



# DRMI Newsletter

Issue 41

[www.nps.edu/DRMI](http://www.nps.edu/DRMI)

October 2012

## 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.

### Send Us Your News!



Get promoted? Change jobs? We want to hear from you! Stay connected with DRMI by sending us your news and making sure we have your current email address. When a new newsletter becomes available, we'll send you an email with a newsletter link so you can keep in touch with your classmates and stay informed on the latest with DRMI. Send your news to [drmiadmin@nps.edu](mailto:drmiadmin@nps.edu).

## Issue 41 Highlights

<b>Musings from Francois Melese</b>	<b>2</b>
<b>Resident Programs</b>	<b>2</b>
<b>Mobile Programs</b>	<b>3</b>
<b>Research and Publications</b>	<b>5</b>
<b>Faculty and Staff News</b>	<b>6</b>
<b>Future Course Dates</b>	<b>8</b>
<b>Participant News</b>	<b>8</b>
<b>Facebook</b>	<b>9</b>
<b>DRMI on FM myLearn</b>	<b>9</b>
<b>Recent DRMI Graduates</b>	<b>10</b>
<b>Additional DRMI Photos</b>	<b>11</b>





**Francois Melese**  
*Executive Director,  
DRMI*

## Musings from Francois Melese

**DRMI's Executive Director**

DRMI is organizing the next NATO "Building Integrity and Defense Institution Building" conference co-sponsored by the U.S. Office of the Secretary of Defense-Policy and NATO. The February 2013 Monterey conference is part of the U.S. contribution to NATO's new Building Integrity (BI) Initiative. Gaining traction with each major biennial conference (2009, 2011), NATO's BI Initiative has grown to include a survey questionnaire (diagnostic tool), compendium of best practices (set of treatments), training modules, and peer review teams (to share best practices and lessons learned).

NATO's adaptation to the global financial crisis offers valuable lessons for defense alliances. The sovereign debt crisis is forcing NATO members and partners to adopt fiscal austerity measures that include deep budget cuts. This new imperative demands that member countries make the best use of their defense resources. A key insight of NATO's "Smart Defense" initiative is the opportunity to increase collective efforts to pool and share resources and responsibilities through combined multinational efforts and increased interoperability. In theory, Smart Defense can mitigate the impact of budget cuts, strengthen political cohesion, and spur military interoperability. In practice, for increased interdependence to work, NATO members must have confidence their partners will respond as needed in times of crisis and share burdens equitably. Collective security means every country depends on

*(continued on page 4)*

## Resident Programs

### DRMI Graduates DRMC 12-3

DRMI graduated its third Defense Resources Management Course for FY12 on 15 June. This class consisted of 34 participants from 12 countries (Denmark, Estonia, Germany, Italy, Jordan, Latvia, Malaysia, New Zealand, Pakistan, Saudi Arabia, Taiwan and the United States). In this four-week course, DRMI faculty addressed practical application of resources management concepts in decision making that involve many competing and often conflicting organizational objectives.

### DRMI Graduates SIDMC

DRMI graduated the 43<sup>rd</sup> annual Senior International Defense Management Course on 20 July. The intense four-week course included 31 senior military and civilian officials from 24 countries, including the United States. The diverse group of senior decision makers spent the four weeks working and exchanging ideas in the area of strategic defense resources management. The DRMI faculty presented a strategic decision making framework for the top-level planning and resources allocation decisions that must be made in today's complex security environment. Dr. David S. C. Chu, President of the Institute for Defense Analysis and Mr. Bob Hale, Comptroller and Chief Financial Officer for the Department of Defense, enhanced the DRMI curriculum as guest speakers.

### SIDMC Activities

SIDMC participants also had the opportunity to engage in several field studies pro-

gram activities including tours of the Naval Postgraduate School, the Monterey Police and Fire Departments, the Monterey Peninsula, Big Sur, Garrapata and Julia Pfeiffer State Parks. The participants also attended a



*SIDMC Participants at NPS*

picnic hosted by the DRMI faculty and staff. On 13 - 15 July, the SIDMC participants enjoyed a trip to San Francisco. On the way, the group stopped in Santa Clara, where the participants visited the Intel Corporation Museum. They followed the docent through the history of the silicon chip's humble beginning to the must-have core i7 processor of today. Alameda, California and the USS Hornet, formerly the USS Kearsarge, were next on the agenda. This floating museum is a great memorial to the men and women who served the United States on land, sea, and space. The participants stayed at the fully restored Marine's Memorial Hotel in the center of downtown. They toured San Francisco, rode the trolley, tasted the fare of Chinatown and Fisherman's Wharf, and joined in the 75<sup>th</sup> anniversary celebration of the Golden Gate Bridge. On 18 July, NPS President Daniel T. Oliver hosted a recep-



*SIDMC Participants and DRMI Faculty On Tour in Alameda, CA.*

## Resident Programs (cont.)

tion at the newly renovated Roman Plunge Reflecting Pool.

### Multiple Criteria Decision Making Course Underway

Sixteen participants from six countries began DRMI's Multiple Criteria Decision Making Course on 20 August. In the course, DRMI faculty develop a method to support decision making by managers in defense organizations. Over the two-week program, the participants will apply theory to real-world scenarios. The course ends on 31 August.

### DRMC 12-4 Graduates and DRMC 12-5 Commences

Defense Resources Management Course 12-4 began on 23 July and included 38 participants from 12 countries including the U.S. The participants graduated on 16 August. Then on 20 August, 26 participants from seven countries including the U.S. began DRMC 12-5. The participants will graduate on 14 September. The courses included participants from Estonia, Germany, Nepal, Poland, Saudi Arabia, South Africa, and the U.S.

### DRMI Preparing for Upcoming Courses

DRMI's next offering of the Budget Preparation, Execution and Accountability (BPEA) course will begin 17 September and conclude 26 September. Projected enrollment includes 19 participants from six countries. During this period, DRMI will also launch its second International Defense Management Course, IDMC 12-2, on 21 September. ■

## Mobile Programs

### DRMI Completes Mobile Course in Kuala Lumpur



*CJ LaCivita*

DRMI faculty conducted a two-week Mobile International Defense Management Course at the Malaysia Armed Forces Defense College (MAFDC) in Kuala Lumpur from 28 May - 8 June. Professors CJ LaCivita and Jim Morris, Assistant Professor Ryan Sullivan and Lecturer Luis Morales offered the course as an integrated part of the MAFDC's Master's degree program for senior officers in the Malaysian Armed Forces. Forty-eight participants, including members of the armed forces of Indonesia, Philippines, Thailand and Singapore, participated in the course.

### DRMI Faculty Workshop in Kyrgyzstan

Associate Professor Anke Richter and Senior Lecturer Al Polley conducted a 3-day workshop, 11-13 June, in Bishkek, Kyrgyzstan, the eighth visit to that country. At the request of the Kyrgyz Ministry of Defense, the focus of the workshop was building integrity in defense, i.e., finding ways to identify and address corruption. Specific topics included financial integrity, accountability and transparency; cost and effectiveness analysis; and the basics of a modern resources allocation system. There were 23 participants from the MoD, the Border Service and the Interior Forces. The Defense Institution Building-Warsaw Initiative Funds (DIB-WIF)

program funded the workshop. Mr. Mark Kalber, who conducted an assessment of the DRMI efforts in Kyrgyzstan, represented the DIB-WIF Management Team.



*Anke Richter*

### DRMI Faculty Member Participates in BiH Workshop

Associate Professor Diana Angelis joined Professor Daniel Nussbaum (Department of Operations Research, OR) to present a workshop on cost-benefit analysis at the Peace Support Operations Training Center (PSOTC) in Sarajevo, Bosnia and Herzegovina (BiH) 20-22 June 2012. The workshop was organized by the Partnership for Peace Training and Education Center (USPTC) at NPS as part of NATO's Building Integrity initiative. Twenty-three representatives from the Parliament, Commission for Finance and Budget and Military Commission, Ministry of Defense Departments for Finance, Procurements and Logistics, and several other agencies participated in the workshop. The seminar included presentations on life cycle cost estimates, net present value analysis, measuring benefits and effectiveness, cost-effectiveness analysis and risk analysis. Dr. Angelis and Dr. Nussbaum used a case



*Diana Angelis*



*Drs. Angelis and Nussbaum and PSOTC participants*

## Musings from Francois Melese (cont.)

the effectiveness of its partners' military investments in personnel, equipment, materiel, organization, etc. This can only be guaranteed through the integrity, transparency and accountability of defense institutions and governance mechanisms.

A cornerstone of NATO's collective security efforts is the integrated defense planning system, which encourages transparency in national defense planning. In guiding defense management and investment decisions, transparency and good governance promote the most efficient and effective allocation of defense budgets, generating the greatest possible collective security for the alliance.

Public confidence in defense institutions is especially important at a time of great fiscal stress. Drawing on lessons from Afghanistan, battles can be won but wars lost if the public loses confidence in its government and institutions. A lesson from the Arab Spring is that political establishments risk being overthrown if key institutions such as the military and police are seen as lacking integrity, transparency and accountability. This has led NATO to recognize that its traditional approach of military deterrence and defense must include a "comprehensive approach" to conflicts, peacekeeping, and security partnerships. This shift reflects a deeper meaning of the alliance that involves a shared commitment to a core set of values that include freedom, democracy, human rights, and the rule of law.

The strength of NATO's alliance will increasingly depend on the integrity, transparency and accountability of defense institutions in each member and partner country. To minimize corruption and increase efficiency and effectiveness, NATO's BI Initiative encourages every country to (i) build integrity (codes of conduct, ethics, etc.), (ii) increase transparency (strategic budgeting and resources management systems, decision tools & techniques, processes and

*(continued on page 6)*

## Mobile Programs (cont.)

study to illustrate and discuss the real-world application of these concepts, and the participants had an opportunity to apply some of the concepts to relevant projects in BiH.

### DRMI Faculty Provide Support in Armenia



*Bob McNab*

Associate Professor Robert McNab and Assistant Professor Ryan Sullivan partnered with representatives of the RAND Corporation, the United Kingdom Ministry of Defense, Marine Forces Europe, and the Kansas National Guard to provide assistance to the Armenian Armed Forces on the professionalization of the Non-Commissioned Officer (NCO) Corps. From 9 – 13 July, the DRMI representatives discussed the goals, principles, and policies related to military compensation in the United States. At the request of the Armenian Ministry of Defense, the DRMI representatives presented a notional NCO basic compensation schedule, and the MoD has asked DRMI to develop a policy paper on military compensation.

At the request of the Armenian Ministry of Defense, the DRMI representatives presented a notional NCO basic compensation schedule, and the MoD has asked DRMI to develop a policy paper on military compensation.



*Armenian Participants*

### DRMI Faculty Conduct Fourth HCRM Course in Jordan

Associate Professor Jomana Amara, Senior Lecturer Steve Hurst, and Lecturers



*Jomana Amara*

Mark Hladky and Luis Morales conducted the Institute's fourth Human Capital Resources Management (HCRM) course in Amman, Jordan from 8-19 July 2012. The 22 HCRM course partici-

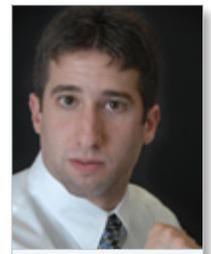


*Jordanian Participants*

pants included two females, a first in these courses, and two Palestinians, which added a different and very important perspective to class dynamics and small group discussions. General Farghal, Director of Training for the Jordanian Armed Forces (JAF), sponsored the HCRM course with a primary goal of introducing a large segment of the JAF to international best practices in human resources management. General Farghal was extremely pleased with the course and approved a fifth HCRM course to be conducted in October 2012.

### DRMI Faculty Conduct Course in Germany

Associate Professor Eva Regnier and Assistant Professor Jay Simon conducted a one-week Multiple Criteria Decision Making (MCDM) course in Heidelberg, Germany from 30 July to 3 August. The course



*Jay Simon*

was requested by Installation Management Command (IMCOM) Europe, as a result of that organization undergoing closures and reductions, and doing business with fewer resources. IMCOM is an Army entity responsible for garrisons in Germany, Italy, Belgium, and the Netherlands. The 19 participants in the course were from the U.S. working at U.S. Army installations in Europe, mostly in Germany.

### DRMI Faculty Conduct Course in South Sudan

On 6-17 August, DRMI faculty conducted two courses in Juba, South Sudan. The first event was a three-day senior executive course for 30 general officers and senior civilians from the South Sudan Ministry of Defense (MoD), General Headquarters (GHQ), and Sudanese People's Liberation



Al Polley

Army (SPLA). The course was focused on the top-level tradeoffs that must be considered when formulating strategy. At the conclusion of the first course, DRMI faculty led the Planning and Budget Officer's Course for 32 mid-career officers and civilians from the MoD and GHQ. Faculty focused this seven-day course on the analytical processes needed to support top-level decision-making. Specific topics addressed were cost analysis, effectiveness analysis, economic analysis, and budgeting and resource management systems.

Juba, South Sudan, is a vibrant developing city in the newest nation on Earth. Though it is still in the early stages of development, the country's future looks bright, in part due to the will of its people. The participants in the two courses represented a bright and energetic group that successfully fought a war of liberation without a formal resources management system. It is worth noting that informal systems can and do work, as they did in the case of the SPLA. For this reason, as is so often the case, the DRMI faculty came away feeling that they learned as much as they offered during the two weeks.

### DRMI Conducts Course in Honduras



Luis Morales

Assistant Professor Jason Hansen, Senior Lecturer Larry Vaughan, Lecturer Luis Morales, and retired Senior Lecturer Don Bonsper conducted a one-week course at the Honduras National Defense College (CDN) 13 – 17 August 2012 in Tegucigalpa. A diverse group of 27 senior military and civilian officials attended the course. The participants took the course in conjunction with their courses in the CDN and in the Command and General Staff Course. This year's event marks the 22<sup>nd</sup> DRMI course in Honduras and continues the longstanding relationship between DRMI and the CDN dating back to 1991. COL Coca, Director of

the CDN, indicated his strong satisfaction with the course. Based on initial discussion, DRMI expects to return again next year, and talks are underway to investigate the possibility of DRMI's course becoming part of a permanent master's degree program. Mid-way through the course, participants were treated to a special visit from Ambassador Jose Isaias Barahona Herrera, the Honduran ambassador to Israel, former Chief of Honduran Armed Forces, and a DRMI alum of IDMC 93-1. ■

## Research and Publications

### Angelis Reviews RAND Research Project and Advises on NPS Student Thesis

In June, Associate Professor Diana Angelis was invited to review a research project conducted by the RAND Corporation. The research examined the Navy's Cost Adjustment Sheets (CASs) that modify the Navy's Flying Hour Program (FHP) budget to assess whether process reforms may be appropriate. The results of the research were published in a RAND report.

Dr. Diana Angelis was the co-advisor with Dr. Larry Shattuck on a thesis written by NPS student LT Will Gibson. The thesis examined operating and support (O&S) cost data for the AN/SQQ-89 (v) sonar system to determine whether the transition to computer-based training (CBT) in the Navy contributed to increased fleet maintenance costs. The U.S. Navy transitioned to computer-based training in A and C schools in 2003 after a 2001 Revolution in Training report claimed that the Navy would realize savings in cost and training time without negatively affecting the quality of sailors arriving to the fleet. The results of the research show that the conversion to CBT was not the sole contributing factor to increased fleet maintenance costs or degraded fleet material readiness. Changes to the Navy's training, maintenance, and manning programs during the early 2000s were all contributing factors. Determining how actions changing one aspect of a system affect other areas of the system will provide insight for future decisions affecting O&S cost, system life

cycles, and fleet material readiness. LT Gibson graduated in June with a Master in Systems Engineering.

### Armey Participates in Conference

Assistant Professor Laura Armey participated in the Western Economic Association International, held in San Francisco on 28 June – 2 July. Dr. Armey participated in several sessions, including acting as a reviewer for two papers on defense economics topics.



Laura Armey

### Hansen Presents and Discusses Papers at Conference

Assistant Professor Jason Hansen participated at recent research conferences. At the 25<sup>th</sup> Annual Conference of the Center for Research in Regulated Industries, Dr. Hansen reviewed a series of papers on hydraulic fracturing, natural gas development, and environmental impacts from these activities. He also presented his paper "Living within our means: the case of population growth and economic development under scarce water resources" at the 87<sup>th</sup> Annual Conference of the Western Economic Association International.



Jason Hansen

### McNab Presents Co-Authored Paper in San Francisco

Associate Professor Robert McNab presented a co-authored paper (with Dr. Jorge Martinez-Vazquez of Georgia State University and Dr. Javier Arze of the International Monetary Fund) on the impact of fiscal decentralization on the composition of public expenditures at the Western Economic Association International meetings in San Francisco in July 2012.

## Musings from Francois Melese (cont.)

procedures, rules and regulations, etc.), and (iii) improve accountability (financial and management audits, reward and enforcement mechanisms, etc.).

Based on current fiscal challenges, the focus of the 2013 conference is strategic budgeting. Every alliance member and partner engages in some form of budgeting. Increasing the strength of an alliance requires integrity, transparency and accountability in all aspects of defense budgeting, from planning (identifying threats and opportunities and reasonable capabilities a country might provide), to programming (finding the best mix of forces—people, equipment, supplies, organizations, etc.—to generate those capabilities), to budgeting (recording accurate cost estimates for parliaments and the public to review), and finally to budget execution and assessment (to reveal how taxpayer funds were actually spent and the results achieved—value for money). The conference is structured to discuss how institutions guarantee the best use of resources for collective defense by promoting integrity, transparency, & accountability in Planning, Programming, Budgeting, Execution and Assessment (PPBEA). Please let me know if you are interested in obtaining more information about the conference or any other DRMI programs or activities. The NATO BI Compendium of Best Practices, which includes several DRMI contributions, can be downloaded at [www.nato.int/nato\\_static/assets/pdf/pdf\\_topics/20120607\\_BI\\_Compendium\\_EN.pdf](http://www.nato.int/nato_static/assets/pdf/pdf_topics/20120607_BI_Compendium_EN.pdf)

—Best Wishes, Francois

## Research and Publications (cont.)

### Regnier Receives Research Funding and Co-Authors Paper



Eva Regnier

Associate Professor Eva Regnier, Professor Dan Nussbaum and Senior Lecturer Chip Franck (Graduate School of Business and Public Policy) received funding from the Office of Naval Research (ONR) to develop investment valuation techniques for energy technology demonstration projects. This is a multi-year effort as part of the ONR's Energy Systems Technology Evaluation Program (E-STEP).

Krishna Pattipati, Professor of Systems Engineering at the University of Connecticut, presented a paper titled “Dynamic asset allocation approaches for counter-piracy operations,” at the 15th International Conference on Information Fusion in Singapore in July 2012. The paper was coauthored by Dr. Eva Regnier, Professor David Kleinman (Information Systems), and others. This paper will appear in the proceedings.

### Sullivan Publishes in “Defense and Peace Economics”



Ryan Sullivan

Assistant Professor Ryan Sullivan recently published: Rohlf, C. & Sullivan, R. (2012). The cost-effectiveness of armored tactical wheeled vehicles for overseas U.S. Army operations. *Defence and Peace Economics*. In press.

### DRMI Faculty Review for Journals

In the past quarter, several DRMI faculty served their academic communities by reviewing scholarly manuscripts:

Assistant Professor Cameron MacKenzie reviewed submissions for *IEEE Transaction on Systems, Man and Cybernetics, Part A*, for the *Journal of Cleaner Production*, and for the IEEE / Homeland Security Technologies Conference.

Associate Professor Robert McNab served as a reviewer for *World Development*, *Regional Studies*, *Public Finance and Budgeting* and *Public Finance and Management*, and served as a second reader on a National Security Affairs' department thesis on the Mexican debt crisis.

Assistant Professor Jay Simon served as an associate editor and a reviewer for papers submitted to *Decision Analysis*.

Associate Professor Natalie Webb served as an associate editor for *Nonprofit Management and Leadership*, and reviewed for this journal and *Nonprofit and Voluntary Sector Quarterly*. ■

## Faculty and Staff News

### Angelis Presents a Two-Week Module, “Life Cycle Cost Estimating”

Associate Professor Diana Angelis was invited to present a two-week module (30 Jul – 9 Aug) titled, “Life Cycle Cost Estimating” to students in the Systems Assessment course in the department of Systems Engineering. The module included presentations and exercises including measuring cost for decisions, time value of money, comparing alternatives, cost estimating, cost estimating relationships, and cost uncertainty and risk. The students completed a case study on life cycle costs at the end of the two weeks.

### McNab and Andin Attend ASMC PDI

Associate Professor Robert McNab and Lecturer José Andin attended the annual American Society of Military Comptroller's Professional Development Institute (PDI) held at Anaheim, California on 30 May – 1 Jun, with



José Andin

a theme of Professionalism in Action. Dr. McNab made a PDI presentation and also participated in PDI roundtable discussions during the defense-wide service day. Approximately 400 attended his PDI presentation, “Linking strategic plans to programs and performance.” Mr. Andin set-up a

## Faculty and Staff News (cont.)

DRMI booth in the Exhibitor Hall where he was able to market and promote DRMI programs to over 3,500 financial management professionals on resources management including: Multiple Criteria Decision Making, Risk Management; Budget Preparation, Execution and Accountability; and Performance Management and Budgeting.

### McNab Serves as Commencement Speaker For WHINSEC

Associate Professor Robert McNab presented a guest lecture and served as the graduation commencement speaker at the Western Hemisphere Institute of Security Cooperation (WHINSEC) in July. Dr. McNab discussed the linkages between strategy, plans, and budgets and also discussed future collaborative efforts between DRMI and WHINSEC.

### Orsburn Provides Transition Support and Facilitates Exercise



Charlie Orsburn

On 12 July, Ms. Charlie Orsburn briefed RADM William Lescher, Commander, Expeditionary Strike Group Five, on cross-cultural communications for the Naval Postgraduate School (NPS) Center for Executive Education Transition Support program.

During the week of 27 August, Ms. Charlie Orsburn returned to Fort Leavenworth, Kansas, to facilitate the BaFa BaFa simulation, evaluation, debriefing and needs assessment for 26 U.S. majors, captains, and lieutenants. The exercise is part of the U.S. Army Command and General Staff College Functional Area (FA) 30 Qualification Course.

### Webb Serves on NPS Provost Search Committee

Associate Professor Natalie Webb continues to serve on the committee to find a new provost and vice president for NPS. The committee began its work early in the year,



Natalie Webb

and submitted a slate of candidates for consideration to Navy leadership in July. The NPS community eagerly awaits the selection and hiring of one of the candidates by Navy leadership.

### DRMI Welcomes New Faculty Members

**Sam Dowell**, Lieutenant Commander, Supply Corps, U.S. Navy, Lecturer, earned his BS in Business Management from the University of Maryland University College (1999) and his MBA in Supply Chain Management from the Naval Postgraduate School (2012). He enlisted in the Navy out of high school as an aviation storekeeper serving as a supply clerk in Fleet Logistics Squadron, VRC-50, Cubi Pt. Philippines, Naval Supply Center, USS Independence (CV-62) and Naval Air Facility, Misawa, Japan. After commissioning in the Supply Corps (2000), LCDR Dowell served as supply officer of USS Ohio (SSBN 726). He then served as branch head for common aviation structural support items at Naval Inventory Control Point Philadelphia, PA. While at NAVICP-Philadelphia LCDR Dowell also served as the aide to the commander. He has served as stock control officer and aviation support officer onboard USS Enterprise (CVN-65). LCDR Dowell's tour prior to graduate school was as Supply Corps career counselor and detailer. He has over 10 years sea time with 13 deployments of which seven have been to the Arabian Gulf in support of Gulf War I, Operation *Southern Watch*, Operations *Iraqi Freedom* and *Enduring Freedom*. His personal decorations include the Navy and Marine Corps Commendation Medal (five awards), Navy and Marine Corps Achievement Medal (four awards), and various campaign and unit commendations. LCDR Dowell joined the DRMI faculty in July.



Sam Dowell

### Steven G. Hanson,

Lieutenant Colonel, U.S. Army, Lecturer, earned his Bachelor of Business Administration (BBA) and Bachelor of Arts (BA) from the University of Notre Dame in 1992. He also earned a Master of Science (MS) in Management from the State University of New York – Oswego in 1996, and an MBA / MPA from Syracuse University in 2006. Lieutenant Colonel Hanson was commissioned from the Notre Dame ROTC program, and has since served as a finance officer and comptroller for the past 20 years. LTC Hanson has served in numerous combat and support operations in Somalia, Haiti, Egypt, Israel, Honduras, Kuwait and Iraq. His previous assignment was as the Comptroller, Joint Forces Special Operations Component Command (JFSOCC), Baghdad, Iraq from 2010-2011. He has held numerous command and staff jobs at the 10<sup>th</sup> Mountain Division, Ft. Drum, NY; 1<sup>st</sup> Infantry Division, Ft. Riley, KS, Corps Support Command, Ft. Bragg, NC; I Corps, Ft. Lewis, Washington, and the 85<sup>th</sup> Division (Training Support), Ft. Sheridan, IL. LTC Hanson served as a financial management instructor, United States Army Soldier Support Institute, Ft. Jackson, SC from 1999-2001, and taught Economics at the United States Military Academy, West Point, NY during his assignment there from 2006-2010. LTC Hanson joined the DRMI faculty in June.



Steven Hanson

DRMI welcomed **Cameron MacKenzie**, Assistant Professor, to the faculty in July. Dr. MacKenzie received a BS and BA from Indiana-Purdue University at Fort Wayne (2001), an MA in International Affairs from The George Washington University (2003), an MS in Management Science & Engineering from Stanford University (2009), and a PhD in Industrial Engineering from the University of Oklahoma (2012). His research focuses on decision and risk analysis, with a particular emphasis



Cameron MacKenzie

## Future Course Dates

### Tentative Resident Course Schedule For Remainder of 2012

- **24 Sep – 7 Dec**  
International Defense Management Course
- **22 Oct – 2 Nov**  
Multiple Criteria Decision Making Course

### Looking Ahead to 2013

- **7 Jan – 1 Feb**  
Defense Resources Management Course
- **4 Feb – 17 Apr**  
International Defense Management Course
- **1-5 Apr**  
Performance Management and Budgeting Course
- **8-19 Apr**  
Risk Management Course
- **22 Apr – 16 May**  
Defense Resources Management Course

## Faculty and Staff News (cont.)

on modeling the economic and business impacts caused by disruptions. He has analyzed the economic impacts caused by the 2011 Japanese earthquake and tsunami, and he has developed a resource allocation model to help an economic region recover from a disaster like the *Deepwater Horizon* oil spill. Previously, he consulted in the areas of defense and homeland security for former Defense Secretary William Cohen. Other work experiences include the RAND Corporation, the U.S. State Department, and the U.S. Embassy in Togo.

**Michael McPherson**, Major, U.S. Air Force,



Michael McPherson

Lecturer, earned his Bachelors of Science in Nursing at Seattle University in 1999 and his Master of Business Administration from NPS in 2006. His primary military occupation is Financial Management and Comptroller. Assignments include Deputy Chief of Financial Plans and Operations for United States Air Forces in Europe (USAFE) Ramstein, Germany; Director of J8 U.S. Forces Afghanistan South and Southwest; Third Air Force Director of Financial Management and Comptroller, Chief of the CTF Phoenix Afghan National Security Forces Logistic Cell; Chief of Financial Business Operations Branch USAFE/FM; Wing Budget Officer and Financial Services Officer, Hill Air Force Base, Utah, and Executive Officer to Director of Financial Management at Los Angeles Air Force Base, Los Angeles, California. Major McPherson has been a routine guest instructor for the NATO Joint Training Center in Bydgoszcz, Poland and served as a consultant to USCENTCOM Multinational Logistics Directorate and the NATO Maintenance and Supply Agency (NAMSA) in Luxembourg. Major McPherson authored the ANSF Logistics Mentor Training Manuals the Afghan National Army. He drafted the US-NAMSA Standard Operating Procedures for Afghanistan. He has brokered and coauthored several Multinational Logistic Implementing Agreements. He was also the lead designer of the U.S. Joint Acquisition Review Board Portal and the NAMSA Individual Service

Request Portal used to streamline and audit all U.S. requirements supporting Operation *Enduring Freedom*. Major McPherson's personal decoration includes the Bronze Star, two Air Force Meritorious Service Medals, the Air Force Commendation Medal and the Air Force Achievement medal along with numerous organization and unit level awards.

### Andin moves to NPS Comptroller's Office

José Andin said farewell to the DRMI team as he moved across campus to join the Naval Postgraduate School Comptroller's Office on 10 Sep 12 as the new head of the Management Analysis department. One of our most capable and respected instructors, José was consistently recognized by his students and peers as an outstanding lecturer and discussion leader during his more than three years of service as a military and civilian faculty member. We will miss his dedication to our mission and his commitment to our participants as much as he will miss us: "Words are inadequate to express how deeply I appreciate being part of such a dedicated, talented, and, most importantly, supportive team." ■

## Participant News

### Empowering Change through Resource Management

Article by Kate Oliver;

Photo by Javier Chagoya



Anatolie Coguteac

The Naval Postgraduate School Defense Resources Management Institute taught its first course in 1965. Through its courses and workshops, DRMI has reached nearly 35,000 military professionals in over 160 countries. Given participants share their knowledge about resource management upon their return to their home countries and military commands, DRMI's projected impact is staggering.

“We create a common language that everyone can use because fundamentally we all have the same challenges—scant resources and lots of demands,” said Dr. Francois Melese, the Executive Director of DRMI and a professor of economics. “What we teach at DRMI is essentially how to make the best decisions given the environment you’re working in and the competing demands within that environment.”

Those decisions are being made by high-level graduates of DRMI programs, including King Abdullah II of Jordan, Lebanese President Michel Suleiman and Albanian President Bujar Nishani, to name a few.

Most DRMI students are mid- to senior-grade military officers, like Anatolie Coguteac, a colonel in the Moldovan army and the director of the acquisitions department for the Moldovan Ministry of Defense. Coguteac attended the International Defense Management Course in 2011 and recently returned to NPS to attend the follow-on Senior International Defense Management Course.

“The first course introduced me to new ways of looking at things, good ways of looking at things,” said Coguteac. “We looked at the life cycle of supplies and how to optimize purchasing based on how various suppliers impact that cycle. Often times the cheapest supplier is not the optimal one. For example, in Moldova we need to look at if the supplier is qualified to consistently and reliably handle orders, if they can provide quality products and services and if they adhere to ethical business practices.”

“After the first course, I was able to go back home and provide recommendations on how to adjust our acquisition and procurement process to secure the optimal vendor for our needs. There is legislation in the works now that will reflect those changes once it is passed,” said Coguteac.

DRMI strives to empower participants to bring about these types of changes, recognizing the need to equip defense leaders around the world with good economic and financial decision-making tools.

“We teach established business principles that have been adapted to the unique requirements of governments,” said Melese. “Governments are not driven by profit, but by citizens’ votes. Consumers vote with their money, which forces companies to compete, but governments are monopoly suppliers. If voters don’t like the government, they vote entirely new officials into office. It becomes very important for governments to increase their effectiveness and efficiency—to become good stewards of the nation’s resources—in order to stay in office.” Helping politicians understand defense budgetary needs is an important skill for military leaders to possess. “Politicians know that almost no one will say their budget is sufficient, so they make us prove our needs,” said Coguteac. “For the military it becomes critical to get parliament, specifically the Security Council, to understand how cuts impact our capability. They need to know that if funding falls below a certain level, the military isn’t just leaner; it can no longer be effective in carrying out its mission.”

“The course I’m in now (SIDMC 12) deals with strategies on how to best communicate those types of critical issues to politicians and decision makers who need to make budgetary cuts, but also need to maintain national security,” said Coguteac. “DRMI provides a unique environment where we can exchange ideas and share experiences with colleagues from other nations facing these same challenges.

“Of course we have our own way of doing things in Moldova, many inherited from the old Soviet practices, but as a nation we are always looking for new ways of solving problems: operationally, tactically and strategically. Sometimes the old ways are still good, but sometimes new methods are needed. Our minister of defense recognizes how important it is to be flexible and mobile, so he sends people abroad in an effort to expand their knowledge and return with new ways of thinking. That’s one of the reasons I am here attending this course,” said Coguteac.

DRMI welcomes international participants like Coguteac, striving to build multination-

al learning environments that benefit U.S. and international participants alike.

“A part of our mission, beyond teaching the importance of managing defense resources, is building bridges between the U.S. and our friends and allies. We hope by creating these networks between other countries and between ourselves and other countries, we build meaningful relationships that reduce tensions and potentially conflict,” said Melese. “It’s a big mission, but we’re up for that challenge.” ■

---

## Facebook

Share your experiences and photos with other DRMI students and professionals. Facebook is user-friendly and it is easy to create an account. To find DRMI on Facebook, search for “DRMI Courses” and click on the button. It would be extremely helpful if past participants would include a message indicating when they attended DRMI when sending the friend request. At the last count, DRMI had over 338 friends. Will you be our next? ■

---

## DRMI on FM myLearn

DoD operates a website designed to provide the Department’s financial management community information on training and professional development opportunities. Please see the site for information on DRMI’s courses, comments by our graduates and ratings: <https://fmonline.ousdc.osd.mil>. **Access to the website requires a secure common access card login.** ■

## Recent DRMI Graduates

DRMI congratulates all the recent graduates!



*Class Photo: DRMC 12-4*



*Class Photo: DRMC\_12-5*



*Class Photo: SIDMC 12-1*

## Additional DRMI Photos

See also online DRMI photo album!  
[http://faculty.nps.edu/dl/DRMI/photoAlbum\\_2012\\_Oct/index.html](http://faculty.nps.edu/dl/DRMI/photoAlbum_2012_Oct/index.html)



*DRMC 12-5 Participants Between Classes*



*DRMC 12-4 Participants and New Faculty Member LTC Hanson On Tour*

DRMI Photos (cont.)



*SIDMC 12 Participants at Opening Reception*



*DRMC12-2 Participants in Front of Halligan*



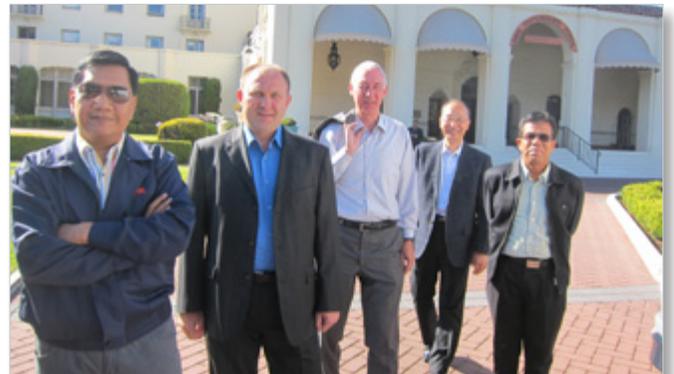
*DRMC 12-5 Participants at Opening Reception*



*DRMC 12-4 with Motorcycle*



*Honduras, Aug 2012*



*SIDMC Participants Leaving for Tour*

# DRMI



## DEFENSE RESOURCES MANAGEMENT INSTITUTE

699 Dyer Road, Room M5  
Monterey, CA 93943  
DrmiAdmin@nps.edu

Office: (831) 656-2104  
Fax: (831) 656-3461  
DSN: 756-2104

**[WWW.NPS.EDU/DRMI](http://WWW.NPS.EDU/DRMI)**



NAVAL POSTGRADUATE SCHOOL  
MONTEREY, CA

*DRMI newsletter produced by:*



Center for Educational  
Design, Development, and Distribution  
at the Naval Postgraduate School.  
[www.nps.edu/Academics/DL/CED3](http://www.nps.edu/Academics/DL/CED3)



NAVAL  
POSTGRADUATE  
SCHOOL



DEPARTMENT  
OF  
DEFENSE