



# DRMI Newsletter

Issue 45

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

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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.

### 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).

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

## Musings from Francois Melese

**DRMI's Executive Director**

Dear Friends,

I hope everyone had a good summer with family and friends. Here at DRMI we had the pleasure to work with 35 distinguished leaders from 24 different countries in our flagship Senior International Defense Management Course (SIDMC). You can read about this and many other interesting DRMI activities in this issue of the newsletter, which also serves as our quarterly report.

I would like to highlight two items that may be of interest. First, this is my final column. As some of you know I have decided to step down early and return to my position as professor of economics. It has been a great honor to serve as executive director, and I am grateful for the tremendous support I received from all of you and from my colleagues in the Pentagon. In many ways the most rewarding aspects of the job were the many opportunities I had to interact with and learn from our outstanding participants. After extensive discussions, DRMI's faculty agreed to a succession plan, which will see Associate Professor Natalie Webb serving for three years followed by Professor Bob McNab for another three years.

Second, a minor reorganization at the Naval Postgraduate School has led to DRMI faculty and staff being labeled a "department" and realigned within the Graduate School of Business and Public Policy (GSBPP). This has no impact on

*(continued on page 4)*

## DRMI Headlines

### DRMI Conducts Senior International Defense Management Course (SIDMC)

SIDMC 13 commenced on 24 June and concluded on 19 July, and included 35 flag and general officers and their civilian executive counterparts. The class was comprised of participants from 24 countries including the United States.



DRMI faculty substantially changed the SIDMC to provide a transformative experience our participants only get at DRMI. We offered an intensive four-week executive education program bringing together some of the highest ranking international and U.S. military officers and equivalent civilian officials from around the world. In their current positions, our participants work at senior decision-making levels within their respective organizations, taking on broader responsibilities and an international perspective of defense organizations and their missions. We note that alumni of the SIDMC have gone on to become chiefs of service, ministers of defense, and heads of state, and we look forward to hearing the names of some of this year's graduates in top positions.

During the course, DRMI faculty and world experts discussed analytical concepts, principles, methods, and techniques drawn from the disciplines of management, economics, and quantitative methods, applying them to strategic decisions involving the allocation of financial, logistic, and human resources. Participants experienced an engaging mix of lectures, workshops, small-team exercises, practical applications, and seminar-style discussions.

A number of important themes emerged during the course, including the growing importance of international cooperation when facing emerging challenges such as cyber threats and climate change. One of the most important benefits of the course was providing the environment for the senior leaders to exchange ideas and build relationships.

In addition, the SIDMC provided a rare opportunity for senior leaders to stand back from their daily demands and reflect on their most important goals and objectives and how to achieve them. Our hope was that our participants left with an enhanced ability to define and evaluate the relationships among national security objectives, defense strategies, program alternatives/capabilities, and budget resource requirements. Participant comments reflected the course was a valuable and enlightening experience. As one participant put it on the final day, "I came to this course blind. Now I can see." ■

## Resident Programs

### DRMI Graduates Defense Resources Management (DRMC) 13-4

DRMI faculty graduated the fourth of five 2013 Defense Resources Management Courses on 15 August. Twenty-three participants from the U.S. and 10 other countries (Colombia, Germany, Greece, Israel, Italy, Latvia, Malaysia, Oman, Saudi Arabia, South Sudan) began the course on 22 July and successfully completed the requirements of this challenging four-week experience in which DRMI faculty emphasized analytical decision making concepts and techniques and the comparative exchange



*DRMC 13-4 FAO Reception*

## Resident Programs (cont.)

of ideas on defense management issues. Concepts covered included economic and quantitative reasoning as well as defense management systems. The course concluded the same way it began, with an exercise on the allocation of scarce defense resources among competing alternatives under conditions of uncertainty over time.

### Multiple-Criteria Decision Making Course (MCDM) Concludes



Jay Simon

DRMI faculty concluded the Multiple-Criteria Decision Making Course on 30 August 2013. The course, which began 19 August, included 13 participants from the United States, Belgium (representing NATO), Colombia, Israel, Romania, Saudi Arabia, and Uruguay. DRMI faculty provided lectures and case studies to develop the tools needed to address decision problems with many objectives, which are often conflicting. Participants applied the techniques to projects of their own choosing, based on issues faced within their own organizations and made presentations of their work to the class.

### DRMC 13-5 Underway



DRMC 13-5 FAO Reception

On 19 August, DRMI welcomed 31 participants from 10 countries including the U.S. to the final DRMC of FY 2013. The course participants include 22 military officers and nine civilians. At press time, participants were heavily engaged in DRMI's capstone exercises on the fictional country of Drmechia. They will graduate on 13 September.

### DRMC Course Participants Interact with Foreign Area Officers

The Foreign Area Officer-Cultural Ambassadors Program (FAO-CAP) matches members of the FAO Association of Monterey with international students attending DRMI's International Defense Management Course (IDMC). FAO-CAP experiences provide excellent opportunities for American officers to meet many different officers from multiple regions around the world, and allow international students to have a host who provides a unique window into American culture and life. FAO-CAs and international participants take advantage of this experience to form lasting professional and personal relationships. As DRMI's Cultural Ambassadors Program enters its third year, DRMI continues to seek ways to benefit as many international participants and FAOs as possible.

Thanks to the cooperation and hard work of the Defense Language Institute Foreign Language Center and Presidio of Monterey, California (DLIFLC), Lieutenant Colonel Jason Weece and his staff working in tandem with DRMI Field Studies Program Manager, Ms. Charlie Orsburn and the FAO-CAP Coordinator Major Luke Fabiunke, USMC, the participants of the DRMC 13-4 and DRMC 13-5 attended two cross-cultural lectures. Colonel Danial Pick USA, Commandant of DLIFLC addressed DRMC 13-4, and Col Woehlermann, NPS Lecturer on European Common Security and Defense

Policy addressed DRMC 13-5. Both speakers highlighted the value of establishing and maintaining intercultural relationships of trust as a means to ensure clear and open communication into the future.

### DRMI Prepares for Budget Preparation, Execution and Accountability (BPEA) Course

At press time, DRMI faculty and staff are busy preparing for BPEA to be held 16-25 September. We currently expect 24 participants including 14 military officers and 10 civilians from nine countries including the U.S. The eight-day course provides information on preparing, executing and assessing accountability of defense budgets and defense budget processes. DRMI faculty discuss 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. Faculty review these concepts then illustrate how to take the programming decisions from the Ministry of Defense (MoD) through the budget cycle. Participants / country teams present a real life budget issue of current interest to their MoD and apply concepts learned in the course to begin exploring practical solutions to the issue. ■



Mark Hladky



Cultural Ambassadors Program Reception

## Musings from Francois Melese (cont.)

our teaching mission, except to offer new opportunities to incorporate a broader faculty from the business school into our domestic and international programs. It also represents an excellent opportunity for DRMI faculty to engage in research, technical assistance, and other projects with colleagues in the Business School. We look forward to continuing to grow new relationships with U.S. and international participants in all of DRMI's courses.

Thank you again for the terrific support I've received in representing DRMI. It has enabled our organization to continue to build strong partnerships and to share best business practices and financial management techniques with friends and allies so we all make better use of scarce resources. I look forward to returning to teaching and hope that in some small way my efforts as DRMI executive director, combined with those of all our past participants, have contributed to peace and security in the U.S. and around the world.

Best wishes to all.  
Very Sincerely,  
Francois

## Mobile Programs

### DRMI Conducts Human Capital Course in Jordan



Laura Armeý

Associate Professor Jomana Amara (course coordinator), Assistant Professor Laura Armeý, and Senior Lecturer Steve Hurst conducted the Human Capital Resources Management (HCRM) course in Amman, Jordan 23 June to 4 July. Human capital resources are a top priority in Jordan as the Jordanian Armed Forces (JAF) reform human resources management. DRMI faculty introduced strategic planning and economic concepts that establish the framework within which human capital resource allocation decisions including integration of active and reserve forces, civilians, and contractors are made. Faculty also focused on managing the force and covered topics ranging from screening and selection to the separation and retirement of military personnel. Eighteen course participants worked as a team to develop and present a group project on a human resources related challenge within the JAF.

### Initial Discussions Begin for the Armenian Strategic Defense Review (SDR)



Bob McNab

Professor Robert McNab, Dr. Harry Thie (Rand Corporation), and Mr. Joseph McMullan (formerly Principal Deputy Assistant Secretary of Defense for International Security Affairs) took part in initial discussions of the midterm review of the Armenian Strategic Defense Review (SDR) and the new SDR in Yerevan, Armenia, 8 July to 12 July. Discussed were best practices in the development of defense strategy, plans, and programs and a phased timeline for the development of the new SDR. The SDR process (to begin January 2014) will review the National Security Strategy, military doctrine, defense plans, capabilities, risks, and linkages with the Medium-Term Expenditure Framework. The Armenian

Ministry of Defense will employ the new and revised documents in the preparation of the multi-year Armed Forces Development Plan, Armed Forces Employment Plan, and Armaments Development Plans. DRMI expects to have ongoing involvement in the SDR process.

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### DRMI to Conduct Course in Panama

In mid-September, DRMI faculty will conduct their first seminar course in Panama. This course is a condensed version of the resident eight-day Budget Preparation, Execution and Accountability (BPEA) course and, as the title implies, will focus on formulation, execution, and accountability of defense budgets. DRMI leadership anticipates that successful execution of this course will lead to a continued relationship between DRMI and the Panamanian Security Forces.

### DRMI Supports Democratic Republic of Congo

Major Mike McPherson participated in a Defense Institution Reform Initiative (DIRI) engagement in the Democratic Republic of Congo 30 July to 3 August. The event supported the Office of Security



Michael McPherson

Cooperation efforts to improve the Armed Forces of the Democratic Republic of Congo (FARDC). DIRI coordinated efforts to assist the EU advisory and assistance mission for security reform in the Democratic Republic of Congo to continue development of logistics policy and plans for implementation. The team is also working on coordinating a handover of logistics mentoring activities to the U.S. Two working groups were held with the FARDC logistics officers to gather requirements and establish relationships with senior FARDC leaders.

### DRMI Conducts Course in Honduras

Professor Anke Richter, Assistant Professors Jason Hansen (course coordinator), Jay Simon and Lecturer Major Todd Ferris conducted a one-week course at the Honduras National Defense College (CDN) 5-9 August 2013 in Tegucigalpa. A diverse group of 41 senior military and civilian officials attended

## Mobile Programs (cont.)



Honduras Course

the course. The participants applied theories presented during lectures in several exercises and case studies. They presented their analyses and concluded the course with a capstone exercise in resource allocation. Participants took this course in conjunction with their studies 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.

### DRMI Conducts First Resources Management Course (RMC) in Jordan



Jomana Amara

Associate Professors Jomana Amara (course coordinator), Diana Angelis, Natalie Webb, Assistant Professor Cameron MacKenzie, and Professor Francois Melese conducted a

Resources Management Course (RMC) in Zaraqa, Jordan 18 August to 5 September. Resources management is a top priority for the Jordanian Armed Forces (JAF). The class had a good mix of participants from the various services of the JAF. Twenty-five senior Jordanian officers attended the course. The DRMI faculty presented a series of stimulating lectures, case studies and problems that provided participants the analytical basis for cost-effectiveness analysis, focusing on aspects of national security and decision making processes for

defense resources management and allocation. Topics discussed include quantitative reasoning, plans and budgets, and resources management. ■

## Research and Publications

### Amara Publishes Articles & Book

Associate Professor Jomana Amara had the following pieces published or accepted for publication:

Amara, J., (2013). Demographic Changes in the VHA Veteran Population Following OEF/OIF. *Peace Science, Peace Economics and Public Policy*. 19(11): 56-72. Hendricks, A., Amara, J., Baker, E., Charns, M., Gardner, J., Kimerling, R., Krengel, M., Meterko,

M., Pogoda, T., Stolzmann, K., Wolfsfeld, L. & Lew, H. (2013). Screening for mild traumatic brain injury in OEF-OIF deployed military: An empirical assessment of the VHA experience. *Brain Injury*. 27(2): 125-134.

Amara, J., Hendricks, A. (2013). Survey of military medical care from pre-deployment to post-separation. In J. Amara, & A. Hendricks (Eds.). *Military medical care: From pre-deployment to post-separation*. Abingdon: Routledge

Hendricks, A., Amara, J. (2013). OEF/OIF demographics compared to previous cohorts: implications for Medical issues. In

J. Amara, & A. Hendricks (Eds.). *Military medical care: From pre-deployment to post-separation*. Abingdon: Routledge

### Hansen Publishes

Assistant Professor Jason Hansen published an article entitled "Estimating stakeholder benefits of community water system regionalization" in the *Journal of the American Water Works Association* (In press, 105(10), October 2013).



Jason Hansen

### Regnier Publishes and Supports Energy Research

Associate Professor Eva Regnier's paper about using simulation experiments to improve a piracy forecasting tool was published in the May/June issue of the journal *Interfaces*, (Slootmaker, L.A., Regnier, E.D., Hansen, J.A., & Lucas, T.W. (2013) User Focus and Simulation Improve Predictions of Piracy Risk. *Interfaces* 43(3):256-267). Counter-piracy forces in the Somali Basin Region use the Pirate Attack Risk Surface (PARS) to anticipate where pirate attacks are most likely. PARS, produced by the Naval Oceanographic Office, is the first operational model in the U.S. Navy that combines both weather forecasts and intelligence information in a single product. Dr. Regnier's student, LT Leslie Slootmaker, traveled to Bahrain to meet PARS users to learn about their needs and their assessments of pirate behavior. Next, LT Slootmaker and Dr. Regnier used simulation and carefully designed experiments to determine which parameters of the PARS model are most influential, which helped guide modeling decisions for the operational version of the PARS. The *Interfaces* paper is available at <http://interfaces.journal.informs.org/content/43/3/256.abstract>. LT Slootmaker's thesis, which won the Military Operations Research Society (MORS) / Tisdale thesis award and the Surface Naval Association



Eva Regnier

## Future Course Dates

- **7 Oct – 13 Dec**  
International Defense Management Course (IDMC 14-1)
- **12 – 22 Nov**  
Multi-Criteria Decision Making Course (MCDM 14-1)
- **13-24 Jan**  
Human Capital Resources Management Course
- **27 Jan - 7 Feb**  
Risk Management Course
- **10 Feb – 18 Apr**  
International Defense Management Course (IDMC 14-2)

## Research and Publications (cont.)

awards, is available at <http://calhoun.nps.edu/public/handle/10945/5747>.

In July, Dr. Eva Regnier traveled to the Space and Naval Warfare Systems Command in San Diego for the interim program review for the Energy Systems Technology Evaluation Program (ESTEP). ESTEP is an Office of Naval Research program that funds the demonstration and evaluation of energy technologies at Naval installations to learn about their effectiveness and efficiency for Navy and Marine Corps installations and to develop workforce capabilities in using these and other energy technologies. Dr. Regnier, Dr. Jay Simon and Dr. Dan Nussbaum, who is chair of NPS's newly formed Energy Academic Group, are working on developing tools for ESTEP to estimate the costs and benefits of the technology demonstration projects to include non-monetary benefits such as improved system reliability and the value of information derived from the demonstrations.

### Regnier and Simon Receive Research Funding

Associate Professor Eva Regnier, Assistant Professor Jay Simon, Associate Professor Aruna Apte (GSBPP), and Assistant Professor John Khawam (GSBPP) received a funding award for FY 2014 from the Office of Naval Research to conduct a project titled "Self-Sufficient Warfighter Analysis."

### Richter, Webb Publish

Professor Anke Richter and Associate Professor Natalie Webb are serving as co-editors of the Conference Proceedings from the NATO Building Integrity Conference held in Monterey in February. Drs. Webb and Richter also published:

Webb, N.J., Richter, A. (2013). Evolution in Optimal Use of Navy Hospital Ships. In J. Amara, & A. Hendricks (Eds.). *Military medical care: From pre-deployment to post-separation*. Abingdon: Routledge.

### Simon Publishes

Assistant Professor Jay Simon recently had three articles accepted for publication:

Simon, J., Kirkwood, C. W., & Keller, L. R. (In press). Decision Analysis with Geo-

graphically Varying Outcomes: Preference Models and Illustrative Applications. *Operations Research*.

Lipow, J., & Simon, J. (In press). Attitude, Aptitude, and Testing in the Efficient Mobilization of Military Manpower. *Defence and Peace Economics*.

Regnier, E., Simon, J., Nussbaum, D., & Whitney, L. (In press). The Fuel Multiplier in Multi-Stage Supply Chains. *Journal of Defense Modeling and Simulation*.

### Sullivan Publishes

Assistant Professor Ryan Sullivan recently had two co-authored articles accepted for publication:

Rohlf, C., Sullivan, R., & Kniesner, T. (2013) New Estimates of the Value of a Statistical Life Using Air Bag Regulations as a Quasi-Experiment. In press. *American Economic Journal: Economic Policy*.

Rohlf, C. & Sullivan, R. (2013). A Comment on Evaluating the Cost-Effectiveness of Armored Tactical Wheeled Vehicles. In press. *Defence and Peace Economics*. ■



Ryan Sullivan

## DRMI Faculty Service

Associate Professors Natalie Webb and Diana Angelis, Lecturer Luis Morales, and Professor Anke Richter supported the Vice Minister for Resources, Ministry of Defense of Peru, in a teleconference on capabilities-based planning and performance management and budgeting.

Assistant Professor Jason Hansen reviewed journal articles for *Defense and Peace Economics*, the *Journal of Water and Health*, *Water Resources Research*, and *Economic Modeling*.

Assistant Professor Jay Simon served as an associate editor for *Decision Analysis* and as a reviewer for *Operations Research* and *Decision Sciences*.

## DRMI Faculty Service (cont.)

Associate Professor Natalie Webb served as an associate editor for of *Nonprofit Management and Leadership* and reviewed for *Nonprofit Policy Forum*. ■

## Faculty and Staff News

### DRMI Welcomes LTC Bryant L. Schumacher



LTCBryantSchumacher

Bryant L. Schumacher, Lieutenant Colonel, U.S. Army, Lecturer, earned his Bachelor of Business Administration (BBA) with a concentration in marketing from California State University Fullerton in 1996. He was commissioned from the Claremont McKenna College ROTC program as a distinguished military graduate in 1996 and received his MBA / EMPA from Syracuse University in 2009. His prior command and staff experience includes Disbursing Officer, U.S. Army South, Panama; Finance Detachment Commander, Fort Drum, NY; Defense Military Pay Office Chief, Fort Irwin, CA; Company Commander, Los Angeles Recruiting Battalion; Senior mentor to the Afghan National Army Recruiting Command; and Chief of Internal Control and Chief of Finance Policy, 175<sup>th</sup> Financial Management Center, Seoul, Korea. His most recent assignment was as Chief of the Financial Management Oversight Division, Combined Security Transition Command – Afghanistan (CSTC-A) where he provided oversight of over \$2B in direct contributions from the Afghan Security Forces Fund to the Afghan Ministry of Finance and served as the senior military mentor to the Afghan Ministries of Defense and Interior Finance and Budget Directorates. His personal decorations include the Bronze Star (two awards), the Defense Meritorious Service Medal, the Army Meritorious Service Medal (three awards), the Army Commendation Medal, and various campaign and unit commendations. Lieutenant Colonel Schumacher joined the DRMI faculty in August 2013.

## Other News

### NATO Building Integrity (BI) Steering Group Meets

Associate Professor Natalie J. Webb attended a meeting of NATO's BI Steering Group (SG) held 11-12 June in Oslo, Norway. Discussion topics included: the development of a strategy/framework for the BI Program to meet the needs of the future; a review of state-of-play for the BI tailored programs in South Eastern Europe and Afghanistan as well as the BI Education and Training Plan; an update on national contributions to support the BI Program, and the governance of the BI Trust Fund. Opening remarks by the host country, Norway, and NATO International Staff (IS) highlighted both the challenges and opportunities in meeting these

goals, as well as the need to develop a strategy and identify resources to sustain the BI Program for the future. Discussions focused on the need to mainstream and grow the BI Program in a systematic way that builds capacity and offers value for money. Lead nations and implementing partners identified a list of follow-on activities aimed at strengthening the BI Program and preparing the way for a more structured approach that embeds BI into the NATO day-to-day business procedures and thinking to be captured in a roadmap and resource plan to be prepared by NATO IS with the support of the SG. Taking into account the recommendations developed at the 2013 BI Conference and the wide-ranging discussions in Oslo, it was agreed that a follow-up meeting of SG with implementing partners should be conducted end of 2013/early 2014. ■

### Schumacher Promotion



The Schumacher Family

Lecturer Bryant Schumacher, U.S. Army, was promoted to Lieutenant Colonel (LTC) on 30 August. Participants of DRMC 13-5, DRMI staff and faculty of DRMI, and LTC Schumacher's family attended the ceremony and reception, which were held at the Naval Postgraduate School. Colonel Nelson Emmons, Associate Dean, Graduate School of Operational and Information Sciences, and senior ranking Army Officer at the Naval Postgraduate School presided over the ceremony. Congratulations, Bryant. ■

## Recent DRMI Graduates



*Class Photo: DRMC 13-4*



*Class Photo: DRMC 13-5*



*Class Photo: MCDM 13-2*



*Class Photo: SIDMC 2013*

## Recent DRMI Graduates (cont.)



*Honduras Participants and Faculty*

## Additional DRMI Photos



*DRMC 13-4 Participants on Monterey Tour*

Additional DRMI Photos (cont.)



*DRMC 13-3 Participants on Monterey Tour*



*SIDMC 13 Team Building*



*SIDMC 13 Participants at Toro Park*



*Jomana Amara and Cameron MacKenzie*



*DRMC 13-4 Participants on Monterey Tour*



*Honduras Workshop*



DEFENSE RESOURCES MANAGEMENT INSTITUTE