
Helping Countries to Better Manage Limited Defense Resources

By

Dr. C. J. LaCivita

Executive Director of The Defense Resources Management Institute

The Defense Resources Management Institute (DRMI), located at the Naval Postgraduate School (NPS) in Monterey, California, is an educational institution sponsored and supervised by the Secretary of Defense. The DRMI teaches graduate level, professional education programs in analytical decision making and resources management for military officers and senior civilians from both the United States (U.S.) and other countries. Since its inception in 1965, over 30,000 officials from the U.S. and 162 other countries have participated in DRMI programs. The Institute's courses enable participants to develop the skills and thought processes necessary for deciding how best to allocate scarce resources among abundant alternatives under conditions of uncertainty.

The DRMI curricula integrate economic reasoning, management science, and quantitative analysis in a systems approach to decision-making. The basic tenet of all DRMI curricula is that sound decisions begin with clearly stated goals and objectives and followed by analysis of alternatives for achieving those goals. The systems approach uses various models to predict the consequences of different alternatives and provides a framework for the decision maker to explore trade-offs, gain insight, and make a choice. The great advantage of this method is that a link can be drawn from the problem to a course of action and to the cost of resources necessary to implement the course of action. The modeling principles taught at the Institute allow the manager to explain the relationship between resource inputs and organizational outputs and outcomes. Instead of relying on best-guess speculation, a defensible argument can be made for resource requirements.

DRMI's faculty is a mix of twenty civilians and four military officers all with graduate degrees and all members of the NPS faculty. The majority of the civilian faculty have Ph.D.s and are experts in their academic fields. Many also have prior military experience. In addition to teaching, they conduct research in defense areas relative to their academic fields. The military faculty includes lieutenant colonels and commanders representing the four military Services. In addition to holding graduate degrees, all have served extensive operational tours as well as staff assignments where they have used the procedures they now teach. Many are Joint Staff Officer qualified and understand the broad issues of joint operations in the DoD.

Courses Offered

All DRMI courses have two overarching goals: to provide an analytical framework for making defense resources allocation decisions and to provide a forum for the exchange of ideas. Courses differ depending on the intended audience, particular topics to be addressed and the amount of time available for the course. The method of instruction for all DRMI courses is a mix of lecture and small group discussions. Participants are presented with a series of real world problem scenarios and encouraged to share their ideas and experiences. The diversity of experience among the participants is a valuable addition to the mix of ideas and viewpoints on a particular problem. In fact, the exchange of ideas among peers is one of the most valuable learning aspects of the course. DRMI has been at the forefront of the Expanded International Military Education and Training (E-IMET) initiative since 1991, and all courses listed below are approved for E-IMET.

Defense Resources Management Course

The Defense Resources Management Course (DRMC) is a four-week course offered five times a year. It is designed for U.S. military officers (active or reserve) of rank O-4 to O-6, civilian officials of grades GS-11 through GS-15 or equivalent, individuals participating in accelerated career development programs, and foreign officials of similar rank or grade. Although designed for a U.S. audience, international students have participated in every DRMC the Institute has offered. International participants in the DRMC are typically from our NATO allies and usually comprise 30-40 percent of the class. Germany, for example, sends three officials to every DRMC. Maximum enrollment is fifty-four participants.

As noted above, the course has two major goals. The first goal is to develop an understanding and appreciation of the concepts, techniques, and decision making skills related to allocating defense resources in order to enhance effectiveness in modern defense organizations. The course provides an integrated, multidisciplinary approach that encourages the participant to develop an understanding of concepts, principles, methods, and techniques drawn from management theory, economic reasoning and quantitative reasoning. Course content emphasizes ways of thinking about defense resource issues and problems through three interdependent areas of study. The first area concentrates on the formulation of resource allocation problems and methods of analysis suited to solving such problems. Special attention is given to the tools and techniques of quantitative reasoning. The second focuses on the use of economic concepts in resource allocation and the importance of weighing benefits against their costs. Economy and efficiency, marginal reasoning, production analysis, cost concepts and measuring effectiveness are treated in detail. The third area examines the development of management systems for aiding resource allocation decisions. Budget systems and their design are studied, with special attention devoted to the Planning, Programming and Budgeting System (PPBS). Generic concepts are emphasized throughout the course with the aim of facilitating their introduction as part of a broader effort to improve the conduct of defense management.

The second goal is to provide a forum for the comparative exchange of ideas. The participants learn about the operations of other DoD organizations as well as those of other countries. The U.S. and international participants learn about each other's countries and cultures, and form long-lasting friendships. Discussion groups provide participants with the opportunity to interact with each other. The course is conducted through a variety of interrelated activities, including lectures that present basic concepts, assigned readings to support and supplement the ideas presented in the lectures, and discussion groups (consisting of eight to ten participants with a faculty facilitator). In the discussion groups, concepts from lectures and readings are discussed, compared, and critically examined. Discussions often center on a problem or case study in which theoretical concepts and analytical methods are applied to illustrative situations.

International Defense Management Course

The International Defense Management Course (IDMC) is an eleven-week course offered twice a year. The course is designed specifically for international participants of rank major through colonel and civilians of equivalent rank. All of the topics covered in the DRMC are also covered in this course but in much more depth. Additional material includes a week of manpower issues, a week focused on logistics management and two weeks of financial management and budgeting. A typical IDMC has 50-54 participants from 35-45 countries, giving the participants ample opportunity to learn about other countries and cultures and form long-lasting friendships. Course participants are provided with opportunities to learn more about the U.S., its people and its institutions. Each participant has a host family from the local community that provides the opportunity to see how Americans live. A field trip to Washington, DC is also part of this program. The intent is to show the participants how our democratic institutions work.

Senior International Defense Management Course

The Senior International Defense Management Course (SIDMC) is a four-week professional course conducted once a year. The course is intended for flag and general officers and equivalent-ranking civilians from countries throughout the world. As with all DRMI offerings, the foundation of the course is analytical decision making, but the course is tailored to senior leaders. As with other DRMI courses, participants are provided with opportunities to learn more about the U.S., its people and its institutions. Each participant has a host family from the local community that provides the opportunity to see how Americans live. A field trip to Stanford University and San Francisco are also part of this program.

Mobile International Defense Management Course

The Mobile International Defense Management Course (MIDMC) is a two-week course designed for military officers of rank O-4 and above and civilians of equivalent rank. As with all DRMI courses, the emphasis is on analytical decision making and resources management systems. The course can be tailored to meet the needs of the host country and is conducted in English or in other languages through translation and interpretation. A significant number of the mobile courses have been regional in nature, offering participants from different countries in a region the opportunity to interact with one another. Since 1991, DRMI has conducted 139 mobile courses in 54 countries to officials from 101 different countries. Participants included 3,601 military officers and 1,575 civilian officials.

A number of countries have incorporated a DRMI MIDMC as part of the curriculum of their National Defense Colleges. Argentina, Honduras and Malaysia, in particular, have done this by scheduling an annual MIDMC to coincide with the resources management portion of their program. Other countries, such as Croatia and the Philippines, have requested special courses designed to help them install planning, programming, and budgeting systems (PPBS) in their ministry of defense (MoD). MIDMCs must be requested through in-country U.S. security assistance agency personnel (military assistance advisory group (MAAG), military group (MILGP), office of defense cooperation (ODC), security assistance office (SAO), defense attaché office (DAO), etc). In view of the high demand for mobile courses, official requests should be made at least one year in advance. The annual Training Program Management Reviews (TPMRs) offer a forum for initial requests and planning.

Recently, DRMI has added a number of new courses to its offerings:

- **Multi-Criteria Decision Making Course.** The Multi-Criteria Decision Making Course (MCDM) is a two-week course designed for military officers of rank O-4 and above and equivalent ranking civilians. The course develops a method of approach to support decision making by managers in defense organizations. The focus is on practical application to management decisions involving many organizational objectives. Emphasis is placed on formulating the problem, understanding the analytical process involved in evaluating potential solution alternatives, and interpreting the results of the analysis in support of choosing a solution. The curriculum provides practical examples from defense resource allocation problems. Participants will be required to apply the approach to a decision problem of current interest to their MoDs. This exercise will serve as a foundation for further work once they return to their own organization.
- **Budget Preparation, Execution and Accountability.** The Budget Preparation, Execution and Accountability Course (BPEA) is an eight-day course designed for military officers of rank O-4 and above and equivalent ranking civilians. This course examines the preparation, execution and accountability of defense budgets. It provides the foundation for preparing and executing the budget by discussing the overall budget process beginning with planning and programming. Planning and programming are

the stages where policy formulation and allocation of resources support national priorities, goals and objectives. This course reviews these concepts, and then illustrates how to take the programming decisions from the MoD through the budget cycle. It begins with a section on budget preparation using MoD programming guidance, integrating programs with budget guidance to create a budget. It then provides information, tools and techniques, and exercises on estimating budget submissions, funds control, performance management and feedback, all components of preparing, executing, and providing accountability for defense budgets.

- The Streamlining Government through Outsourcing, Privatization and Public-Private Partnerships Course (SGOP) is a one-week course designed for military officers of rank O-4 and above and equivalent ranking civilians. The goal of this course is for international participants to be able to apply economic and management theory and some practical lessons learned to make concrete policy recommendations. The course is designed to provide a forum for the exchange of ideas to improve the management and support of defense operations; to review economic and management theory and lessons learned from privatization, outsourcing and public-private partnerships as they relate to governments' make-or-buy decisions; to provide an analytical approach to effectively plan, implement and monitor privatization and outsourcing initiatives. Participants will be responsible for completing a strategic proposal to benefit their defense organization, department or team.
- The Base Realignment, Closure and Economic Redevelopment Course (BPEA) is a two-week course designed for military officers of rank O-4 and above and equivalent ranking civilians. The course focuses on the problems associated with selecting military facilities for closure or realignment as well as the economic redevelopment of former military facilities. In the first part of the course, concepts and applications of strategic planning and the linkages between strategic plans, military capabilities and program budgets are examined. The second part of the course discusses the requirements necessary to support base closure and realignment decisions. The third part of the course, we explore the issues related to economic redevelopment of facilities selected for closure or realignment.
- The Financial Integrity, Accountability and Transparency (FIAT) Course is a seven-day course designed for military officers of rank O-4 and above and equivalent ranking civilians. The course explores how the principles of good governance and the concepts of financial integrity, accountability and transparency can reduce the negative impact of corruption in government. The course will introduce students to basic management and economic concepts that are useful for understanding how corruption reduces government effectiveness and efficiency. The definition and measurement of corruption as well as its effect on the national economy will be presented. Tools and techniques for enhancing transparency and accountability will be discussed, including budgeting processes, accounting principles and financial management systems. Principles of good governance and issues related to external aid and non-government organizations will be explored and the concept of integrity will be discussed from the financial and personal perspective. Case studies and open discussions will give students the opportunity to explore these subjects in further detail.

Graduates

King Abdullah II of Jordan, along with his brother Prince Faisal and sister Princess Aisha, are SIDMC graduates. Numerous other graduates of DRMI programs have become ministers of defense and chiefs of staff. For example in the last ten years,

DRMI graduates have been:

- Ministers of Defense in Argentina, Honduras, Latvia, Philippines, Romania and the Slovak Republic;
- Chiefs of Staff of the Argentine Army and Air Force, Bangladesh Army, German Army, Honduran Army, Jordanian Air Force, Mongolian Armed Forces, Namibian Army, Royal Norwegian Air Force, Army of Senegal, Spanish Air Force, Surinamese Army, Swedish Air Force, Swedish Land Forces and the Taiwan Air Force and Army; and the Chief of Naval Operations of Argentina, Bangladesh and the Philippines.

About the Author

Dr. C. J. LaCivita is the Executive Director. For more information about DRMI, please visit the web site at: <http://www.nps.edu/drmi>.