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Procrustean Procurement

*Procuring "outputs" is **not** one size fits all*

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Procrustean Procurement

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Executive Summary

Canada's professional services procurement system is attempting to address a political demand and solve a value problem with a rush to "outcomes" (or away from "tasks") and process tweaks, rather than addressing root causes: accountability, procurement model preference/selection, and the misuse of professional services as pseudo-employees. The RFI's goals of "simple, fair, open, and better value for Canadians" are laudable, but structurally contradictory requiring clearer prioritization and a cultural focus on outcomes rather than activity.

We can class professional services into four distinct groups, each requiring a different procurement approach. Canada's current one-size-fits-all tendency to rely on task-based, input-focused contracting (especially for high-value expert services) incentivizes effort over results, increases cost, and obscures accountability. The result is slow delivery, weak outcomes, and poor value to Canadians — even when processes are perfectly followed.

The core problem is structural: Canada overuses task-based staff augmentation for work that should be output-based, forcing Procurement into HR-like decisions it is neither mandated nor equipped to make. Professional contractors, via vendors, are micromanaged as if employees, erasing the benefits Canada seeks when it "buys" expertise.

To fix this, Canada must:

1. Enforce disciplined make-or-buy decisions before engaging suppliers, defaulting to buying outcomes.
2. Use output-based procurement for all but commodity labour.
3. Define then manage success as measurable outcomes instead of activity.
4. Stop evaluating expertise through checkbox credential grids.

Procurement should become a performance-governance function, not a staff-augmentation broker. If Canada wants "better value for Canadians," it must stop stretching and cropping every procurement to fit a single Procrustean bed. Modernization requires differentiated models, clear accountability for results, and a culture that treats professional services as outcome producers — not rented hands.

Moreover, any change toward "outcome" from "task" orientation is not a tweak. It is a significant transformation and must be dealt with that way.

Procrustean Procurement

*Procuring "outputs" is **not** one size fits all*

Theseus encountered Procrustes, who offered guests a bed (a rack) and then stretched or amputated them to fit. Similarly, Canada's professional services procurement system often forces diverse work types into a uniform approach, causing inefficiency and frustration.

Rationalizing the RFI

The Public Services and Procurement Canada RFI EN578-260794 seeks input to design a simpler, fairer, more open procurement model delivering better value for Canadians. The intent is laudable, driven by public procurement failures (e.g., ArriveCan) and political commitments to better, outcome-evident fiscal management. Yet, the objective lacks clarity on improving actual outcomes—focusing instead on process and models as proxies for capacity/capability.

Limitations of the Objective

The RFI's goals—simpler, fairer, more open, delivering better value—are actually constraints. As goals, they can conflict: simplicity may clash with fairness, and openness may conflict with efficiency. Without definitions and prioritization, Canada risks procedural compliance without genuine results.

Procurement and "Value for Canadians"

Procurement is inherently a support function. Real value comes not from procedural efficiency, but from ensuring expenditures yield meaningful outcomes. To provide value to Canadians, procurement should be fast, effective (i.e., ensure pre- and post-purchase rule compliance), and invisible. Procurement should enforce compliance, audit results, and govern business owners' make-or-buy choices to maximize value.

Defining Professional Services

Professional services are heterogeneous. For clarity, we divide them into four groups.

Group	Description	Common Access
1. Licensed Professionals	Doctors, lawyers, auditors, engineers, etc. Must be licensed; often in professional firms	LLPs, corporations
2. Enterprise Outsourcers	Systems integrators, large contractors, management consulting firms	Large firms
3. High-Value Experts	Creative, high-impact problem solvers; often individuals	Independent contractors
4. Commodity Labour	Routine, non-creative tasks: testing, driving, snow clearing, etc.	Staffing firms

Table 1 – Professional Service Groupings and Common Access

The four Groups and common means of access (e.g., professional, staffing, and other firms) are positioned within a 2x2 matrix, the horizontal and vertical dimensions of which are *Vendor-Partner* from individual to institution and *Procurement Type* from task to output.

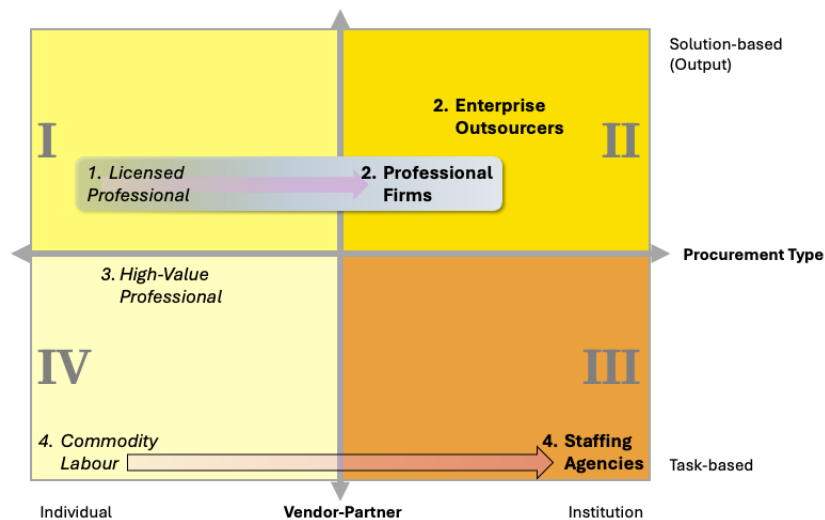


Figure 1 – Professional Service Groupings and Common Access

Existing Procurement Models

Canada maintains several existing professional services procurement vehicles.

- **TBIPS** – Task-based Informatics Professional Services; input-focused IT contracts.
- **SBIPS** – Solution-based Informatics Professional Services; output-focused IT contracts.
- **ProServices** – Non-informatics and informatics professional services below trade thresholds.
- **THS** – Temporary Help Services; primarily staffing for routine work.
- **TSPS** – Task and Solution Professional Services for non-IT work.

Appropriate mapping of Groups to Models:

Mostly TBIPS are used for input-based (task) procurements with a desire to migrate to an output-basis.

	Task Based				Output Based
	TSPS	THS	ProServices	TBIPS	SBIPS
Group 1 Licensed Professionals					X
Group 2 Enterprise Outsourcers					X
Group 3 High-value Experts			X	X	X
Group 4 Commodity Labour	X ¹	X	X	X	

Table 2 – Groups applied to appropriate existing procurement models

- Groups 1 & 2 are firm-based, suited to output-based contracts.
- Group 4 is predictable staff augmentation and reasonably task-based.

¹ Also Solution-based.

- Group 3 is problematic: independent experts often forced into task-based models, reducing effectiveness and accountability.

While the solution seems obvious, this document focuses on Group 3.

Beyond Purchasing: Delivering “Value for Canadians”

Process compliance ends at contract signature, but true value emerges afterward. Procurement rarely ensures that contract deliverables are timely, useful, or aligned with policy goals. Ignoring post-contract performance rewards vendor salesmanship rather than outcomes. This is at odds with the final goal of “delivering better value for Canadians,” by ignoring the end value of what is purchased.

Professional Services Are Not Commodities

Professional services cannot be objectively reduced for algorithms. Moreover, internal employees receiving services significantly influence outcomes. Treating contractors as pseudo-employees misaligns incentives and reduces the value of expertise.

Procurement as HR

When Procurement assumes HR-like responsibilities, failures occur. Beyond the question of whether this takes Canada outside its operational mandate (To wit: the military *specs* ships; it does not *build* them, let alone build them by tasking contract workers), Procurement is ill prepared and equipped to do this. Experience and credentials are imperfect proxies for capability; HR is better equipped to assess skill.

The inconsistent relationship between experience—let alone proximity to it—and ability means it is easy on paper to equate proximity to skill with having skill. As a stand-in for capability, let alone quality, that is a risk. The same goes for credentials: they are loose indicators of capability and useless for assessing quality. Forcing Procurement to qualify experts leads to inefficiencies and undermines output.

Make-or-Buy Decisions

Procurement is often excluded from the early make-or-buy decisions, particularly for Group 3 work. The problem affects Group 3 particularly when Canada’s business owners land on “build” but do not have the manpower, skills, or experience to actually build.

- **Make:** Canada designs, builds, and operates internally.
- **Buy:** Canada specifies objectives, then delegates execution to contracted experts.

Discipline in make-or-buy decisions clarifies whether output-based contracting is appropriate, preventing misuse of scarce expert resources.

Current Issues

1. **Procurement limitations:** Slow, process-driven, poorly aligned to final outcomes.
2. **Structural ambiguity:** PSPC, departmental Procurement, Departmental business owners, and Treasury Board roles overlap.
3. **Model misalignment:** One-size-fits-all approaches fail for high-value expertise.

4. **Staffing Agency intermediaries:** Staffing agencies handle HR tasks, adding cost and complexity, introducing incentive misalignment.²

The Problem

The root problem is not agencies or individual resources; it is the dominant task-based contracting model. High-quality professionals dislike being micromanaged as pseudo-employees, and *Canada struggles to define and manage appropriate outputs for high-value experts*.

Procurement Model Deficiency

- **Staff Augmentation:** A contract is tendered for performance of tasks during a given period. Focus on work to be performed, where, and when.
- **Outsourcing:** Delivery of outputs requires output clarity with secondary reference to how, when, and where it will happen. Focus on deliverables (outputs).

The government is unprepared for widespread output-based contracting for Group 3 professionals. Existing SBIPS contracts work for Groups 1 and 2 firms, but individual high-value experts require different structure.

Clarifying Frame

Imagine building a house: architects and contractors are hired for results, not micromanaged on methods. Canada frequently hires then directs contracted professionals in detail, undermining expertise and reducing value.

The Bed of Procrustes

Applying a single procurement model across all professional services forces misfit solutions.

- Staff augmentation suits Group 4.
- Full outsourcing suits Groups 1 and 2.
- Group 3 requires careful output-based contracting... or maybe task-based contracting... depending on circumstances.

A uniform approach is the Procrustean bed: effectiveness and value are sacrificed to procedural conformity.

Recommendations

First: Clarity and uniformity of objective for the RFI

1. PSPC must identify one clear priority among the RFI goals.
2. Direction should focus on larger outcomes, not just process/model adjustment.
3. Existing solutions may suffice if applied with discipline and cultural alignment.

² The agency "value problem" is a typical 25% mark-up *for the life of the contract*... to processes monthly timesheets/invoices after recruiting/proposing the resource to win the contract. Despite the mark-up, agencies do not necessarily know what the resources do and take no responsibility for it. But the agencies are a direct result of Canada's procurement model and business/operational preference. There may be cause to believe the structure is more efficient than the alternative.

Second: Applying change to procurement

1. Enforce make-or-buy discipline; hire professional services only for “buy” situations.
2. Apply output-based procurement to all but Group 4, with nuanced oversight for Group 3.
3. Clearly define desired outputs; use binary or near-binary metrics where possible.
4. Focus on output quality, not effort.
5. Rely on HR-aligned methods: due diligence, reputation, and referrals.
6. Stop evaluating capability solely via credentials or job grids.
7. Avoid hiring professionals as pseudo-employees, except for temporary, finite tasks (Group 4).
8. Defer to experts on execution; focus on progress toward measurable outputs.

Conclusion

This white paper provides a path to modernization but is necessarily high-level. Second-order impacts of shifting to output-based contracting may be tectonic *guaranteed* to result in extensive, unanticipated impacts reaching to and beyond the foundations identified. Those include: culture, understanding, accountability, perspective, management acumen and training, and vendor industry dynamics....

Change is required, but must be disciplined and outcome-focused.

About Institute X

Institute X is a transformation leadership consultancy based in Ottawa. Principal Timothy Grayson has decades of experience leading and guiding enterprise executives through complex operational and digital transformations. Institute X helps leaders identify root truths, design multi-stage paths, and foster culture and accountability.

Procurement transformation is non-trivial and should not be treated as a mere process update.