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A FORCE MANAGEMENT UPDATE



A Quarterly Newsletter of the Army Force Management School

November 2012

PPBE BACK TO THE BASICS

(A Force Management Locker Room Lecture)

In athletics when a team is struggling, in a slump or a losing streak, you often hear the admonition that it's time to get back to the basics – back to the fundamentals. In football, it's blocking and tackling. In baseball, it's hitting and pitching. In basketball, it's passing, shooting, and defense.

In force management – yes, force management, though certainly not a sport, its team is definitely struggling and in a decision making slump so I argue the analogy makes sense – it's planning, programming, budgeting, and execution.

And even though some 50 years have passed since the inception of the Planning, Programming, and Budgeting System (PPBS – today's Planning, Programming, Budgeting and Execution process or PPBE) in the Department of Defense, the fundamentals that served as the underpinnings of DOD resource management then are arguably just as important today and perhaps even more so.

So Team here's the pre-game "locker room" lecture before the annual Austerity Budget Bowl game.

Let's review the original six PPBE fundamentals essential for national security resource management success:

- Fundamental #1 - Decisions should be based on explicit criteria of national interest, not on compromises among institutional forces. There is no "I" in team. We plan, program, and budget to provide the best possible security for the national enterprise not any sub-component. Selfless service is required. Our resource allocation decisions must be predicated on and dedicated to the success of the Team.
- Fundamental #2 - Needs and costs must be considered simultaneously. Resources are finite and we must plan, program, and budget from that perspective. Tradeoff decisions in DOD resource management are agonizing yet inherent. And while cost will not drive requirements determination analysis, it shall always be a consideration. And that consideration will occur upfront and early in the process and not as an afterthought. Cost benefit analyses are mandatory.
- Fundamental #3 - Major decisions should be made by choices among explicit, balanced, feasible alternatives. Problem solving requires an open mind in conjunction with creative, critical thinking. Parochially restricting options available for problem solving is self serving, reflects institutional bias, and results in under-informed decision making. National leadership and the nation are best served

when all reasonable options are on the table for extremely difficult resource allocation determinations.

- Fundamental #4 - The Secretary should have an active analytic staff to provide him with relevant data and unbiased perspectives. There is no substitute for experience. But while subjective reasoning developed in the crucible of real world experience will always be a vital component of defense resource management and resource allocation decisions, objective analytical data is a decision making enhancer and facilitator. And relevant analytical data presented by an independent third party is a decision making force multiplier.
- Fundamental #5 - A multiyear force and financial plan is required to project the consequences of present decisions into the future. Shortightedness must be avoided. Resource management for national security is a long, never ending commitment. The incremental approach to resource allocation fails to consider future problems and compounds the level of difficulty in dealing with them when they arise. Projecting force and financial resource management decisions tends to surface second and third order effects. The positive ones we absorb comfortably. Management and mitigation of negative effects must be planned in advance.
- Fundamental #6 - Open and explicit analysis, available to all parties, must form the basis for major decisions. Close hold decision making raises the level of suspicion that parochial interests are being served as opposed to the national interests. Exposing the process and information to all interested internal and external parties allows for appropriate detailed scrutiny and the avoidance of overlooking critical details. It also enhances confidence in the integrity of the resource management process and ultimately secures legitimacy for resource allocation decisions.

Alright Team let's get out there and plan, program, and budget like we know we can and win one for the Team! On three "HOOAH" – One, Two, Three...

See Alain Enthoven and K. Wayne Smith, How Much Is Enough: Shaping The Defense Program, 1961-1969, pp. 32-47 and The Miniature Guide to Critical Thinking Concepts and Tools by Dr Richard Paul and Dr. Linda Elder.

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Army Equipping Enterprise System

A February 2012 Out-of-Cycle (OOC) Structure and Composition System (SACS) Total Army Equipping Distribution Program (TAEDP) update is now available in the Army Equipping Enterprise System (AE2S). This version updates initial on-hand and projected new deliveries but uses the same SACS. At this time it is not known when the next version of SACS will be released so this file is an update of those items that have changed significantly since the last SACS TAEDP update in February 2012. Specifically, the February 2012 FEB12 OOC SACS TAEDP v2 file uses: 1) the February 2012 OOC SACS file, the 23 July 2012 Logistics Integrated Warehouse (LIW) on-hand position; 3) equipment deliveries from Equipping the Force (EquipFor) and the Force Development Investment

Information System (FDIIS) Logistics Quantity Amount (LQA) as of 23 July 2012; and the Dynamic Army Resourcing Priority List (DARPL) update as of August 2011.

Army Equipping Enterprise System (AE2S) - Windows Internet Explorer

https://afm.us.army.mil/suite/

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Army Equipping Enterprise System (AE2S)

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» Staff Books

* Selections are defaulted to the ACTIVE DATASET

- APS
- BRANCH
- COMPO
- DIV-BDE
- COMMAND
- TYPKO
- FORCE STRUCTURE
- INSTALLATION

» Expert System

- BI Tool
- Expert System

» AE2S Systems

- FDIIS
- CEaVa

» Support

» Active Dataset

SELECT ACTIVE DATASET

The selected DATASET will be the active dataset for the Staff & Functional Books

FEB12 OOC SACS TAEDP V2

AS OF DATES:

Force Structure: 2012-02-29

Equipment OH: 2012-07-23

Personnel Assigned:

» What's New

2012-08-09: **DATA SET:** A FEB12 Out-of-Cycle (OOC) SACS TAEDP update is now available in AE2S. This version updates initial on-hand and projected new deliveries but uses the same SACS. At this time it is not known when the next version of SACS will be released so this file is an update of those items that have changed significantly since the last SACS TAEDP update in FEB 12. Specifically, the FEB12 OOC SACS TAEDP v2 file uses: 1) the February 2012 OOC SACS file, the 23 JUL 12 LIW on-hand position; 2) equipment deliveries from EquipFor and FDIIS LQA as of 23 JUL 12; and the DARPL update as of August 2011.

» Functional Books

* Selections are defaulted to the ACTIVE DATASET

- Equipment Books

» EQUIPFOR

- EQUIPFOR Home
- EQ4 Rolled/Exempt LIN
- HQDA LIN List

» Executive Views

- Transparency Files
- SECOF
- Spreadsheet Tool

» Reports

- Reports Directory
- AAO
- Reports Mgt System

ATTENTION: Equipment ratings presented on NIPR AE2S are NOT based on AR 220-1... MORE

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Army Cost Benefit Analysis (CBA)

(An Essential Tool for Resource Informed Decision Making)

Cost Benefit Analysis is a structured approach designed to identify and compare the costs and benefits associated with courses of action developed to resolve a specific problem or to seize an opportunity in the most effective and efficient way. The CBA architecture consists of eight separate, yet related, steps.

Step 1, arguably the most important, requires developing a statement of the problem to be addressed or opportunity to be advantaged. It entails garnering all relevant facts and background data related to the issue at hand and pinpointing the objective of the analysis.

Step 2 expands upon fact gathering and focuses on developing necessary assumptions and identifying applicable constraints. For purposes of the analysis, assumptions are defined as events that must occur to make a course of action viable, but those events are not controllable by the analysts. Constraints relate to resource limitations imposed upon issue resolution.

Step 3 requires developing and defining alternative courses of action for analysis and comparison. Courses of action must be viable and should include the status quo, if there is one.

Step 4 focuses on producing cost estimates for each course of action. Here standalone documented support for cost estimate development is essential. That documentation should include all relevant costs both one time and recurring, portray both a program/budget and life cycle perspective, and reflect both current and constant dollar comparisons.

Step 5 entails identifying, but not comparing at this stage, both quantifiable and non-quantifiable benefits for each course of action. Benefits determined in this step can facilitate the determination of alternative selection criteria in the following step.

Step 6 is arguably a close second in importance to Step 1. It is in this step that the criteria upon which all courses of action will be compared are developed. The criteria should be a manageable set that includes cost and non-cost elements, leadership guidance, Department of the Army objectives, and pertinent benefits identified in the previous step. A subject matter expert in the analysis areas may be able to provide valuable assistance in developing alternative selection criteria.

Step 7 gets to the heart of the matter. In this step each course of action is compared utilizing the criteria from Step 6, bill payers as appropriate are identified, second and third order effects are considered as well as their management strategies, appropriate sensitivity analyses are performed, and risk assessment is conducted to include the development of mitigation strategies.

The last step, Step 8, requires a report of the analysis findings and a clear conclusion statement leading to the recommendation. The hard hitting conclusion statement should be in the form of a “Value Proposition” that is a clear statement that the benefits more than justify the costs, risks, and bill payers associated with the recommended course of action.

Cost Benefit Analysis is an essential force management tool under any circumstance, but becomes a critical force management tool in times of marked resource reductions. CBA utilization is a clear manifestation of an organization’s adoption of a cost culture reflecting an understanding of the importance of cost-informed decisions, effective trade-off decisions, cost accountability, and continuous improvement of the efficiency and effectiveness of operations. It demonstrates an understanding of the critical linkage between cost effectiveness and mission accomplishment.

CBA instruction is included in the curriculum at the Army Force Management School (AFMS) and as of September 2012 AFMS is authorized by the Comptroller Proponency Office of the Assistant Secretary of the Army for Financial Management and Comptroller [ASA (FM&C)] to award Continuing Professional Education (CPE) credits for its CBA instruction in the Army Force Management Course and the FA50 Qualification Course.

Note: See Lessons AFMC CDMD 09 CBA and AFMC FS13 CBA PE via the AFMS website, FM Help Desk, and FM Collaboration AKO Portal.

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