric is the comparison, in terms of quantity and price, of the actual R&O items supplied by the Contractor against the forecast that was used to develop the AAF. Lead Indicator for achieving AAF and for attaining the target funding.

2.2.3 SHI-2 Continuous Improvements

Outcome: Affordability KRA

Description: Improvements including Maintenance, Parts list and Technical Training initiatives and their Potential Gain Share.

Target: No Target, information only.

Frequency: Monthly

Data Source: System to track all improvements in a database - contractor will establish a system to follow Gain Share initiatives and the associated financial benefit in the Contractor’s EIES.

Format: Graphical and in Contractor format.

Explanation: Includes clarifications to inspection requirements, reviewing damage limits, consolidation of maintenance periodicity, policy changes, etc.

2.2.4 SHI-3 Government Owned Inventory Optimization

Outcome: Affordability KRA

Description: Value of Canadian Forces Inventory

Target: Optimal Level

Frequency: Quarterly

Data Source: DRMIS, and Contractor inventory tracking system

Format: Graphical and in Contractor format

Explanation: Targets to be established at completion of transition and a rationalization of quantities, condition, configuration, applicability, and demand. Inventory will be divided into three categories; Consumables, Repairable Items and Lifed Items. Goal is to show a trend of reducing value. In the case of the Consumables and Lifed Items, the target will be zero. The Repairables target will be based on an optimal level that balances availability and Canada’s working capital.

2.2.5 SHI-4 Average Time on Wing

Outcome: Reliability KRA

Description: Average Time on Wing for FLMAs and FLRUs for all removal reasons in Airframe Hours.

Target: Info

Frequency: Semi-Annually

Data Source: ADAM, Time since last install measured in Airframe Hours

Format: Graphical and in Contractor format

Explanation: This is a lead indicator for the Affordability KRA in particular and can be used to assess the benefits of reliability improvement efforts. It will provide insight into non-inherent removals that may represent an opportunity for workscope optimization. The metric is trended over a sufficiently long period to prevent the trend from being 'lumpy' (e.g. three years).

2.2.6 SHI-5 Top Ten First Line Reliability Degraders

Outcome: Reliability KRA

Description: Top ten items with the lowest Mean Time Between Failure with their MTBF indicated or failure rate per 1000 EFH.

Target: Increase the MTBF and decrease failure rate to improve overall system reliability.

Frequency: Monthly

Data Source: ADAM. Time since last install of that component measured in Engine Flying Hours. Includes: P/N, S/N, Description, Date Reason for Removal and Rectification.

Format: Tabular and in Contractor format

Explanation: Lead indicator to focus improvement initiatives. If one of the items is determined to have a reliability that is unchangeable, it will be removed from the list based on mutual agreement. The background data for this metric with the MTBF or failure rate and reliability data is to be made available through the EIES.

2.2.7 SHI-6 Troubleshooting Effectiveness

Outcome: Reliability KRA

Description: No Fault Found (NFF) rate and the top ten NFF items.

Target: Reducing trend starting from a baseline with an offset downwards based on an achievable target.

Frequency: Semi-Annually

Data Source: ADAM

Format: Graphical and Tabular in Contractor format

Explanation: Lead indicator for the Affordability KRA in particular and will evaluate the effectiveness of contracted support. As with SHI-5, the data for all the NFF incidents is to be made available within the Information Environment. It will be calculated as a ratio over the number of engine flying hours in the period.

2.2.8 SHI-7 First Line Mission Aborts

Outcome: Reliability KRA

Description: Mission Abort rate, contributing components, and cause factors.

Target: Track trending of time for number or rectifications and time to complete them

Frequency: Monthly

Data Source: ADAM

Format: Graphical and in Contractor format

Explanation: This metric will have an impact on RCAF operations. The intent is to capture the overall mission abort rate attributed to in-scope equipment, and to identify the leading component causes and cause factors.

2.2.9 SHI-8 In-Flight Shut Down (IFSD) Rate

Outcome: Reliability KRA

Description: In-Flight Shut Down (IFSD) rate

Target: Reducing trend

Frequency: Monthly

Data Source: ADAM and FSIMS

Format: Graphical and in Contractor format

Explanation: IFSD events represent a complete failure of the engine to perform its intended function whereby it ceases to operate in-flight. Intentional shutdowns, for reasons such as loitering or during a maintenance test flight, are excluded except when they fail to re-light.

2.2.10 SHI-9 Adverse Engine Effect (AEE) Rate

Outcome: Reliability KRA

Description: Adverse Engine Effect (AEE) rate

Target: Reducing trend

Frequency: Monthly

Data Source: ADAM and FSIMS

Format: Graphical and in Contractor format

Explanation: AEE events represent a situation where the engine fails to perform or reacts in a manner different than that commanded by the pilot, inclusive of IFSDs.

2.2.11 SHI-10 Minimize Quality Defects

Outcome: Reliability KRA

Description: Number of defects attributable to poor quality as a percentage of transactions.

Target: Threshold to be established after transition

Frequency: Monthly

Data Source: Contractor Provided

Format: Graphical and in Contractor format

Explanation: Metric to be based on warranty claims raised through Pre-Installation Failures (PIFs), and CF543 forms with warranty as a cause factor. To be expressed as a percentage of total J85 FLMA and FLRU demands over the same period.

2.2.12 SHI-11 Greening Initiatives

Outcome: Environmental Benefits KRA

Description: Greening initiatives implemented to reduce emissions and environmental impact across the whole of the enterprise. The following measures apply:

Progress to Net Zero (PNZ):

$$\boldsymbol{PNZ} = \left(\frac{\sum \boldsymbol{CO_{2,offsets}}}{\sum \boldsymbol{CO_{2,emissions}} + \sum \boldsymbol{CO_{2eq,emissions}}}\right)\mathbf{100}\%$$

Where $CO_{2,offsets}$ are the total quantity of CO_2 offsets;

$CO_{2,emmisions}$ are the total direct emissions from 3rd Line heating, transportation and material management activities; and

$CO_{2eq,emmisions}$ are the direct emissions from 3rd Line heating, transportation and material management activities resulting from emissions other than CO_2 but have a global warming potential.

Sustainable Packaging:

$$SP = \left(1 - \frac{N_{parts,sustainable\_packaging}}{N_{parts,managed}}\right)100\%$$

Where N is the number of parts of each category

Sustainable Materials Used:

$$SM = \left(1 - \frac{N_{hazardous} + N_{environmentally\_harmful}}{N_{consumable\_substances}}\right)100\%$$

Where N is the number of consumable substances or materials of each category used during the conduct of maintenance for in-scope equipment

Target: Net Zero by 2050, 100% sustainable packaging, 100% sustainable materials

Frequency: Bi-Annually

Data Source: Contractor Provided

Format: Graphical and in Contractor format

Explanation: Indication of efforts and progress made towards reducing greenhouse gas emissions and adopting more sustainable and environmentally friendly materials used in the conduct of the Work including shipping.

2.2.13 SHI-12 Diversity and Inclusion

Outcome: Behaviour KRA

Description: Report on the following:

Gender parity within the workforce; and

Indigenous participation within the workforce and subcontracts.

Target: Target to be established after transition

Frequency: Bi-Annually

Data Source: Contractor Provided

Format: Graphical and in Contractor format

Explanation: Performance indicator which will measure the percentage of opportunities that are given to individuals who belong to one or more groups traditionally underrepresented in the aerospace sector, particularly visible minorities and women. The program should collect data through voluntary disclosure of demographic information of employees. These measurements can be tracked to see how the company is currently performing, define what is needed to achieve greater equality and determine how progress will be measured going forward.