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Published online: 10 May 2016.

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When Programming Trumps Policy and Plans: The Case of the US Department of the Navy[1]

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ABSTRACT
Traditionally, policy and planning have been institutionally weak in the Naval Staff (Office of the Chief of Naval Operations – OPNAV). In their place, the N8 (Programming) has dominated resource decision-making, and, by default, decisions relating to policy and planning. Recent uncertainty over defense authorization and appropriations has resulted in calls for a greater role to be played by the N3/5, Policy and Plans Directorate. The article argues that reform of the Department of the Navy's planning process is urgently needed. OPNAV's weak planning and overly dominant programming practices are compared with those of the Departments of the Army and Air Force and are shown to be out of conformance with them. The article concludes with specific and detailed recommendations for reform of both the current planning and programming processes.

For a variety of reasons, within the Navy Staff (Office of the Chief of Naval Operations – OPNAV), formal "planning" as a key instrument of achieving policy objectives has long been institutionally weak. As a result, formal Navy plans have exerted weak and inconsistent influence over the Navy's Planning, Programming, Budgeting, and Execution (PPBE) system. In the recent past, in light of the possible full implementation of the Budget Control Act, some officials in the Navy have begun to call for a fundamental rethinking of how the Navy manages its current PPBE.[2] A strong supporter of the Navy, Congressman Randy Forbes has equally expressed his concern about how OPNAV operates: "in recent years we seem to have turned ourselves upside down by increasingly emphasizing programs and force structure rather than starting with a strategy based on what we need

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[1]The views expressed in this article are those solely of the author and do not reflect the policy or views of the Naval Postgraduate School, Department of the Navy, or Department of Defense.
[2]Arthur Barber, "Rethinking the Future Fleet," *USNI Proceedings* 140/5 (2014), 49.

naval forces to do and in what scenarios."[3] If one includes an anticipated US $4 billion shortfall in the Navy's current 30 Year Shipbuilding Program,[4] the financial outlook for funding the Navy could become problematic,[5] thereby lending support to calls for reforming the methods by which officials determine priorities.

The reason for the lack of consistent policy and planning influence in OPNAV's programming efforts is multi-faceted. As pointed out by Captain Peter Haynes, historically those who have ascended to senior leadership posts in the Navy have done so via one or multiple tours in OPNAV's Resources and Capability Integration Division (N8).[6] As the integrator of OPNAV requirements, and the de facto arbitrator of its priorities, the N8 has been in the lead of developing, in effect, its *own* strategic plans, as opposed to implementing strategic plans being undertaken by the Operations, Plans and Strategy Division (N3/N5). Due to these wide-ranging responsibilities of determining Navy priorities, programming, and budgeting, the N8 (and the new N9) possess some ~80 per cent of the entire OPNAV staff.[7] Owing to the lack of centrality of policy and strategy in guiding the N8's programming activities, efforts to achieve such influence has been almost exclusively via ad hoc structures and planning arrangements, e.g., Deep Blue, N00Z (Strategic Actions Group), N00K (Chief of Naval Operations' [CNO's] Executive Panel), CS21 Refresh, the "Classified Annex," Navy Strategic Enterprise, etc. Moreover, many other organizations can make claim that they have or share a role in formulating Navy policy, strategy, and/or planning responsibilities, e.g., the N81, Naval War College, and Center for Naval Analysis.

As a result of these bureaucratic realities, the N51, the ostensible lead in the Department of the Navy for national-level policy and planning, has not been able to frame key strategic challenges to senior Navy leadership systematically. Moreover, the office has not been able to position itself "in front" of the N8's robust programming process, which is dominated by the N81 (Capability Assessments) and N82 (Fiscal Management). Additional evidence that OPNAV has an underdeveloped strategic planning system is found in the fact that there is *no* Department of the Navy *policy* outlining

[3]Sam LaGrone, "Randy Forbes to CNO Greenert: 'The Navy desperately needs a strategy,'" *USNI News*, 1 October 2014, <http://news.usni.org/2014/10/01/randy-forbes-cno-greenert-navy-desperately-needs-strategy>.

[4]Harry Kazianis, "The A2/AD challenge: interview with Rep. J. Randy Forbes," *Real Clear Defense*, 23 February 2015, <http://www.realcleardefense.com/articles/2015/02/23/the_a2ad_challenge_interview_with_rep_j_randy_forbes.html>.

[5]For a recent and sober assessment of the financial outlook for the Navy see Ronald O'Rourke, "Naval Force Structure and Shipbuilding Plans: Background and Issues for Congress," RL32665, Congressional Research Service, Washington, 4 November 2015.

[6]Peter D. Haynes, "American Naval Thinking in the Post-Cold War Era: The U.S. Navy and the Emergence of a Maritime Strategy, 1989–2007," doctoral dissertation, Naval Postgraduate School, 2013, passim.

[7]Cited in ibid., 36.

this essential activity; a lacuna that does not exist in either of the other two military departments,[8] let alone the Joint Staff.[9] Incomprehensible as it may seem, the Department of the Navy has a formal instruction for conducting force structure assessments, but not for how to manage the use of such reviews in a comprehensive planning process.[10] Finally, a review of post-war history makes clear that this state of affairs has not been accepted by all secretaries of the Navy, or chiefs of naval operations, which has resulted in intermittent attempts to exert control over planning and priorities, e.g., the Maritime Strategy. But even these efforts have only experienced limited success, let alone longevity. After all, no less an authority that CNO Admiral Vern Clark claimed that the Navy's strategy was its Program Objective Memorandum (POM), its annual budget proposal.[11]

This essay addresses three issues relating to OPNAV's PPBE practices. First is to determine precisely how OPNAV's PPBE system differs from that of the other two military departments, and in light of these identified differences whether any of their practices can be applied to OPNAV. The ensuing analysis will demonstrate that OPNAV's PPBE procedures are unbalanced and uniquely indifferent to providing a clear and effective means of translating policy into capabilities. It will be argued that, as the Department of Defense's own PPBE process makes it challenging at best to change the Future Year Defense Program (FYDP) within its five-year planning horizon, the Navy's unique practice of isolating programming from policy priorities makes the service potentially *more* vulnerable to being incapable of making needed policy changes to its budgeting priorities than are the other two military departments. Second, given the historically weak role played by the N5 in policy and planning, how can reforms be designed to provide it with greater influence in translating policy into effective plans? The problems of the N5's policy and planning efforts, to date, have ranged from such efforts' infrequency, to their being delivered too late to influence programming, as well as their lacking clear expression of priorities. Thirdly, and directly related to improving policy influence on budgetary execution, how should the Navy Secretariat and the N5 change key planning practices of OPNAV's PPBE process to tighten the link between policy and execution? In sum, this essay will argue that there are important lacunae in the current institutional basis of OPNAV's unbalanced PPBE process which must be addressed if budgetary execution is to be made more responsive to policy priorities.

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[8]US Department of the Army, "Planning Programming, Budgeting, and Execution System," Army Regulation (AR) 1-1, 9 July 1986; US Department of the Air Force, "Strategic Planning System," Air Force Policy Directive 90-11, 26 March 2009.

[9]US Chairman of the Joint Chiefs of Staff, "Joint Strategic Planning System," CJCSI 3100.01B, 12 December 2008.

[10]US Department of the Navy, "Force Structure Assessments," OPNAVINST 3050.27, N81, 12 February 2015.

[11]Haynes, "American Naval Thinking in the Post-Cold War Era," 227–28.

In addressing these three questions, the essay will argue three theses regarding the Navy's strategic planning system. First, the concept of developing policy and strategy using "resource-unconstrained" thinking and drafting multi-year long-term development plans not tied to money is a recipe for bureaucratic irrelevance. Second, there is an urgent need for OPNAV; collectively, to accept that plans without *costed* priorities cannot be implemented by the N8. Policy documents with undefined priorities, or the use of imprecise "stop light" charts are simply insufficient to enable programmers to ascertain the "how" in achieving the "what" envisaged in plans. Third, the N5 needs to replicate the practice of the other two military departments and recognize the need to remain actively engaged in *leading* the development of the POM. In consequence, a short and general planning document, like the Navy Strategic Plan (NSP), is insufficient alone to enable the N5 to conduct its strategic planning responsibilities successfully.

Background

The system that has come to be known as PPBE was created at the direction of Secretary of Defense Robert McNamara with a view to aggregating the three military departments' independent budgetary processes.[12] Arguably, a critical opportunity was missed in the early development of PPBE in that its creators made two fateful decisions. First, it was determined that the Office of the Secretary of Defense (OSD) would not *change* the existing budgetary system, thereby enabling the military departments largely to retain their budgetary independence. Second, it was determined that OSD's PPBE would be initiated from input provided by the chairman of the Joint Chiefs of Staff (in the form of the then Joint Strategic Objectives Plan);[13] the Defense Planning Guidance document would follow later. In effect, although the military departments had to adopt similar processes and structures to feed into new OSD processes, "The process became the essential means by which the US military services protected their respective identities, preferred weapons systems, and relevance."[14]

If the PPBE system allowed the military departments to continue to maintain a high degree of independence from OSD and Joint Staff guidance, an analysis of OPNAV's practices demonstrates that it enjoys exceptionalism unmatched by its military department counterparts. A comparative analysis of the three PPBE systems demonstrate that OPNAV's decision-making is centered in only a few officials and there is a singular lack of coordination

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[12]See Charles Johnston Hitch, *Decision-Making for Defense* (Berkeley: University of California Press 1965); Charles Johnston Hitch et al., *The Economics of Defense in the Nuclear Age* (New York: Athenum 1975).
[13]Hitch, *Decision-Making for Defense*, 25–26.
[14]Haynes, "American Naval Thinking in the Post-Cold War Era," 7.

across the entire OPNAV staff, let alone efforts at effecting formal institutional consensus-building.[15] Institutionally, since the introduction of PPBE, the Navy has defined that anything that comes out of OPNAV must relate to the competition for finances and therefore must be approved by the N8. Thus, financial decision-making is the responsibility of the N8 (Programming) and, remarkably, not the N5 (Policy and Plans). Even the Navy's budget office is in OPNAV (i.e., N82), which suggests a subordinate relationship to the CNO, whereas in the other services the budget office falls exclusively under the respective civilian-led secretariat. In effect, the Navy's budget office works for the secretariat, but is also officially responsible to the CNO. Haynes argues that these practices have had the effect of reinforcing the Navy's parochialism when addressing strategy development and have impeded creative and independent thinking.[16] Moreover, the N8 engages in a high degree of "force management" responsibilities that are resident in lower commands in the other military departments. It is little wonder, therefore, that the OPNAV's PPBE produces what can be best described as "strategic budgeting." This is all the while it limits the influence of policy guidance and resource priorities, even those set by the Secretary of the Navy and the CNO. Arguably, perhaps the current programming system responds effectively to the fleet's requirements today, but it must be acknowledged that this is at the expense of isolating financing from policy priorities that look to the future.

Challenges in Managing the Navy's Policy and Planning

Not for the want of making valiant attempts to the contrary, the N5's strategic planning practices have yet to find an effective, *and repeatable*, means of developing and conveying policy guidance and financial priorities to the N8.[17] Indeed, analysts have struggled to discern clear institutional and procedural linkages between policy and the POM development process. The cause of this disconnect could well be the singular lack of a common planning lexicon within OPNAV. That said, one can identify two institutional challenges that have impeded the development of effective plans to drive programming and budgeting: (1) institutional weaknesses that have plagued the N5; and (2), related to this, the process by which the division has developed plans.

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[15]Tiffany F. Hill, "An Analysis of the Organizational Structures Supporting PPPB within the Military Departments," master's thesis, Naval Postgraduate School, 2008, 100, 113.

[16]Haynes, "American Naval Thinking in the Post-Cold War Era," 182.

[17]According to Rosenberg, this is an outcome of the Navy's institutional consensus-driven and multi-layered policy-making process that produces "strategy" as a reflection of the institution, as opposed to senior leadership. David A. Rosenberg, "American Naval Strategy in the Era of the Third World War: An Inquiry in the Structure and Process of General War at Sea, 1945–90," in N.A.M. Rodger (ed.), *Naval Power in the Twentieth Century* (New York: Macmillan 1996), 243.

As to the former point, institutionally speaking, the N51 has traditionally been at a disadvantage vis-à-vis other divisions in OPNAV, particularly the N8. Fundamentally, the N51 has traditionally been a very small office (approximately 15), staffed mainly by junior officers, which has worked against the development of institutional gravitas and a strong institutional memory. In fact, many of the policy and planning related initiatives undertaken by CNOs have been at the expense of the N5. For instance, the CNO's Strategic Actions Group (N00Z) and Naval Policy Advisory Group (NAPAG) were created out of the N5 and many of these initiatives which should have been undertaken by the division were placed in ad hoc bodies, e.g., Deep Blue.[18] (It is intriguing to ponder why successive CNOs have perennially turned to ad hoc bodies – in effect, creating *new* staff – to develop key policy initiatives, as opposed to utilizing existing staff and procedures.) Perhaps because of its understrength and lack of a strong institutional memory, the N51 has not been perceived as able to consistently produce guidance on time, and in sufficient detail to *drive* the POM development process. Probably the best example of the N5's relatively weak position within the staff is the fact that the Quadrennial Defense Review (QDR), which should be seen as constituting a quintessential policy and planning driven process, is managed not by that division, but rather by the N8.

As to the second point, the unenviable situation in which the N5 finds itself, vis-à-vis its sister divisions, can only be ascribed to the ambivalence of successive senior naval leaders about the need for the staff to possess a strong institutional planning capability. Traditionally, the CNO's "Sailing Directions" (i.e., high-level guidance to the Navy) have not been developed by, or staffed through, the N5, but rather have been produced in the N00Z, which reports directly to the CNO. According to Swartz and Duggan, the Vice Chief of Naval Operations (VCNO's) guidance ("PLANORDS") for the development of the POM has ignored the inputs of the Navy's strategic planning process.[19] Key planning documents, such as the 30-year Shipbuilding Plan (i.e., developing justification for shipbuilding), do not reference any N5 guidance and are developed in the N9 with heavy N8 involvement. In effect, the N8 creates its own guidance, as it both owns the data derived from its own campaign analysis, which can be used to justify the priorities that it has determined (and by extension dismantle the arguments of other divisions), and controls the budget. Planning insularity

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[18]Deep Blue was created in 2001 to assist senior naval leadership to come up with innovative means to fight terrorism at the strategic level. It was disestablished in 2008.

[19]According to Swartz and Duggan, the VCNO's PLANORDS for the development of the POM ignored the inputs of the Navy's strategic planning process. See Peter Swartz with Karin Duggan, *U.S. Navy Capstone Strategies and Concepts (2001–2010: Strategy, Policy, Concept, and Vision Documents)* (Alexandria: Center for Naval Analysis 2011), 319.

from policy can be discerned in the N81's modeling of future threats which have been criticized for being isolated from political nuances and, therefore, not fully informed. That said, the strength of the N8 can be seen in the actions taken by successive CNOs with programming backgrounds who have empowered the N8 and have moved responsibilities to that division from the N5.

To its credit, the N51 has made a number of attempts to lead the N8's programming process by providing planning guidance, particularly since the tenure of CNO Admiral Mike Mullen.[20] But the record of effectiveness of its key planning document, the NSP, has been problematic since its inception in 2006. For instance, NSP14 was never endorsed by the CNO. For fiscal year 2016, the N5 did not even develop an NSP. At worst, NSPs have been ignored by other OPNAV divisions (e.g., NSP 13 was not staffed, or coordinated within OPNAV). Yet, there have been some notable successes. NSP12 was generally considered a useful planning document and the N5 participated in the development of the POM, and the N81 assisted in the development of the document's risk matrix, which, it is claimed, was financially informed.[21] One partial explanation for this uneven record is that as OPNAV (like the rest of the Department of Defense) struggled to plan during the uncertainties created by Congressionally mandated sequestration, it was shown that the process to create the NSP simply could not keep up with events and the demands to develop the POM. However, a severe critique of the planning documents produced by the N51 has been their lack of financial guidance. A former senior official in the N8 stated that the N51's guidance simply restated that which the N8 was already planning to do. Finally, one could argue that these documents have not differentiated sufficiently between what the Navy has to do very well, and what capabilities need only be good enough.

Comparison with the Other Military Departments

By any objective measurement, OPNAV's strategic planning process is out of balance. There is no better means of testing this assertion than by comparing the current OPNAV process with that of its other service counterparts. There follows a brief analysis of the strategic planning processes of the US Army and Air Force, from which best practices can be discerned for possible emulation by OPNAV.

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[20]For a comprehensive description and analysis of OPNAV planning initiatives see Swartz with Duggan, "U.S. Navy Capstone Strategies and Concepts."
[21]Steve Kelley, "Linking Strategy to POM Development: The Navy Strategic Plan in Support of POM-12 (NSP-12)," undated unclassified briefing, slide #6.

Department of the Army

Contrary to the domination of OPNAV by the N8, the Department of the Army's Directorate of Operations and Plans (G3/5/7) clearly plays the dominant role in producing, and thereafter *managing*, the Army Staff's strategic planning process. In terms of guidance, The Army Plan (TAP) actually consists of five separate but closely inter-related documents that are produced in accordance with a formal policy that outlines the planning process, i.e., the Army's Planning Programming, Budgeting, and Execution System.[22] Like the Air Force (vide infra), in light of a more challenging financial environment, the *TAP* has recently undergone revisions in order to enable the Army leadership to focus attention on planning, vice programming, thereby providing clearer guidance to financial decision-making.[23] The family of plans that make up the *TAP* follow:

- *Army Vision*. New, to be co-authored as required by the Secretary of the Army's and Army Chief of Staff's offices. It will articulate the desired objectives established by leadership over a ten-year time horizon and it is to inform all other sections of the revised *TAP*.[24]
- *Army Strategic Planning Guidance*. To be *retired* after the financial year 2017–21 planning cycle. It established the Army's institutional strategic framework to identify the Army's objectives and will be replaced by both the Army Vision and the Army Strategic Plan.
- *Army Strategic Plan*. New, to be developed every four years, and reviewed every two years, by the G3/5/7. It will articulate the means by which the Army will fulfill its responsibilities over a ten-year timeframe, and link strategy and the budget by informing annual planning within the PPBE process.
- *Army Planning Guidance*. New, to be developed annually by the G3/5/7. It is to initiate the PPBE process and will provide more detailed guidance to guide key planning issues, *before* the POM is completed.
- *Army Planning Priorities Guidance*. To be retired and replaced by the Army Planning Guidance).
- *Army Program Guidance Memorandum*. To be developed annually by the G8 (Program Analysis and Evaluation Directorate). It is to translate operational undertakings to resource tasks, i.e., the alignment of strategy, missions and priorities from the Army Vision, Army Strategic Plan,

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[22]US Department of the Army, "Planning Programming, Budgeting, and Execution System." To be revised in light of revisions to TAP.

[23]See US Department of the Army, "Revisions to The Army Plan," 16 October 2014. Note that this memorandum was signed by both the Secretary of the Army and the Chief of Staff.

[24]US Department of the Army, *The Army Vision: Strategic Advantage in a Complex World* (Washington: Headquarters, Department of the Army 2015).

and Army Planning Guidance with other guidance from OSD in build-
ing the POM.

- *Army Campaign Plan*. To be developed semi-annually by the G3/5/7,
  Army's Deputy Chief of Staff for Operations and Plans. It is to establish
  and monitor annual priorities and initiatives as established in the Army
  Vision, which requires measurable objectives or decisions.

The Department of the Army's approach to executing its PPBE is to
produce guidance via consensus-building, at both the staff and senior
leadership levels. In brief, once the Army Strategic Planning Guidance
("Army Planning Guidance" in future) has been developed, staffed, and
approved, the G3/5/7 takes the lead in working directly with the
Directorate of Programs (G8) to ensure that all aspects of the ensuing
POM-build remain in conformance with agreed, and approved, guidance.
In other words, it maintains its involvement in the Army's PPBE throughout
the entire POM-build. This is essential to ensure that which drives the system
remains an aggregation of priorities developed by the G3/5/7. To date,
planning has not been universally cost-informed; but trends point towards
this practice gaining greater acceptance, since unless a priority is costed, its
true value will always remain elusive. This has been facilitated since the
1990s with opening up the G8's costing database. Yet to be achieved is a
formal and detailed cross-portfolio, or trade-space actions amongst training,
equipping, and manning; let alone cost-informed risk tolerance at the pro-
grammatic level within the G3/5/7.

This planning coordination is formalized through a series of regular meet-
ings bringing together the G3/5/7 and the G8 throughout the PPBE process.
Specifically, there is a biweekly meeting of the Council of Colonels, which is co-
chaired by the Chief, Resource Analysis and Integration Office (G3/5/7); the
Chief, Program Development Division, Program Analysis and Evaluation
Directorate; and the Deputy Director of Financial Management and
Comptroller, Assistant Secretary of the Army (FM&C). These meetings package
proposals, frame issues, and coordinate the staging of decision-making ses-
sions at the two-star level, i.e., Budget and Requirements and Programs Group
(BRP), and the Planning Programming and Budgeting Committee (PPBC) for
issues that cannot be resolved at the level of colonels.

From the perspective of the Army Staff, there is little question that the
G3/5/7 has responsibility for Army-wide prioritization.[25] No better evidence
can be seen in the fact that the Army Campaign Plan that directs how
funding is to flow is developed under the authority of the G3/5/7. Yet, it

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[25]US Department of the Army, "Assignment of Functions and Responsibilities within Headquarters
Department of the Army," General Order 2012-01, 11 June 2012, <http://www.apd.army.mil/pdffiles/
go1201.pdf>.

would be a misleading to think that the G8 is solely the resourcing agent of the Army. The directorate's focus has changed in recent years to become the Army's "equipper," as witnessed by moving the responsibility of Force Development from the G3/5/7 to the G8. It should not be a surprise, given these planning and oversight responsibilities, that the G3/5/7 is significantly larger than that of the G8, i.e., the former has approximately 1000 personnel, and the latter has several hundred. But Army officials have acknowledged that the success of the entire system is premised on clearly stated policy objectives endorsed by the Secretary of the Army and Chief of Staff; otherwise, as one Army official has admitted, the G8, de facto, is in charge of "guessing" priorities.

Department of the Air Force

The Air Force, like the Army, has a well-developed planning system that is highly documented with responsibilities spread across the Air Force Staff. The Air Force is facing a serious challenge of needing to fund five major aircraft procurement programs, whilst investing in R&D in five others.[26] In consequence, the Air Force's senior leadership has had to revise its planning system in order to find a means of balancing current operations, procurement, and R&D.[27] Policy guidance for the new process and supporting organizations has been issued.[28] Current and envisaged key strategic planning documents include:

- *Air Force Strategy*. New, to be issued every four years and reviewed every two years. Developed by the new Directorate of Strategic Plans and Programs (A5/8). It is envisaged to explain the Air Force's strategic purpose. The document has a 30-year horizon and includes a Strategic Environment and Threat Assessment, and contains Strategic Priorities and Lines of Operation, science, technology, and research focus areas.
- *Air Force Strategic Master Plan*. New, to be updated biannually by the A5/SS.[29] It is to provide broad guidance and articulate priorities, goals, and objectives. The plan is financially informed and will articulate spending over ten years. Annexes to the Strategic Master Plan are the Human Capital Development Plan, Strategic Posture Plan, and

[25]US Department of the Army, "Assignment of Functions and Responsibilities within Headquarters Department of the Army," General Order 2012-01, 11 June 2012, <http://www.apd.army.mil/pdffiles/go1201.pdf>.

[26]See Jeremiah Gertler, "The Air Force Aviation Investment Challenge," R44305, Congressional Research Service, Washington, 11 December 2015.

[27]US Department of the Air Force, "Strategic Planning System." To be revised.

[28]US Department of the Air Force, *America's Air Force: A Call to the Future* (Washington: 2014). The document outlines how the Air Force is to act, vice what it plans to buy.

Capabilities Investment Plan. The annexes are to be revised annually, as required.[30]

- *Strategic Planning Guidance*. New, to be drafted annually by the A5/8. This document is to inform Core Function Support Plans, articulate planning choices, and drive the development of the Approved Planning Force, all with the view of driving the development of the POM.
- *Air Force Planning Force*. Retained, to be issued biannually, or as required, drafted by the A5/8. The document provides a "20-year force structure projection organized as an effects-based capability portfolio integrating MAJCOM [Major Command] strategic investment plans with a vector towards the Air Force Vision and the Strategic Plan … It sets the baseline from which risk is measured when fiscal constraints are applied to the Planning Force."[31]
- *Annual Planning and Programming Guidance*. To be retired.[32]

In addition to the challenge of balancing investments and current operations, the Air Force's PPBE essentially broke down during sequestration, thereby demonstrating that, inter alia, it could not operate effectively in a period of budgetary uncertainty. It is envisaged that these changes in the Air Force's PPBE process will bring budget development up from the MAJCOMs to the Air Force Staff in order to ensure that their stated priorities are in conformance with the Department of the Air Force's endorsed strategy and policy priorities. The new system will allow the Air Force Staff to establish a priority of resource decisions that look *across* the entire Air Force, with the objective of militating against community parochialism. To achieve this objective, in future MAJCOMs will not be involved in developing the POM, but will be limited to identifying priorities that will be subordinated to the Air Force Strategic Master Plan. Current Air Force leadership hopes that this protocol will empower the Air Force Staff to focus more on policy and strategy, as opposed to chasing the POM. Thus, the Directorate of Operations, Plans and Requirements (A3/5) and Directorate of Strategic Plans and Programs (A8) have been reorganized into the new Directorate of Strategic Plans and Programs (A5/8), ending the status of the A8 as a stand-alone organization managing the strategic planning process. The objective of this initiative has been to merge both Operations, and Plans and Requirements into the A3/5, in order to reinforce the role to be played by strategic planning. The new Operations, Plans, and Requirements Directorate (A3) will be stand-alone, while the planning staffs will form a new

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[30]US Air Force, *USAF Strategic Master Plan* (Washington: 2015).
[31]US Department of the Air Force, "Strategic Planning System." 3.
[32]Previously approved by a three-star, in the new system it will no longer be issued. Criticism of the document included that it was vague to the point of being unhelpful. The way the Strategic Plans, Deputy Chief of Staff for Plans and Programs (A8X) approached developing the document was consensus based. This process took too long and it rarely was issued in a timely fashion to influence decision-making.

Table 1. Department of the Air Force Planning, Programming, and Execution Responsibilities.

Financial Management	Budgets	2–5 years
Programming/Financial Management	Programs	6–20 years
A5/8	Plans	10–30 years

A5/8 directorate. The objective of this reform is to remove the programmers from A5/8 and put them in the Secretariat of the Air Force/Financial Management (SAF/FM) to help prevent programming requirements from overtaking strategy. According to a senior Air Force general officer, the new planning process and organizational structure was needed to enable planners to focus on strategy and the long term (i.e., 20 years), vice involving themselves in short-term budget battles.[33] By removing the programmers from the strategy development process, it is envisaged that the A5/8 will produce specific guidance and better information than in the past, as well as provide them with a stronger strategic framework with which they can make resource decisions. The new A5/8 also includes a division dedicated to ensuring that MAJCOMs' inputs to the POM-building process are consistent with the Air Force's Strategic Master Plan. Importantly, it will be augmented with a new assessments branch (the A5S) that will measure the degree to which priorities approved in the Planning Force are reflected in the POM. Air Force planning has the objective that by continuing its longstanding practice of using financially informed assumptions it will be able to look beyond the FYDP and measure future capabilities using constant dollar costs. A key aim in this reorganization of staff and responsibilities has been to increase the number of four-star general officer engagements in the process to ensure accountability to endorsed policy priorities. A clarification of staff orientation and focus is represented in Table 1, albeit it has been recognized that there will be difficulty drawing a clear division of responsibilities between Financial Management and the A5/8.

Comparative differences with OPNAV's PPBE

When compared with its service counterparts, OPNAV's strategic planning system is unquestionably unique in that, almost by design, it isolates financial decision-making from policy guidance and planning priorities. Notwithstanding the fact that the Army's and Air Force's policy and planning systems are sharply dissimilar to that of OPNAV, there are arguably practices employed by the other services that could be replicated by OPNAV, the better to link financial execution to policy guidance and

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[33]Aaron Mehta, "Lt General Michael Moeller: USAF Deputy Chief of Staff, Strategic Plans and Programs," *DefenseNews*, 24 April 2014.

planning priorities. Whilst hardly comprehensive, the following practices in the other two services should merit close study and analysis by OPNAV.

As incomprehensible as it may appear to an outside observer, OPNAV does not possess a strategic planning policy document, endorsed by the Navy Secretariat, that establishes and outlines the OPNAV planning process and assigns respective roles and responsibilities to officials across OPNAV divisions. Both the Army and Air Force have established policy that outlines their PPBE progresses at the headquarters level and ensures that policy guidance and planning priorities *drive* their respective PPBE.

The Army Staff keeps policy and priorities as expressed in programs *within* the G3/5/7's Resource Analysis and Integration Office in the form of the Army Planning Priorities Guidance (to be replaced by the Army Planning Guidance). The rationale for this document is that it "Links requirements to strategy and guides development of resource priorities for operational tasks over the mid-term period of the next six-year POM plus 5–7 additional years." Importantly, it provides additional and explanatory details and *resource priorities* to guide the development of programs and budget. It also identifies and establishes a *priority* of enduring operational capabilities required to meet those core Army competencies identified in Field Manual 1 (FM 2), *The Army*. Linking Army priorities back to OSD policy, risk guidance is also provided to programmers and budget officials, which is in accord with the QDR Risk Framework.[34] Such an analytical process, therefore, further translates the Army Strategic Planning Guidance (to be replaced by the Army Strategic Plan) into the more detailed programming priorities that are represented in Section III of the Army Programming Guidance Memorandum. The Air Force has created a new process that, whilst organizationally different from that of the Army Staff, shares the same objective of strengthening policy, strategy, and planning in its strategic planning process to guide resource decision-making. This effort is envisaged to produce a fiscally constrained investment guide that will create a balance between current and future Air Force priorities.

According to the Air Staff, it has long used cost-informed planning. The Army Staff is evolving to adopt this practice in order to ensure that its plans are more financially disciplined.

Both the Army and Air Force place importance on the value of cross-staff coordination meetings to ensure policy priorities are articulated in the POM development process. The Army Staff, for instance, holds biweekly meetings that bring the G3/5/7 and the G8 together throughout the PPBE process (until execution) at the colonel and major general levels to seek to balance policy priorities and financial realities. Moreover, in order to help bridge the gap

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[34]US Army War College, *How the Army Runs: A Senior Leader Reference Handbook, 2015–2016* (Carlisle Barracks PA: 2015), 31.

between policy priorities and budgeting, the G/3/5/7's Chief of Resource Analysis and Integration Branch (G3) is a colonel who is handpicked for this key post; a qualification being the candidate must have a programming background.

Finally, the Air Staff is creating a branch in the A5/8 with the objective of assessing the degree to which A5/8's guidance is integrated into the budget, whereas the Army's approach is more of continuous assessment.

Reforming OPNAV's Strategic Planning Process

It is a clear priority in both the Departments of the Army and Air Force to create procedures to ensure a policy continuum as the budget is developed, with planners in the lead, thereby leaving their respective programmers to optimize budget execution. If one applies these practices from the other two services to OPNAV, specific changes to existing authorities and organizations could include the following:

Establish Strategic Planning Policy

As an initial effort to realign OPNAV's current PPBE process and create a closer linkage between policy guidance and budget execution would necessitate creating a *policy* to guide strategic planning, establishing roles and responsibilities. Such an effort could build on the excellent work contained in the draft "Navy Strategic Planning Process Instructions," which has yet to receive official sanction. As a measure to ensure compliance across the staff, this guidance should be signed by the Secretary of the Navy. In consequence, this document should supersede N8's POM Serial No. 1: Business Rules, as the de jure planning policy document in OPNAV. As an element of this policy guidance, the document should include detailed codified strategic planning instructions that should address: (1) identifying officials' roles and responsibilities in OPNAV's strategic planning process; (2) establishing deadlines for the release of planning priorities in the codified planning guidance document to ensure the effective and efficient operation of the PPBE system in OPNAV; (3) formalizing the N5 as the lead in OPNAV for policy and planning and maintaining management oversight of the POM development process; and (4) creating a common planning lexicon that applies across OPNAV.

Creating a New Navy Strategic Plan

A guiding policy and planning document, akin to the NSP, needs to be issued at least biannually (reviewed annually) and it must include clearly stated planning priorities (e.g., NSP/Classified Annex), be published well before the development of the N81's Front End Assessment. Any guidance

issued *after* the initiation of the development of the POM will have minimal effect. That said, the timely release of policy guidance and planning priorities will require CNO ownership if they are to have the necessary gravitas to govern the POM development and review process. As a senior Army official stated to the author, as sophisticated as the Army PPBE is, it cannot function properly without senior leadership establishing priorities. The practices of the other services inform the observation that one short document (à la previous NSPs) will not be sufficient to provide the detailed guidance to frame the necessary trade-off decisions required throughout the development of the budget – and thus, by extension, to establish where money should and should *not* be spent. Ideally, this cross-OPNAV planning guidance should endeavor to narrow the scope of planning priorities; in effect, expressing in financial terms the areas where to reduce risk and where to accept more.[35] An implied requirement to enable the N5 to execute this task is a significant rebalancing of the apportionment of the current OPNAV staff organization.

Moreover, a particular need is for the N5 to play a larger role in OPNAV's interface with the combatant commanders (COCOMs) to translate their integrated priority lists (IPLs) into the short-, medium-, and long-range planning priorities. This implies the need for personnel on the staff with expertise in operation plans (OPLANs) who can speak with authority when representing Navy equities with the COCOMs and can translate accurately, where appropriate, the financial implications of OPLANs for the current year budget.[36]

Thus, a reinforced NSP-like document, with supporting financial guidance, could well serve as the initiation of the planning process, followed by the development of implementation guidance (developed across OPNAV) in various documents designed to provide clear priorities to programmers.

Greater N5 Leadership

It is likely that a new version of the previously issued NSP and supporting programming guidance will require a number of iterations before the new process can be thought of as possessing the necessary detailed and prioritized guidance that will enable the entire OPNAV staff to be constructively engaged in this new strategic planning process. The N5 needs to become both the de jure and de facto lead agent for strategic planning and that includes, as in the other two military departments, maintaining continuous management responsibilities for the translation of its policy guidance into

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[35]See Peter Swartz's ambitious outline of what a naval strategy should consider comprised in Swartz with Duggan, *U.S. Navy Capstone Strategies and Concepts*.
[36]See Tripp Barber, "Joint Warfare Analysis: The Key to Shaping DoD's Future," *Phalanx* 47/1 (2014).

programming priorities and execution. To be more precise, the N5 should monitor and assess the POM development process as it goes through each decision gate and be prepared to provide a vector check, as needed. This can be done by advocating for the strategic planning priorities via staff coordination in OPNAV (vide infra). And it is during this phase of programming that the N5 will need to attend these meetings armed with numbers.

Thus, OPNAV's strategic planning needs to be conceptualized as more than developing the initial guidance that starts the planning process; it must include oversight responsibilities *throughout* the entire development of the POM. This oversight of the POM development and execution process is essential, as guidance and priorities may be changed by policy, and the N5 inevitably will need to be prepared to interpret its planning priorities throughout the execution phase. The N5 will need also to review continuously its planning assumptions and ensure that any modifications are expressed in the N8's programming. A clear metric of success would be manifest if the N8 were to succeed in focusing on developing capability optimization solutions, as opposed to guessing at guidance and priorities.

As the N5 clarifies existing policy guidance and planning priorities in OPNAV and develops more detailed guidance, there will become a need for more formal staff coordination fora to ensure that guidance and priorities are reflected in the N8's POM-build, as well as to provide mid-course corrections should policy and priorities change. This could perhaps be built on the staff coordination framework recently developed by the new Navy Strategic Enterprise.[37] These regular meetings need to become institutionalized as they have become, for example, in the Army's PPBC, which comprises both colonel as well as major general level meetings to ensure consensus-building in resource decision-making. The N5 could then follow through and show the Secretary of the Navy and CNO the degree to which planning priorities have been implemented and identify opportunities where priority guidance needs to be stronger. Perhaps a contentious point, however, the Secretary should address the question of who should chair these meetings when policy is being drafted to establish formal planning systems, i.e., whether an official from the N5 or the N8. Logic would dictate that, as the N5 should be driving the planning process, that office should chair key decision-making meetings. That said, there may be

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[37]This initiative establishes an N51-chaired Strategy Oversight Group (SOG) to meet monthly and is composed of two/one-star-level flag officers or Senior Executive Service civilians. Its mandate is to "coordinate, integrate, and synchronize the individual efforts of all stakeholders involved in the development, engagement, and assessment of Navy strategy into a single, unified effort." Above the SOG is the Senior Executive Group which will meet on a quarterly basis to "review, approve, and transmit to the CNO an annual plan on the development, engagement, and assessment of Navy strategy and recommendations for improving the development, engagement, and assessment of Navy Strategy." These fora are to be supported by weekly captain-level Action Officer Group (AOG) meetings: Strategy Development AOG, Strategy Engagement AOG, and Strategy Assessment AOG. Scott Swift, "Charter for Navy Strategic Enterprise," Navy Staff, 30 May 2014.

room for the N8 to lead some of the lower-level, technical-in-nature, coordination meetings. However this issue is determined, it is critical that these fora provide the Secretary and CNO the necessary information and judgments to allow them to make informed decisions.

Costing Navy Strategic Plans

As an element of crafting more detailed planning guidance, the N5 will need to address its most challenging reform, i.e., how to reconceptualize its expression of guidance. Heretofore, the NSP, for instance, has largely limited itself to a statement of priorities in an absolute sense, vice considering resource priorities per se, which by definition, are zero sum. Notwithstanding the laudable effort in NSP 2012, which included a risk assessment matrix, this annex confined itself to employing a rather basic red–yellow–green "traffic light" matrix and was based on a campaign analysis. However, it lacked a recognized methodology and was, in the end, perceived as subjective.[38] Whilst useful in the aggregate, such an effort is of limited utility in the POM development process, which requires greater fidelity to guide programmers. To be blunt, what is needed is for the N5 to recognize that if they are to be able to guide programmers, then guidance and priorities must be expressed in financial terms. In short, policy *is* money and, therefore, it needs to be expressed as such in the development of strategic planning guidance.

In consequence, the N5/1, in particular, must start developing plans articulated in financial costs whilst expressing priorities denominated in terms of money, which will be understandable to the N8 in a clearly binary manner, viz., money to this limit is to be spent on capability or activity X. Therefore, the N5/1 will need to become adept at accessing the N8's costings databases in developing its own new guidance, as well as monitoring the POM-build to assess the degree to which planning priorities are *driving* the development of the POM.

Furthermore, the N5 staff needs to accept that in a bureaucracy, like OPNAV, where the N8 has dominated the assignment of priorities for years, the idea of producing long-term development plans, following the seductive admonition of programmers to planners that they should plan in a "resource-unconstrained" manner will only serve to isolate N5 from decision-making regarding where the Navy's budget is spent. The N5 needs to set itself the objective that its new strategic planning process will be driven

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[38]To the point, the first NSP 2006 was critiqued for lacking costings, i.e., that it was no more than a strategic vision without a resource plan. Haynes, "American Naval Thinking in the Post-Cold War Era," 335.

by financially sound guidance that eventually produces an annual plan that is costed and financially sound.

The bureaucratic implications of such a transformation in the manner by which the N5 conducts strategic planning are challenging. Clearly, the personnel requirements of such a change are considerable and the new qualifications needed in the staff must be addressed in the short term. Staff expertise in financial management, and particularly a solid understanding of the cost models employed by the N8, implies the need to obtain personnel with backgrounds in the N8. As a beginning, the N5 should establish a branch/cell of finance experts in the N513 who understand the N8's programming methods and costing models to start the transition of translating words into numbers and thereby making priorities clear. The N5 leadership should also narrow the scope of its initial strategic planning guidance, focusing on the areas where additional capabilities are needed and areas where the Navy can examine the utility of legacy capabilities.

These recommendations in no way argue for the N5 to duplicate the efforts of the N8; rather they contend that the former must transition to being capable of expressing guidance and priorities in financial terms and not just words. In essence, the N5 must begin speaking the language of programmers; and the "dialect" used by programmers is Excel spreadsheets, as opposed to that preferred by planners, i.e., Word documents. Thus, the N5 must begin outlining budgetary cost guidance to the N8 for detailed planning and execution. In an ironical sense, OPNAV must return to the original theory of PPBS which held that policy establishes "what," whilst programmers determine "how" best to obtain it.

Conclusion

For reasons of mission, history, and bureaucratic practice, OPNAV's PPBE system is not just at variance with similar systems in the other two military departments; it is essentially based on antithetical concepts and assumptions. To state that OPNAV's PPBE isolates financial decision-making from policy priorities is an understatement. That the Navy's budget office is in the N82, with the implication that it answers to the CNO, should be seen as emblematic of the degree to which daily operations are driving strategic planning out of the resource decision-making process. Arguably, this process has produced the world's best navy, but it has been doing so in a policy- and increasingly resource-isolated framework. It should not be surprising, therefore, that this process has proved to be sub-optimal in a financially uncertain environment, underscored by a continued need to maintain a high operations tempo the world over. Therefore OPNAV needs to rethink its corporate understanding of, and approach to, strategic planning. As the cases of the Army and Air Force demonstrate, the only way that

priorities linked to hard resource decision-making can be effectively accomplished is by empowering leadership with policy, strategy, and planning concepts and institutional logic to *drive* the development of a budget that will deliver a balanced force.

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