



SIDMC SPECIAL EDITION

SENIOR INTERNATIONAL DEFENSE MANAGEMENT COURSE

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DRMI CELEBRATES 50 YEARS OF EXCELLENCE IN RESOURCES MANAGEMENT EDUCATION

By Kenneth A. Stewart (Reprinted with permission.)



DRMI faculty gather for a group photo in front of the Institute's spaces in Halligan Hall. (U.S. Navy photo)

The Defense Resources Management Institute (DRMI) at the Naval Postgraduate School (NPS) in Monterey, Calif., is celebrating 50 years of educating defense leaders with an eye toward creating sound fiscal policy and the efficient allocation of precious defense resources.

DRMI's mission can perhaps be best summed up in the words of former British Prime Minister Winston Churchill who said, "Gentlemen, we have run out of money. Now we have to think."

Since its first course in 1965, DRMI has educated 34,841 U.S. students and 20,258 international students from 171 different nations. DRMI graduates include prominent world leaders like His Majesty King Abdullah II of Jordan, ministers of defense, ambassadors, and other dignitaries from around the globe.

"Our goal is to develop a broad-based analytical framework for defense decision makers emphasizing the economic and efficient allocation of defense resources, and to provide an environment for the



The Honorable Mike McCord addresses attendees during DRMI's 50th anniversary celebration. (U.S. Navy photo by MC1 Lewis Hunsaker)

comparative exchange of ideas related to the management of national security,” said DRMI Executive Director Dr. Natalie Webb.

Under Secretary of Defense (Comptroller) and Chief Financial Officer, the Honorable Mike McCord, recently weighed in on DRMI’s continued contributions toward the education of DoD policy makers during a celebration honoring DRMI’s 50th anniversary.

“Many things have changed over the last 50 years, from the cold war to a man walking on the moon and the fall of the Berlin Wall. For DRMI to stay relevant over this period of incredible change is a remarkable testament,” he said.

The Navy Management Systems Center, which eventually became DRMI, was established in 1963 by then Secretary of Defense Robert McNamara. Before he became the

economic analysis, because the main problem in defense economics is the allocation of scarce resources among many competing interests under conditions of uncertainty,” explained NPS Professor Emeritus, Dr. James Blandin.

Blandin, whose father was one of DRMI’s founders, taught at NPS for 34 years. He notes that McNamara’s push to implement the PPBS system was frustrated by a lack of people qualified to use it. As a result, McNamara directed the founding of a center that could be used to develop people with the skills necessary to realize his vision. The decision to stand up that center at NPS was driven by recognition of the NPS faculty’s experience in defense-focused graduate education.

Later, during President Lyndon Johnson’s administration, a PPBS system similar to the one used by the DoD was enacted throughout the federal government, and civilians began to join DoD professionals at NPS to receive the education necessary to ensure its success.

DRMI rose to McNamara’s challenge and remains true to its core mission.

Like the university itself, however, DRMI has also extended its faculty expertise to our international partners by providing resource management courses to allied defense professionals from around the world.

In 1970, NPS offered its first Senior International Defense Management Course, or SIDMC. SIDMCs are comprised of senior defense leaders from around the world who gather to listen to a variety of subject matter experts, NPS faculty, and each other for four weeks at NPS. SIDMC students also participate in an exercise designed to test their ability to allocate resources amongst competing interests.

“If we’re successful, the participants will think about their national security at a strategic level, and gain a new perspective and additional tools for managing their organization’s resources to respond to contemporary security challenges,” said Associate Professor Eva Regnier.

Assistant Minister for Plans, Policy and Operations Victoria K. Sawyer, with the Liberian Ministry of Defense, is a SIDMC graduate.

“This sort of international cooperation helps to change minds and creates greater understanding,” said Sawyer. “Strategic planning, value for cost thinking, decision making, and most importantly, accountability and transparency... That is what my country needs most.”

SIDMC successes at DRMI led to the creation of the International Defense Management Course (IDMC) in 1971. Like the SIDMC, the IDMC aims to arm students from allied nations with resource management and other fiscal planning tools, but it is geared toward mid-level officers and defense civilians.

When the Soviet Union fell in 1991, demand for DRMI expertise increased further. Former Soviet republics began to turn to the U.S. for assistance as they developed new economic policies within their respective defense ministries and departments.

“Countries that had previously been in the orbit of the Soviet Union became new democratic states. When countries in the Balkans, Poland, Hungary and Slovakia gained independence they looked to the U.S. to help them with their educational programs, and DRMI was called upon,” said Blandin.

“Many things have changed over the last 50 years, from the cold war to a man walking on the moon and the fall of the Berlin Wall. For DRMI to stay relevant over this period of incredible change is a remarkable testament,”

-The Honorable Mike McCord

leader of DoD, McNamara was the CEO of the Ford Motor Company, and he attempted to apply some of the private sector economic principles that led to his successes at Ford to the DoD.

“McNamara installed the Planning, Programming and Budgeting System [PPBS], which is still in use today. It requires good

“[DRMI’s] international participation has been invaluable to the U.S. It creates a linkage between the U.S. and other nations, and we have had some illustrious people come through and go on to do some pretty amazing things... Over the years, we have received a tremendous value for the dollar that we spend [at DRMI],” said McCord.

And while DRMI has been offering courses to international students from nearly day one, on the heels of its successes among the former Soviet Republics, it increased its mobile course offerings bringing DRMI and NPS expertise to more than 70 different nations worldwide. DRMI International Programs Coordinator Al Polley believes there are several benefits to bringing DRMI courses to allied nations.

“Teaching abroad is efficient. We can teach 30-40 people for what it would cost to teach only three people attending a resident course at NPS. When teaching overseas, we also benefit from our ability to use local interpreters to overcome language barriers and are able to tailor our courses to issues relevant to our host nation,” said Polley.

As McCord, and other defense leaders spanning five decades, can attest, DRMI has made a lasting contribution to the DoD’s ability to allocate and manage defense resources and has helped to shape the defense departments and ministries of allied nations around the world. ■

NATALIE’S NUGGETS

A WORD FROM THE EXECUTIVE DIRECTOR

If you’re a regular reader of DRMI’s newsletter, this issue should come as a surprise to you. For the first time, DRMI has developed a publication to exclusively highlight the annual Senior International Defense Management Course (SIDMC). With this publication, DRMI now has the space to provide greater insight into what our organization offers to flag and general rank military officers and equivalent-level civilian officials from around the globe. The efficient and effective management of scarce defense resources is more important now than ever before—budgets are decreasing and complex demands on defense leaders are increasing. Defense managers must learn to plan strategically for an uncertain security environment. DRMI’s SIDMC, which just



Natalie Webb
*Executive Director,
DRMI*

celebrated its 46th year, provides defense leaders with a wealth of information and an opportunity to build relationships on a global scale. We hope that you find our emphasis on the SIDMC as worthwhile as we do.

DRMI is also giving our regular newsletter a facelift, which we will now publish biannually. Please keep an eye out for future issues. As always, we welcome constructive feedback and your suggestions so that we may continue to improve our organization. Please feel free to contact me at njwebb@nps.edu. ■

DRMI’S SIDMC EMPOWERS PARTICIPANTS FROM AROUND THE WORLD WITH KNOWLEDGE, TOOLS, AND STRONGER RELATIONSHIPS

REVIEW OF 46TH ANNUAL SIDMC

DRMI’s 46th annual Senior International Defense Management Course (SIDMC) began on 3 August 2015 with an opening reception in DRMI’s lecture hall. The SIDMC had 38 participants from the following 28 countries: Bahrain, Bangladesh, Bosnia and Herzegovina, Bulgaria, Canada, Egypt, Germany, Hungary, Indonesia, Jordan, Lebanon, Liberia, Mongolia, Morocco, Namibia, Nigeria, Poland, Qatar, Romania, Saudi Arabia, Slovak Republic, South Africa, South Korea, Swaziland, Sweden, Switzerland, Ukraine, and the United States. The course concluded with a graduation ceremony on 27 August in the NPS Barbara McNitt Ballroom in the historic Herrmann Hall.

DRMI faculty specifically developed the SIDMC for flag and general rank military officers and equivalent-level civilian officials from around the world. Throughout the course, participants gained beneficial information and the tools for strategic-level decision making and management in order to address contemporary security challenges. Participants also left with an enhanced ability to budget resource requirements and to evaluate and manage relationships among national security objectives, defense strategies, program alternatives, and capabilities. Additionally, as part of the course, participants built long-lasting, global relationships that will enhance security cooperation for years to come.

GAINING VALUABLE KNOWLEDGE AND TOOLS OVER THE COURSE OF FOUR WEEKS

During the SIDMC, participants gained valuable knowledge and tools to improve the link between strategic goals and financial and resources management. The SIDMC also afforded participants with the time and space for deep thinking, exchanging ideas, and building relationships. Each of the SIDMC’s four weeks had a central theme and DRMI invited distinguished guest speakers to offer their insights and expertise on topics relevant to that theme.

DISTINGUISHED GUEST SPEAKERS OFFER INSIGHTS EACH THEMED WEEK

WEEK ONE: THE EXTERNAL ENVIRONMENT

Week one of the SIDMC emphasized the external environment. Participants discussed the global environment, comprised of national security, economic, and political dimensions. SIDMC participants also had the opportunity to play the TEMPO military planning game, which DRMI faculty use as a resource allocation exercise. Additionally, DRMI faculty were pleased to welcome distinguished guest speakers, who spoke on strategy and resources management.



Major General Timothy G. Fay

Director of Strategic Plans, Office of the Deputy Chief of Staff for Strategic Plans and Requirements, Headquarters U.S. Air Force, Washington, D.C.

Major General (sel) Fay, a 2014 SIDMC graduate, introduced the senior course, describing defense strategy and the relevance of the SIDMC. He discussed how he applied what he learned in the SIDMC to his new job, and how the personal relationships he made have given him insight and opportunities to discuss the best outcomes of defense actions.



The Honorable Mike McCord

Under Secretary of Defense (Comptroller) and Chief Financial Officer

Mr. McCord discussed how the Department of Defense forms budgets and how resource decisions underlie our ability to provide capabilities in multiple scenarios around the world.



Dr. Charles J. (C.J.) LaCivita

Former Executive Director, DRMI

Dr. LaCivita talked about the global economic environment and monetary and fiscal policy. He discussed building a model for addressing economic activity, relating it to world events such as Grexit, Greece's potential exit from the Eurozone.

WEEK TWO: THE FRAMEWORK

The second week of the SIDMC constructed a framework for understanding strategy, planning, and resources management. As part of this framework, it covered topics on risk assessment and management, analytical processes, and planning under uncertainty. Three distinguished guest speakers addressed participants on U.S. national security and policy, the scientific environment of defense management, and public sector risk.



Dr. Alan G. Stolberg, Colonel (ret.)

U.S. Army and Department of Defense (DoD) Coordinator for the Defense Education Enhancement Program (DEEP)

Dr. Stolberg discussed how national security policy is developed in the United States.



Dr. Richard A. Muller

Emeritus Professor of Physics, UC Berkeley; Guest Faculty, Physics Division, Lawrence Berkeley National Laboratory; author of "Energy for Future Presidents: The Science Behind the Headlines"

Dr. Muller discussed the challenges of pollution and climate change and the implications for defense policy.



Dr. Warner North

Principal Scientist, Northworks

Dr. North lectured on his past work applying decision analysis to two public policy decisions of international significance: valuing information in the context of a presidential decision to deploy weather modification technology, and assessing the probability of contaminating Mars with terrestrial microbes from the 1976 Viking Lander. He also described past theoretical work for the Defense Intelligence Agency leading to influence diagrams (now often called Bayesian networks) as a computationally tractable method for representing complex probabilistic scenarios for sequences of events, such as events leading to the outbreak of war.

WEEK THREE: DEVELOPING THE TOOLKIT

DRMI faculty framed the third week of the SIDMC around the concept of developing a toolkit. Participants learned to do the following: identify and structure objectives; generate alternatives; use economic tools; plan, program, and budget; structure a program; plan for cost risks and budget with uncertainty; and understand strategic cost issues. DRMI was fortunate to have a guest lecturer speak to the class.



Captain (ret.) Jeff Kline

*U.S. Navy, and Professor of Practice,
Operations Research Department,
Naval Postgraduate School (NPS)*

Captain (ret.) Kline highlighted the fact that preparation can deter threats, and therefore almost by definition, the conflicts we encounter will be surprising in some dimensions. In addition, the Planning, Programming, and Budgeting process can lead to efficient but fragile forces. He offered some suggestions on approaches to building a more robust force.



The Honorable Mike McCord engages with SIDMC participants following a guest lecture in the 46th annual SIDMC.

WEEK FOUR: CAPSTONE AND CONCLUSION

In the fourth and final week of the SIDMC, DRMI faculty concentrated on knitting together all of the concepts they had previously discussed and on wrapping up the course. Faculty discussed program budgeting, programming at the defense and national level, and measuring performance. DRMI was very happy to have two distinguished guest speakers address the class.



Mr. Gene Aloise

*Deputy Inspector General,
Office of the Special Inspector General for
Afghanistan Reconstruction (SIGAR)*

Mr. Aloise, overviewed the U.S. effort to build infrastructure in Afghanistan and the challenges associated with auditing this effort.



Dr. Jamie M. Morin

*Director of Cost Assessment and
Program Evaluation (CAPE) for the
Department of Defense (DoD)*

Dr. Morin discussed the role of CAPE in DoD decision making and how scarce resources require analytical approaches.

DRMI WOULD LIKE TO THANK YOU! TO ALL OF OUR GUEST SPEAKERS

DRMI faculty would once again like to thank our guest speakers for taking the time out of their busy schedules to address SIDMC participants. Guest speakers are an integral part of the SIDMC course as they both expand participants' knowledge and help them to strengthen and build relationships.

FUTURE COURSES

FY2016

- **11-22 Jan 2016**
Human Capital Resources Management (HCRM)
- **25 Jan – 5 Feb 2016**
Risk Management Course
- **8 Feb – 14 Apr 2016**
International Defense Management Course (IDMC)
- **14-18 Mar 2016**
Performance Management and Budgeting (PMB)
- **18 Apr – 12 May 2016**
Defense Resources Management Course (DRMC)
- **16 May – 10 Jun 2016**
Defense Resources Management Course (DRMC)
- **13 Jun – 8 Jul 2016**
Defense Resources Management Course (DRMC)
- **11-22 Jul 2016**
Multiple Criteria Decision Making Course (MCDM)
- **1-25 Aug 2016**
47th Senior International Defense Management Course (SIDMC)
- **29 Aug – 23 Sep 2016**
Defense Resources Management Course (DRMC)

FY2017

- **10 Oct - 16 Dec 2016**
International Defense Management Course (IDMC)
- **9-18 Nov 2016**
Introduction to Budgeting Concepts Course

View the complete list of future course dates here:
nps.edu/Academics/Centers/DRMI/

BUILDING RELATIONSHIPS

Although DRMI faculty recognize that the learning and analytical objectives are a very important part of the SIDMC, the faculty also realize the importance of providing opportunities for participants from around the world to forge relationships with one another.

DRMI Field Studies Program (FSP) Manager Ms. Charlie Orsburn created multiple events to encourage relationship-building. These activities are an integral part of all DRMI courses with international participants. DRMI faculty intend these events to foster relationships between participants and to give participants an awareness and an understanding of American culture.

SIDMC participants' first FSP activity was a reception and security cooperation event with NPS President Vice Admiral (ret.) Ronald Route, held at the Hilton Garden Inn on the course's second day. At the event, SIDMC participants had the opportunity to share in DRMI's 50th anniversary celebration (see the article by Kenneth A. Stewart, reprinted on page 1 of this newsletter issue). The Honorable Mike McCord, Under Secretary of Defense (Comptroller) and Chief Financial Officer was among the distinguished guests attending the anniversary

Additionally, the FSP and DRMI held two cross-cultural dinner receptions at the Hilton Garden Inn. In the first reception, fifty-five Foreign Area Officers (FAOs) and their equivalents who volunteer with DRMI's FAO-Cultural Ambassador Program (FAO-CAP) interacted with SIDMC participants, making this the most well-attended FAO-CAP security cooperation event to date. The FAO-CAP aims to connect FAO students



SIDMC participants enjoying Monterey Peninsula tour

at NPS and the Defense Language Institute, Presidio of Monterey with international participants to increase cross-cultural communication and cultural understanding.

At the final FSP dinner reception DRMI faculty members joined participants for a pleasant evening of dining and dialogue. DRMI was pleased to have Dr. Jamie Morin, Director, Cost Assessment and Program Evaluation, Office of the Under Secretary

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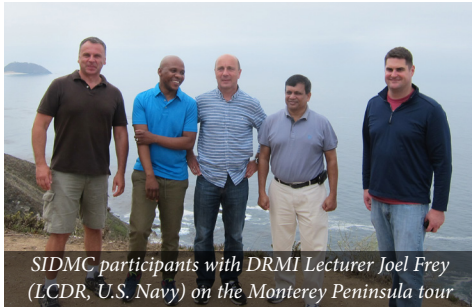
dinner, in addition to Drs. James Blandin and Charles J. LaCivita, former DRMI Executive Directors.

The FSP also provided SIDMC participants with other occasions for team building and cultural learning. These gatherings included the following: bowling with DRMI faculty and staff, a Monterey Peninsula tour that included elements of historical significance, and a three-day trip to San Francisco.

of Defense, attend the reception, where he spent time at several participant tables swapping stories and answering participant questions.

DRMI faculty very much look forward to welcoming SIDMC 2016 participants next August. We hope that our participants enjoy being in the course as much as our faculty enjoy interacting with and teaching our participants. ■

BUILDING RELATIONSHIPS (CONT.)



SIDMC participants with DRMI Lecturer Joel Frey (LCDR, U.S. Navy) on the Monterey Peninsula tour



SIDMC participants enjoying the Monterey Peninsula tour



SIDMC participants explore the USS Hornet Museum on a San Francisco trip

DRMI faculty planned multiple events to facilitate and encourage relationship-building among SIDMC participants—an integral part of all DRMI programs with international participants.

ANNIVERSARY AND GRADUATION EVENT GALLERIES

50TH ANNIVERSARY CELEBRATION



NPS President Ronald Route speaks at DRMI's 50th anniversary celebration

DRMI faculty and staff were privileged to welcome the Honorable Mike McCord, Under Secretary of Defense (Comptroller) and NPS President Vice Admiral (ret.) Ronald Route to DRMI's 50th anniversary celebration. SIDMC participants and former DRMI faculty and staff, among them former DRMI Executive Directors, Drs. C.J. LaCivita, and James Blandin, also honored DRMI with their attendance. DRMI is looking forward to the next 50 years of educating defense leaders.



Attendees enjoying DRMI's 50th anniversary celebration



Field Studies Program Manager Ms. Charlie Orsburn speaks to attendees at DRMI's anniversary event

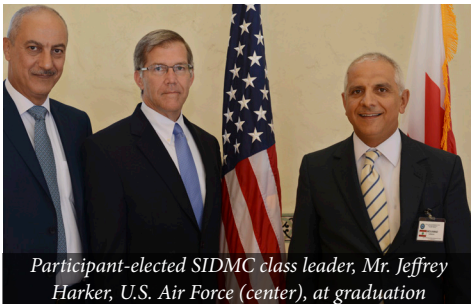


DRMI Executive Director Dr. Natalie Webb speaks to attendees at DRMI's 50th anniversary event



Former DRMI Executive Director Dr. James Blandin discusses DRMI history at the celebration

46TH SIDMC GRADUATING CLASS



Participant-elected SIDMC class leader, Mr. Jeffrey Harker, U.S. Air Force (center), at graduation



NPS leaders enjoy conversation at DRMT's anniversary event



SIDMC participants share photos at their graduation

DRMI once again would like to extend its congratulations to the 46th annual SIDMC participants. We certainly enjoyed welcoming you to Monterey and we have appreciated your hard work in the classroom. We do hope that you will remain in touch. As we always say at DRMI, until we meet again.



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