



DRMI Newsletter

Issue 43

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DRMI Program Mission

Established in 1965, DRMI's mission is to enhance the effective allocation and use of scarce resources in modern defense organizations by developing participants' analytical decision-making skills. DRMI faculty teach key concepts in management, economics and quantitative reasoning. In addition, the DRMI curriculum uses real-world cases in contexts that include contemporary issues.

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Francois Melese
Executive Director,
DRMI

Musings from Francois Melese

DRMI's Executive Director

Dear Friends,

“The impact of weak defense institutions in the face of fiscal challenges is a risk all NATO members and partner countries take seriously, and is particularly challenging for stabilization and reconstruction in conflict zones.” This is the opening sentence of the welcome letter for participants in the NATO Building Integrity conference co-sponsored by the U.S. Office of Secretary of Defense-Policy, and organized by DRMI, which was held in Monterey 25-28 February 2013. The nearly 200 participants from 35 countries identified ways to mitigate the risks that arise when weak defense institutions in challenging economic environments threaten to undermine individual and collective security efforts. The strength of defense institutions depends on the integrity of the military and civilian officials who run them.

In addition, the strength of defense institutions depends on transparent defense budgets that can be presented to elected officials, and accountability to citizens who demand the most efficient and effective use of defense resources. Today, the U.S. government struggles with a growing debt-to-GDP ratio. Having failed to agree on spending cuts and tax increases to reduce the debt in a new budget, the President and Congress have triggered a “sequester.” Sequestration is a blunt instrument that automatically cuts defense and non-defense discretionary expenditures equally across-the-board.

(continued on page 4)

DRMI Headlines

DRMI prepares for 44th Annual Senior International Defense Management Course

When do you get the opportunity to step outside the demands of your organization to:

- Think deeply about contemporary and emerging defense and security issues?
- Hear the latest methods in analysis and strategic resources management?
- Meet peer-level defense managers from over 30 partner nations?
- Spend four weeks in a beautiful part of Central California?

DRMI faculty and staff are making final preparations for this summer's SIDMC, and are inviting flag-rank officers and equivalent civilians to this transformative experience. The course will be held 24 June – 19 July in Monterey, California.

Course description:

The SIDMC is an intensive four-week executive education program that brings together flag rank international military officers and equivalent civilian officials from around the world. In their current positions, these officials work at senior decision making levels within their respective organizations and take on broader responsibilities and an international perspective on defense organizations and their missions. Alumni of the SIDMC have gone on to become chiefs of service, ministers of defense, and heads of state.

Today's complex and changing security environment poses substantial challenges for senior defense managers in developing strategic plans and resources management systems for their implementation. In the 44th Annual SIDMC, we will address contemporary strategic issues confronting senior-level defense managers including climate change, cyber war, as well as the changing economic and political environment. We will discuss setting strategic objectives and analytic tools and management systems for implementing a strategic plan to achieve those objectives. Participants will leave with an enhanced ability to define and evaluate the relationships among national security objectives, defense strategies, program alternatives/

capabilities, and budget resource requirements.

Some of the distinguished guest speakers expected to participate in this SIDMC include Mr. Bob Hale, General Michael Carns, Dr. Ralph Keeney, Mr. Sean O'Keefe, and Dr. David Titley.

On Global Strategic Issues: General Michael Carns, U.S. Air Force (Retired), was the Vice Chief of Staff of the U.S. Air Force from 1991 to 1994. Since retiring from the Air Force, he has been the Managing Director of a small healthcare firm, Executive Director of a New York-based policy research firm specializing in Pacific Rim security in the areas of international capital flows and energy demands, and the Vice Chairman of PrivaSource, Inc., a small software firm specializing in the security and de-identification of large, sensitive databases.

On Value-Focused Thinking and Negotiation: Dr. Ralph Keeney, Research Professor of Business at Duke's Fuqua School of Business. Dr. Keeney is a distinguished researcher as evidenced by his election to the National Academy of Engineering. He has also worked with many companies and public-sector organizations on strategic decisions, and built the Decision and Risk Group at a major consulting firm. He has authored or co-authored a number of widely-read books including *Decisions with Multiple Objectives*, *Value-Focused Thinking*, and *Smart Choices: A Practical Guide to Making Better Decisions*.

On Working with the Private Sector: Mr. Sean O'Keefe, Chairman and Chief Executive Officer of EADS North America. Mr. O'Keefe also served as the Administrator of the National Aeronautics and Space Administration and the Deputy Director of the Office of Management and Budget and in the U.S. Department of Defense (DoD) as the Comptroller and Chief Financial Officer and as Acting Secretary of the Navy.

On Climate Change: Dr. Titley, Rear Admiral, U.S. Navy (Retired) served as the Director of the U.S. Navy's Task Force Climate Change from 2009-2012 in his positions as

DRMI Headlines (cont.)

Oceanographer and Navigator of the Navy and Director, Maritime Domain Awareness and Space. Dr. Titley also served as the Deputy Under Secretary for Operations at the National Oceanic and Atmospheric Administration.

Closing Keynote: The Honorable Robert Hale, Under Secretary of Defense (Comptroller), the Chief Financial Officer of the U.S. DoD.

DRMI Serves as Lead Organization for NATO Building Integrity Conference

The 2013 NATO Building Integrity (BI) Conference took place in Monterey, Calif., Feb. 25-28, at the Monterey Plaza Hotel. Conference participants explored the risk of corruption in the defense sector and resources management through the lens of “Smart Defense” and reviewed progress of the BI Initiative. NATO Assistant Secretary General, Ambassador Dirk Brengleman hosted an opening reception the evening of February 25.

The 2013 NATO BI Conference is part of the U.S. contribution to the Euro-Atlantic Partnership Council (EAPC) Building Integrity Initiative, endorsed by NATO Heads of State and Governments at the Lisbon Summit in November 2010 and again at the NATO Summit held in Chicago in May 2012. In the further development of the BI Initiative and after following the Lisbon and Chicago

Summits, the BI Program has given priority to developing tailored support for Afghanistan and South Eastern Europe. Civilian and military officials will use the outcomes of this conference to shape efforts in this area and to expand the BI toolkit.

Attendees at the conference included NATO members and NATO’s partners in the Euro-Atlantic Area, the Mediterranean and Gulf regions, as well as partners across the globe. The event targeted civilian and military representatives of national delegations at NATO HQ and representatives from capitals.

The conference was organized in collaboration with the US Office of the Secretary of Defense and hosted by the Defense Resources Management Institute at the Naval Postgraduate School (the U.S. Partnership for Peace Training and Education Center).

DRMI’s Executive Director, Francois Melese, acted as lead agent in hosting the conference, assisted by Associate Professors Anke Richter and Natalie Webb. Conference support from DRMI was provided by Associate Professor Jonathan Lipow, Assistant Professors Laura Armev and Cameron MacKenzie, Senior Lecturer Steve Hurst, Lecturer Mark Hladky, LTC Steve Hanson, LCDR Sam Dowell, Maj Todd Ferris, Maj Mike McPherson, LCDR Zack Tate, Ms. Kathi Noyes, Ms. Betty Callihan, Ms. Mary Cabanilla, Mr. Scott Ramos, Ms. Erika Mitchell, Mr. Elliott Mitchell, and Mr. Nick Melese. ■



DRMI and NPS Staff Support NATO Conference

Resident Programs

DRMI Graduates DRMC 13-1

Participants of the Defense Resources Management Course (DRMC) 13-1 graduated on 1 February 2013. In addition to the American students, the class included eight international participants from five countries (Denmark, Germany, New Zealand, Qatar and Saudi Arabia). The participants ended their intensive four weeks of study with a capstone exercise using all the concepts they learned, applying them to a fictitious country, its defense environment and national security challenges. In addition



DRMC 13-1 Participants on Cannery Row

to coursework, the participants also enjoyed several Field Study Program events. On 12 January they went on a tour of the Monterey Peninsula where they experienced a fantastic view of the Monterey Bay and observed the biannual migratory stopover of the Monarch butterflies. On 16 January, the Commandant of the Defense Language Institute hosted the eight international participants and the director of the Foreign Area Officer (FAO) Program for an evening reception honoring FAOs and Naval Postgraduate School foreign military students. At this reception, the participants had the opportunity to meet the former U.S. Ambassador to the Kingdom of Thailand, Eric John. Finally, on 17 January the participants and several DRMI faculty members went to Phil’s Fish Market in Moss Landing, California for some fish and fiddling. It was a great evening of fun, music, conversation and a wonderful opportunity to soak up some American culture.

DRMI Conducts IDMC 13-1

The International Defense Resources Management Course (IDMC) 13-1 opened on 3 February 2013 with a brunch and welcoming remarks from Professor Jim Wirtz, Dean of the School of International Graduate Studies, NPS, and Professor Francois

Musings from Francois Melese (cont.)

Those with a DRMI education know that a careful evaluation of the marginal benefits and costs of cuts would yield a superior outcome.

Today, however, politics makes this superior outcome difficult to achieve. The result is a threat to cut all U.S. defense civilian salaries. As you know, DRMI has a terrific team so I do not expect this crisis to have any impact on the quality of the education, workshops, research and technical assistance we provide. In fact, wherever there is crisis there is also opportunity. The greater the pressure on defense budgets, the greater the value of the financial and resources management education offered by DRMI to increase the efficiency and effectiveness of defense spending. Decision tools and public budgeting frameworks presented by DRMI in the classroom, and applied in collaboration with colleagues in MoDs around the world, provide the institutional foundations for future peace and security.

We know that our colleagues across the nation and around the world face similar challenges. Not only do fiscal challenges affect stabilization in conflict zones, they affect stability in the U.S. and other non-conflict regions as well. As was the case in the NATO conference, mitigating risks from weak defense institutions in challenging economic environments depends on integrity, transparency and accountability. DRMI is proud to participate in educational activities that improve all three.

We wish you the very best in this turbulent period and hope that your DRMI education serves you well.

—Sincerely, Francois ■

Resident Programs (cont.)



IDMC 13-1 Participants at Opening Reception

Melese, Executive Director of DRMI. The eleven-week course has 26 participants from 19 countries. Week one of the course started off with an introduction to the defense management challenge and an all-day Tempo Military Planning Game designed to introduce the key concepts of the course. Participants also met and were paired off with officers through the Foreign Area Officers Cultural Ambassador Program at a Tuesday evening reception; had the opportunity to practice their bowling skills while working together in cross-cultural teams at the Monterey Lanes on Friday afternoon; and went on a Monterey city tour all day Saturday, which included a visit to the Monterey Police and Fire Departments and a drive to Big Sur State Lodge for lunch.

On 22 February 2013 the 26 IDMC 13-1 participants joined the Foreign Area Officer-Cultural Ambassadors and several of the DRMI faculty for an evening of good food and some very lively cross-cultural debates and conversations. The next day, 23 February, the participants and some of their FAOCAs headed for a journey through time

in historical San Juan Bautista, California. Participants heard about the history of the Mutsun Indian tribe that originally inhabited the oak laden hills of San Benito County until the arrival of the Franciscan monks of Spain in 1797 who established the Mission San Juan Bautista. The participants learned that eventually Spain lost control of the land to the government of Mexico who held control until the controversial U.S.-Mexican War ended in 1848 and California became a new territory in the U.S. In 1850 California became the 31st state in the Union. After a morning walk through history, the participants headed to Gilroy for an afternoon of shopping and then home and back to their studies.

On March 12, 2013 the IDMC13-1 will depart for Washington DC where they will tour the US Capitol, meet with U.S. Congressman Sam Farr, Mr. Douglas M. Hoyt, a member of the State Department, and Mr. Tedd Ogren from the Office of the Secretary of Defense, and visit many cultural and historical points of interest before returning to their studies on 17 March.

Throughout the 11-week course, the participants will study managing scarce defense resources using defense planning resourcing systems. They will examine tools and methods that provide the analytical basis for cost effectiveness analysis and discussion of defense management in an international economy. The participants are scheduled to graduate on 17 April 2013. ■



NPS Interim President, RDML Jan Tighe, addresses NATO Building Integrity Conference

Mobile Programs

DRMI faculty conducts workshop in Kyrgyzstan



Al Polley

Associate Professor Jonathan Lipow and Senior Lecturer Al Polley conducted a workshop on strategic budgeting from 22 to 25 January 2013 in Bishkek, Kyrgyzstan. The Kyrgyz participants came from their Ministry of Defense (7), Interior Forces (7), and Border Service (4). Six of the participants had attended one or more of DRMI's previous workshops. Discussions focused on how tradeoffs are made among alternatives to achieve a specific goal (e.g., tactical communications) as well as among competing goals (e.g., between military medical and peacekeeping capabilities). This was DRMI's ninth event in Kyrgyzstan, and we have now worked with over 100 different Kyrgyz. This demonstrates the commitment on the part of both the U.S. and the Kyrgyz governments to an enduring relationship that will enhance our mutual security. DRMI's next workshop in Kyrgyzstan is scheduled for April 2013 and will focus on fiscal transparency and integrity. ■

NPS and Other Programs

DRMI Faculty Member Teaches Systems Engineering Course



Diana Angelis

Associate Professor Diana Angelis, who has a joint appointment with the Systems Engineering department, is teaching SE3011, "Engineering Economics and Cost Estimation," this quarter. She serves as the department coordinator for the course. NPS offers the course several times a year via distance learning and in the spring quarter for resident students. SE3011 introduces the cost aspects (explored from a decision making perspective) of systems engineering. The course content includes determining how cost is used to select alternatives and

how the cost of systems can be measured. Other concepts covered include types of cost, cost behavior, cost allocation, system cost, life-cycle costs, cost over time, cost estimating techniques, cost uncertainty, and risk management, with an emphasis on the use of cost concepts in defense problems. ■

Research and Publications

DRMI Faculty Analyze Insurgent and Counterinsurgent Activities for the U.S. Army Center for Army Analysis



Laura Arme

Associate Professors Natalie Webb and Diana Angelis, and Assistant Professor Laura Arme were awarded a one-year research grant titled, "Sustaining the fight: Data analyses on effects on insurgent and counterinsurgent activities in Colombia" for fiscal year 2013. This analysis will support Center for Army Analysis war games.

DRMI Faculty Present at Risk Analysis Conference



Jay Simon

Professor Kent Wall, Assistant Professor Jay Simon, and Assistant Professor Cameron MacKenzie attended the Society for Risk Analysis (SRA) Annual Meeting 9-12 Dec 2012 in San Francisco, CA. Dr. Wall and Dr. Simon presented a poster "Sensitivity Analysis on Multiple Parameters with Simulation," and Dr. MacKenzie presented a poster "Interdependent Effects of Supply Chain Disruptions and Mitigation Strategies: Case Study of the Japanese Earthquake and Tsunami." Dr. MacKenzie organized a session on the risks of transportation disruptions and dangerous goods, which included presentations by speakers from the U.S. Department of Transportation, Transport Canada, and the University of Southern California Center for Risk and Economic Analysis of Terrorism Events.

MacKenzie Named Society Chairman

Assistant Professor Cameron MacKenzie was named Chairman of the Society for Risk Analysis (SRA) Engineering and Infrastructure Specialty Group (about 300 members), for 2013.



Cameron MacKenzie

Webb's Article Appears in Print

After a two-year delay, Associate Professor Natalie Webb's article appeared in *Nonprofit and Voluntary Sector Quarterly*. See Guo, C., Webb, N.J., Abzug, R. & Peck, L. (2013). Religious tradition, religious attendance, and volunteering for social change. *Nonprofit and Voluntary Sector Quarterly*, 42:34-58. ■



Natalie Webb

DRMI Faculty Service

Faculty Review for Professional Communities

Assistant Professor Jay Simon served as an associate editor and a reviewer for *Decision Analysis*, and served as a reviewer for *Environment, Systems and Decisions*.

Assistant Professor Cameron MacKenzie reviewed papers for *Decision Sciences* and *Annals of Operations Research*.

Assistant Professor Jason Hansen served as a journal reviewer for the *Journal of Water and Health* and for *Decision Sciences*.

Associate Professor Natalie Webb served as a journal reviewer for *Nonprofit Management and Leadership*, *Nonprofit Policy Forum*, and the *Journal of Autism and Developmental Disorders*. She continues to serve on the editorial board of *Nonprofit Management and Leadership*. ■



Jason Hansen

Faculty and Staff News

DRMI Faculty Member Represents DRMI at Security Workshop



Jomana Amara

Associate Professor Jomana Amara attended the December, 2012 workshop, Collaborative and Adaptive Security Initiative: Managing Instability after the Arab Spring. This workshop convened officials from the armed forces, government civilian agencies, inter-governmental organizations, non-governmental organizations, think tanks and academic institutions to discuss the political, social and security implications of the regional transition commonly referred to as the “Arab Spring.” By exploring the challenges faced by the region during this transition, participants were better prepared to help shape the environment, to encourage successful transitions to stable democracy, and to ensure positive relations between the Arab and Western worlds.

Amara Co-Principal Investigator for Multidisciplinary Energy Studies

Associate Professor Jomana Amara was selected by the U.S. Marine Corps Expeditionary Energy Office as a co-principal investigator for its Multidisciplinary Energy Studies Program. The primary aim of this two-year study is to support the Expeditionary Energy Office’s (E2O) mission. Energy issues are shared by all services and are therefore inherently joint, and multidisciplinary-proposed effort leverages academic and research expertise, resources, and capabilities. This program makes available the experience and collection of best practices from related work that can be applied to the E2O mission. This proposal taps into communities of interest for energy-related research and education.

Armey Attends Defense Econ. Conference

On 7 December 2012, Assistant Professor Laura Armey attended the Defense Economics Conferences, hosted by the Institute for Defense Analysis and OSD CAPE in Alexandria, Virginia.

DRMI Welcomes Zack Tate to the Team



Zachary Tate

Zack Tate, Lieutenant Commander, U.S. Navy, Lecturer, earned his BS in Mechanical Engineering from the University of Colorado (1999) and his Executive MBA in Defense Acquisitions from the Naval Postgraduate School (2007). LCDR Tate was commissioned from the University of Colorado NROTC program and has since served as a naval flight officer and electronic warfare officer. His first tour was in Whidbey Island, WA in an expeditionary EA-6B squadron, where he served as the Aircraft Division Officer and deployed to Turkey, Saudi Arabia and Afghanistan. He then served as a flight instructor and intermediate stage manager in Pensacola, FL. In 2007 he was selected to augment the Army staff for the Combined Special Operations Task Force in Baghdad, Iraq as the Electronic Warfare Officer. He then served as the Electronic Warfare Officer and Flag Aide for Commander Carrier Strike Group Two on board the U.S.S. Theodore Roosevelt while deploying in the Atlantic, Mediterranean and Arabian Gulf. His tour prior to DRMI was as a department head in an EA-6B and EA-18G squadron serving as assistant operations, administration and maintenance officers on board the U.S.S. Ronald Reagan deploying in the Western Pacific and Arabian Gulf. He has over 1600 flight hours and 100 combat missions. His personal decorations include the Strike/Flight Air Medal (four awards), Joint Commendation Medal, Navy and Marine Corps Commendation Medal (two awards), Navy and Marine Corps Achievement Medal (three awards), and various campaign and unit commendations. LCDR Tate joined DRMI in February. ■

Other News

Ms. Scheiner, OUSD (C), Makes VTC Presentation to DRMC 13-1



Glenda Scheiners

Ms. Glenda Scheiner (SES), Director, Human Capital and Resource Management, OUSD (Comptroller), gave a relevant and timely presentation via VTC to Defense Resources Management Course participants and DRMI faculty members on 31 Jan 2013. The first half of her presentation focused on an overview of the 2013 budgetary challenges and the ongoing efforts the DoD is taking to reduce budgetary risk, plus DoD’s progress to date in achieving auditable financial statements. The second half of her presentation emphasized the new DoD financial management certification program, scheduled to begin initial implementation in March 2013 and full implementation in March 2014. The goal of the certification program is “to implement standardized financial management competencies that describe knowledge, skills, and abilities needed to perform and achieve desired results.” The participants, who asked numerous questions throughout, appreciated Ms. Scheiner’s presentation. ■

Future Course Dates

- **1-5 Apr**
Performance Management and Budgeting Course 13
- **8-19 Apr**
Risk Management Course 13-1
- **22 Apr – 16 May**
Defense Resources Management Course 13-2
- **20 May – 14 Jun**
Defense Resources Management Course 13-3
- **24 Jun – 19 July**
Senior International Defense Management Course 13

Recent DRMI Graduates



Class Photo: DRMC 13-1



FAO-CAP Event in Monterey

Additional DRMI Photos



IDMC 13-1 Participants Visit Monterey Fire Department

DRMI Photos (cont.)



DRMC 13-1 Participants playing TEMPO game



DRMC 13-1 Participants Enjoying Dinner



IDMC 13-1 Participants Enjoy Bowling @ Field Studies Event



IDMC 13-1 Participants Enjoy Bowling @ Field Studies Event



DRMI's Kyrgyz Workshop, Jan 2013



DRMC 13-1 Class on Steps of Herrmann Hall at NPS