

**STRATEGY
RESEARCH
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REFORMING PPBS: ITS TIME HAS COME

BY

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USAWC STRATEGY RESEARCH PROJECT

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ABSTRACT

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This analysis of the current Planning, Programming and Budgeting System seeks to determine whether the process allows the Department of Defense to properly manage its resources and to execute the national strategy. Recommendations are offered to improve the process.

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PREFACE

For some 36 years, the Department of Defense (DoD) has used the Planning Programming Budgeting System (PPBS) to distribute its vast resources in an attempt to execute the National Military Strategy (NMS) in support of the National Security Strategy (NSS). During that period, PPBS has received its share of criticisms. But the system has survived with minor changes.

As we enter the 21st century, DoD must do business differently to meet the challenges of the future. The military is spending a lot of time and effort trying to determine the future force, but very little attention is directed at the system which will resource our future force and ultimately shape it.

It is now time for us to look critically into PPBS and make some necessary changes. If we do not reform the system, we most likely will find ourselves with a great strategy to support our future national interests, but lacking an effective plan to execute the strategy and a system capable of resourcing that plan.

The bottom line is the system needs to be reformed. This study seeks to increase awareness of the problems of PPBS and provide some realistic solutions. If PPBS is properly reformed, the system will enable DoD to reshape its force to meet the needs of the 21st century.

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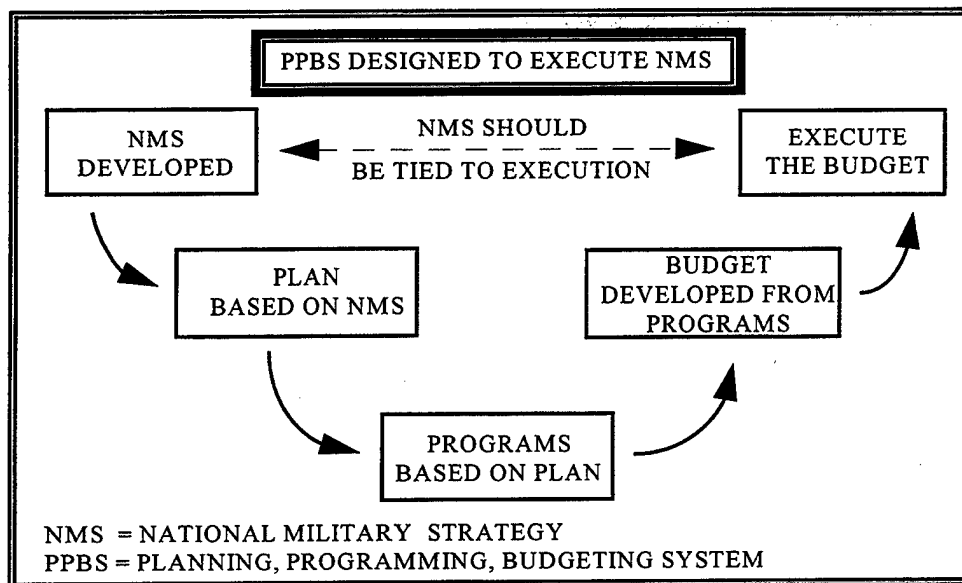
REFORMING PPBS

During this time of declining resources, increasing demands on our military, a rapidly changing environment and major technological advances, it is critical to use a decision-making process which will allow DoD to execute the National Military Strategy (NMS). The following critical analysis of the current decision making process, Planning, Programming and Budgeting System (PPBS), will reveal that the process is designed logically and the basic structure is sound. But its current implementation does not enable DoD to properly manage its resources in support of the NMS. Therefore we should keep the system, but the implementation of the process must be reformed.

The process of allocating resources develops and executes our military's mission in support of the National Security Strategy (NSS), which is developed by the President and the National Security Council. The NSS identifies our national interests and describes all elements of national power that will be used to protect and further them. The Joint Chiefs of Staff (JCS) then formulate the NMS in support of the NSS. Then the Office of the Secretary of Defense (OSD) uses the NMS to develop the Defense Planning Guidance (DPG), which is intended to provide the overall guidance and direction to the Department of Defense (DoD) for use in developing and sustaining the military element of national power in support of the NSS. All of this is not an easy task.

PPBS is DoD's decision-making system, designed to insure that DoD properly utilizes its scarce resources in support of the NSS.

It has been said that "budgeting is, and always has been, the most important decision-making process in governmental organizations."¹ It is not just budgeting which is important, but the total decision-making process in allocating funds in order to achieve government priorities and objectives, effectively, efficiently, and economically.² The PPBS process is designed to allocate resources based on the plan developed by OSD using the NMS. (Figure 1)



(Figure 1)

Since, resourcing decisions may actually determine whether the military is capable of carrying out the NMS, it is critical this decision making process facilitates the execution of the strategy.

For PPBS to be successful, each phase of the process needs to be tied to each other and to the NMS. Currently the system has some deficiencies within each phase and disconnects at each interface of the process, which prevent the planned strategy from being properly budgeted and then executed. These deficiencies and disconnects are created because the planning guidance is unclear and untimely, the programs are not linked to the plan, there are too many changes made during the budget phase and there is no effective evaluation process in place. Today, more than ever, it is important we have a process which insures resources are allocated to provide capabilities to effectively execute the NMS in support of the NSS.

This study initially looks into the history of PPBS, specifically at the DoD process before PPBS, and shows what PPBS was designed to do. This historical view will provide some background which will be beneficial in looking at the current system. Then an analysis of each phase will be presented identifying its intent and its problems. Finally the study recommends possible reforms which would allow the system to support DoD adequately as it shapes our forces to meet the challenges of the 21st Century.

HISTORY OF PPBS

In 1961 Secretary Robert McNamara was disenchanted with the decision making process DoD was using to distribute resources. He assigned Charlie Hitch, a program analyst, the task of developing a system which would allow DoD to better manage its resources.

Secretary McNamara identified numerous problems with the budget system in place. There was no centralized military planning and budgeting effort. Specifically, budgets were developed by the individual services, and then submitted separately to Congress. Each service would analyze and interpret the threat and devise its contributions to the national strategy. They would then develop their budgets, based on their strategies to meet the needs of the country, specifying their specific requirements without regard for the participation of the other services. "The services held on to their traditional missions, which often corresponded to what they had been doing in the past and not necessarily to the changing national needs."³ Prior to 1961, there was no mechanism in place to develop an overall national strategy which would then lead to a national military strategy. Likewise, there was nothing in place to develop a unified defense budget to implement the strategy.

Hitch was challenged to develop a system which would allow strategy to be the focal point, rather than current and past

budget levels. His solution was PPBS, which was initially hailed as an exciting new approach to national decision-making. PPBS was designed to interrelate and coordinate the three management processes identified in its title, planning the strategy and the force to implement the plan; programming its roles, missions and resource requirements; and then coordinating and acquiring adequate funding to field the force.⁴ This new system was designed so that planning would drive programming, which would then determine the budget needed to execute the plan.

"Conceptually, PPBS was exciting. It seemed to combine in one system long and medium term planning of policies; programming of expected performance and cost over five year period; and annual budgeting. None of the components was new...weaving together was."⁵

Over the years PPBS has met with both successes and failures. Alternative budgeting processes were tried: Zero-Based Budgeting, Performance Budgeting, and Management By Objective. These processes were not replacements for PPBS even though some might say they are different systems in themselves. Each one of these systems was implemented within the framework of PPBS to try to enhance the system and improve upon its perceived weaknesses. Each one has its merits. But they did not become an institutional part of PPBS.

There was one major initiative to improve the system which is still with us today. In 1986, for the FY 88 budget, DoD changed

to a biannual budget based on Presidential and Congressional directives; this was to enable the system to operate more smoothly and reduce the bureaucratic process. Although Congress has directed the preparation and submission of a biannual budget, they continue to require an annual budget submission and will only appropriate funds annually.⁶ This biannual budget effort was to reduce the bureaucratic process but in actuality has increased the workload without reducing anything. A great idea which has not been successfully implemented.

During the past 36 years, no other resourcing system has challenged PPBS within DoD. I believe PPBS has survived over the years primarily because DoD and the military believe that planning needs to determine resource requirements. Further, the system has become deeply ingrained within the military decision-making process. Because of this, the system will probably be with us for at least another 36 years. None the less, it is important that the system change with the times.

EVALUATION OF PPBS "THEORY VS REALITY"

To support a rapidly changing environment, DoD needs a decision making system which is capable of changing as its strategy changes. In theory PPBS is designed to support rapid change by allocating resources based on a plan to execute the NMS. A careful analysis of each phase of the process will reveal

in reality that PPBS has some weaknesses which prevent it from changing rapidly and executing the NMS.

PLANNING PHASE

"In its simplest form, planning may be defined as rational forethought, an attempt at rationally determining the best actions to achieve a desired goal"⁷ Planning is the first stage within PPBS. In fact, it is the cornerstone of the whole process. But planning is not easy because it requires looking into the future and determining what the military should look like to meet anticipated challenges. Under PPBS, the planning phase needs to develop and link the NSS to the DoD programs and to provide focused, timely guidance. Also, it has to be credible and fiscally responsible.

During recent times DoD has developed a number of planning documents which theoretically plot the future direction of the military. The planning process within PPBS develops the Defense Planning Guidance (DPG). Outside the PPBS DoD has developed other overarching planning documents like the Bottom Up Review (BUR), the Quadrennial Defense Review and Joint Vision 2010. But which of these documents provides the framework for the military of the future? We lack a single overarching document which provides the vision and the strategy for the military of the future.

In theory, the plan developed to execute the NMS will determine the programs and budget. Prior to the planning phase

of PPBS, the Chairman and the Joint Chiefs of Staff (JCS) develop a NMS based on the NSS. The NMS and the Chairman's Program Recommendations (CPR) are used by the Office of the Secretary of Defense (OSD) to develop Defense Planning Guidance (DPG) which starts the PPBS planning process and provides the framework to the military services and the defense agencies for developing their plans and programs. These plans need to be based on a credible military strategy that meets the needs of the NSS in enough detail to provide direction to the CINCs, Military Services, and Defense Agencies. But such planning must be done with an understanding of the resource constraints. It is not realistic or productive to develop a plan which does not take into account the resource environment. A plan which is based on unconstrained resources will have limited value in the PPBS process. Therefore it is critical that resource constraints are taken into consideration in developing a plan through which will execute the NMS.

For the process to work properly it is important that OSD produce a credible planning document which organizations within DoD feel they can support and which Congress believes in. Do the current plans look sufficiently into the future? Or are they tied too closely to the past and present. A number of planning documents state the military should be able to fight and win two nearly simultaneous wars. The National Defense Panel questioned the credibility of this requirement and asserted that there would

be a remote chance that large forces would be needed in two places at once.⁸ Also the world has changed; in the NSS and NMS documents, there is mention of how the world has changed. We have been involved in numerous humanitarian and peacekeeping operations since the end of the Cold War. The NSS states "though typically not the best tool to address long-term humanitarian concerns, under certain circumstances our military may provide appropriate and necessary humanitarian assistance."⁹ Although, it states that military force may not be the best tool, this tool is becoming the tool of choice. Our military strategy needs to look at the environment today and the one we anticipate in the future. It must not be based on the past. The NMS states "the purpose of our Armed Forces, however, is to deter and defeat threats of organized violence to our country and its interests"¹⁰. This sounds a lot like our Cold War strategy. The NMS seems to superficially address our involvement in humanitarian and peace operations and stays with the two nearly simultaneous war concept. In actuality we have been involved in numerous operations which help shape the environment, but our current NMS seems to regard this as an aberration, not a future trend. We need to look to the future and develop a plan which is credible and not tied to the past.

We should also acknowledge that the draw-down of the military over the past six years leaves us with a force that will have some difficulty supporting two simultaneous wars. The amount of

risk associated with supporting two simultaneous wars with reduced force structure and funding levels needs to be articulated to the President and Congress. In addition, all indications are that the military will be involved in more and more humanitarian operations, but such missions receive little more than lip service in each of the planning documents. In fact, conduct of humanitarian/peace operations requires different types of forces and different kinds of training than the standard high intensity conflict.

The credibility of our military strategy has thus been questioned. The National Defense Panel criticized Secretary Cohen's defense plan for preserving current strength rather than building for future threats.¹¹ If our plan is not viewed as credible, it is going to be very difficult for DoD to get the resources it needs to support that plan.

On the other hand, even if the plan was credible and provided the proper direction, it would not effectively impact the programming phase unless it was completed on time to be phased into the process. The Military Service plans have been developed and programs are in the process of being developed and reviewed before DoD puts out its plan. For PPBS to work properly, as intended, OSD needs to provide timely direction to the Military Services and Defense Agencies to influence their plans and the programming process.

The planning process within PPBS must be more focused on the future in order to develop a credible strategy. "We must be willing to change... or risk having forces ill-suited to protect our security 20 years in the future, says the report by the National Defense Panel."¹² If we are going to reshape our force to meet the needs of our nation in the future, we must reform our planning activities.

Lastly, there is no current mechanism in place to evaluate our planning document to insure the goals and objectives of the plan support our NMS. In addition the planning document is not used to evaluate our programs to see if they support our NMS. The DPG, our current planning document, should be evaluated and used as a tool to insure programs being implemented support our NMS. Without an evaluation or review process there is a very high likelihood that the NMS will not be executed in the way it was intended. This could lead to the military element of power not supporting the NSS.

Under PPBS, "it is planning that lays out the vision of where we desire to go, and establishes the objectives that must be achieved both to get us there, and measure our progress along the way."¹³ Within the planning phase of PPBS, a number of weaknesses should be addressed. First is the inability of our plan to drive our programs because it is not detailed enough, not focused on the future and not timely. Second the credibility of the plan is in question. And third the plan is not being

evaluated and not being used as a measuring tool to determine whether the programs are reaching their goals and objectives.

PROGRAMMING PHASE

Programming is defined as the art of translating guidance into action.¹⁴ Robert McNamara's observations indicate his awareness of the need for better defense programming:

The major Defense Programs that comprise the FYDP were established to capture all costs, as completely as we could, make comparisons of cost-effectiveness within each program, and develop alternatives for systems and forces. This is their purpose. I'm not claiming that the ones we established in 1961 are the right ones for today, but if not, establish new ones.¹⁵

During the programming phase, the plan developed during the planning phase is translated into requirements for force structure, training, facilities, procurement, research and development, and sustainment. Programs are then developed to take all of these factors into consideration. Finally, costs are determined. Significantly, the programming phase calls for development of alternatives to implement the planned strategy.

The programming phase of PPBS is the bridge which connects our military strategy to the defense budget. Programs are developed by the Military Services; Defense Agencies and Special Operations Command based on the guidance provided by OSD. The CPR provides the joint vision and "recommends changes in programs to correct deficiencies in capabilities and to align resources more closely with plans and requirements."¹⁶ The services then use the planning guidance and CPR to develop and adjust their

Program Objective Memorandums (POM). The POM specifies what the services propose to do with the resources that will be provided for each of the next six years. POMs include forces, manpower, training, procurement, research and development, construction, logistics, and anything else needed to sustain the force.¹⁷ Once completed, the service POMs are sent to OSD for review.

The Defense Resource Board assists the Secretary of Defense in making major program decisions.¹⁸ "The Chairman's Program Assessment (CPA) remains the principal tool for assessing the extent to which the programs of the military departments and other DoD components conform to the priorities established in strategic plans and to the priorities established for the requirements of the CINCs."¹⁹ These reviews are critical in the program process. After approval by the Secretary of Defense, the POMs are rolled up into one and called the Future Years Defense Program.

The programming phase seems logically laid out. But it has its problems. COL Davis has outlined three problems he sees in the programming phase:

First, as previously discussed, is the absence of useful and timely planning guidance. Second is the failure of OSD to develop a methodology for distributing anticipated funding levels (fiscal guidance) to the Services in a manner reflecting the intent of the DPG and the demands of the strategic environment. Third is the absence of an organized and systematic program review that evaluates service and agency POM's from an overall defense mission perspective before aggregating them into the FYDP, the final product of the programming process.²⁰

Davis' first two observations are perceptive indeed: The fundamental problem is mainly caused by the lack of timely and detailed planning guidance. In addition OSD has had a problem readjusting its fiscal guidance to reflect the changes in strategy in support of the NSS. This is shown by the services percentage of DoD funds remaining the same year after year regardless to shifts in strategy due to the end of the cold war. However his observation on the review process misses the mark. We have a formal review process, however OSD and Joint Staff do not appear to have sufficient time to conduct a thorough review. This review process is critical because it insures that the POMs support the military strategy and it eliminates duplication of effort among the services.

Beyond COL Davis's observations, I believe there is an additional problem with the program process. It seems every budget carries forward a legacy from the past.²¹ Services seem unable to divorce themselves from past decisions in the programming phase. New POMs inherently start with a base line. So when it is time to submit a new POM, services start from their last POM and make adjustments. Without strong and timely guidance, it is easy to build off what you have done in the past. PPBS was specifically designed to prevent this from happening by basing programs on the plan to execute the NMS not past programs.

The programming phase falls short of doing what it was designed to do because of weaknesses in the planning phase. We

have noted that the cornerstone of PPBS is the planning phase. If it fails to provide the necessary information to the programming phase, so too will programming fail. In addition there is not enough time to conduct a thorough review of the programs and there is a tendency to remain tied to the past and not develop programs for the future.

BUDGETING PHASE

The budgeting phase seems to get the most attention because the decisions made during this phase turn into money. Thus this phase attracts heavy involvement from every level within DoD and from outside DoD as well. This phase should be procedural in nature, but the political process drives the budget and forces programmatic changes.

A number of decisions are made in a short period of time. The CINC's and services request and make more programmatic changes than anticipated during the budget process. These changes may be due to changing of commanders or to commanders becoming more involved in the budget phase than they were during the programming phase because everything is now more critical.

A final review of programs is conducted and adjustments for inflation and pricing are made during this phase. Then the programs should be translated to appropriations, completing the chain from strategy to budget. The President's staff reviews the budget and makes minor adjustments to insure the budget supports the NSS and perhaps to support political agendas.²²

The DoD budget is then transmitted to Congress as part of the President's Budget for review and approval. After extensive debates, reviews, and adjustments by committees, the Defense Appropriation Bills are passed into law and sent to the President for signature. After the appropriation has been signed, OSD will allocate funding to the services and CINCs based on the approved appropriations. What is key here is the final factor in determining the defense budget: It is determined by Congress. OSD, the Military Services, CINCs, and Defense Agencies need to understand how to properly influence our elected civilian leadership in support of our plan to execute the NMS.

The results of 18 months of hard work, going through the planning, programming, and budgeting phases, developing a budget which will insure the forces are capable of meeting the needs of the nation for today and tomorrow will now be reviewed by congress for the next six to nine months. Congress will analyze every part of the budget and determine what they feel should be funded. During this phase, politics plays a key role in influencing the final approved budget. Congressmen many times will support only those parts of the budget which are beneficial to their constituents.²³ Also there are a number of other domestic concerns which could determine support or non-support for the defense budget. Many of the Congressman do not know what the strategy is or do not understand it, to say nothing of the risks associated with underfunding the budget

Communicating the NMS, the plan to execute it, the resources required and the risks associated in not executing it are critical. If OSD, with support from the CINCs and services, does not do a good job selling the total package, it could find itself with a disjointed program which does not support the strategy developed to protect and further our national interests. Once the appropriation is passed, it is then the responsibility of DOD to implement the budget based on the intent of Congress.

Currently the budget phase is too active and needs to become more procedural in nature. There are too many programmatic decisions being made during the budget phase. This means we have to educate all the players that program decisions will be made during the programming phase and not the budget phase. Also, there is not enough effort made on selling the budget and relating the risks associated with not implementing the budget to reduce the political play in the budget.

SYSTEM

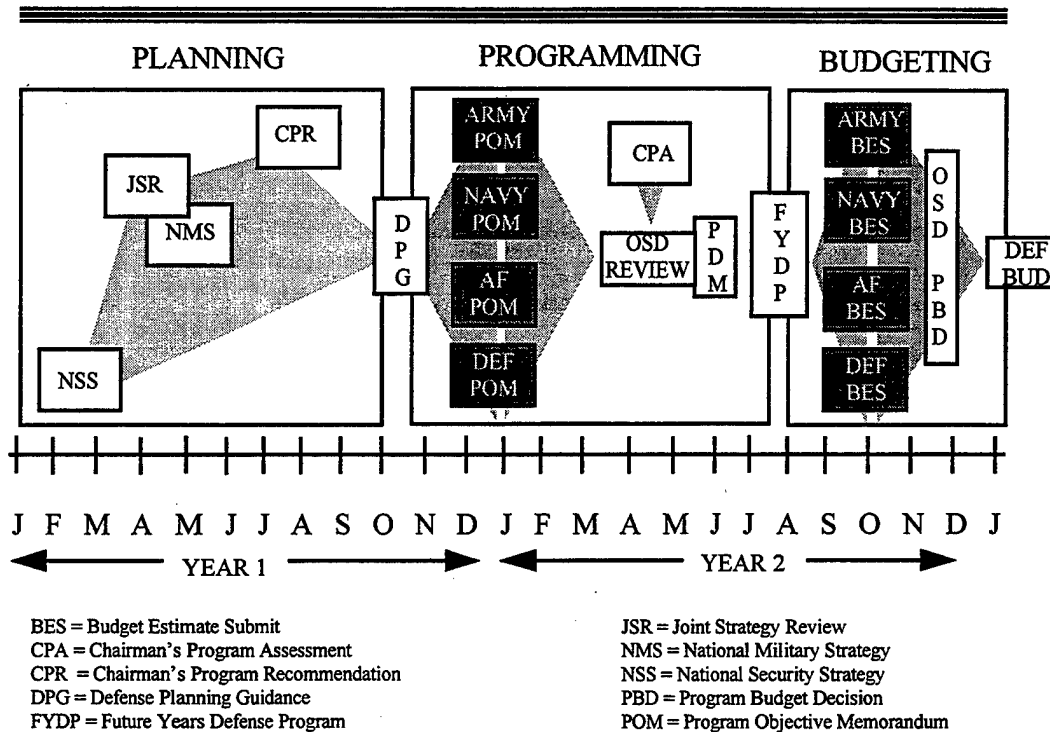
The system of PPBS is what makes it so unique and complex in relation to other decision-making systems. The process within the system ties each one of the individual phases together. If each phase is done independently without connecting to the next phase, the planning conducted at the beginning of the process will not in any way be related to the budget produced at the end.

The process is designed to take three years to complete from the time planning starts until the funds are appropriated and

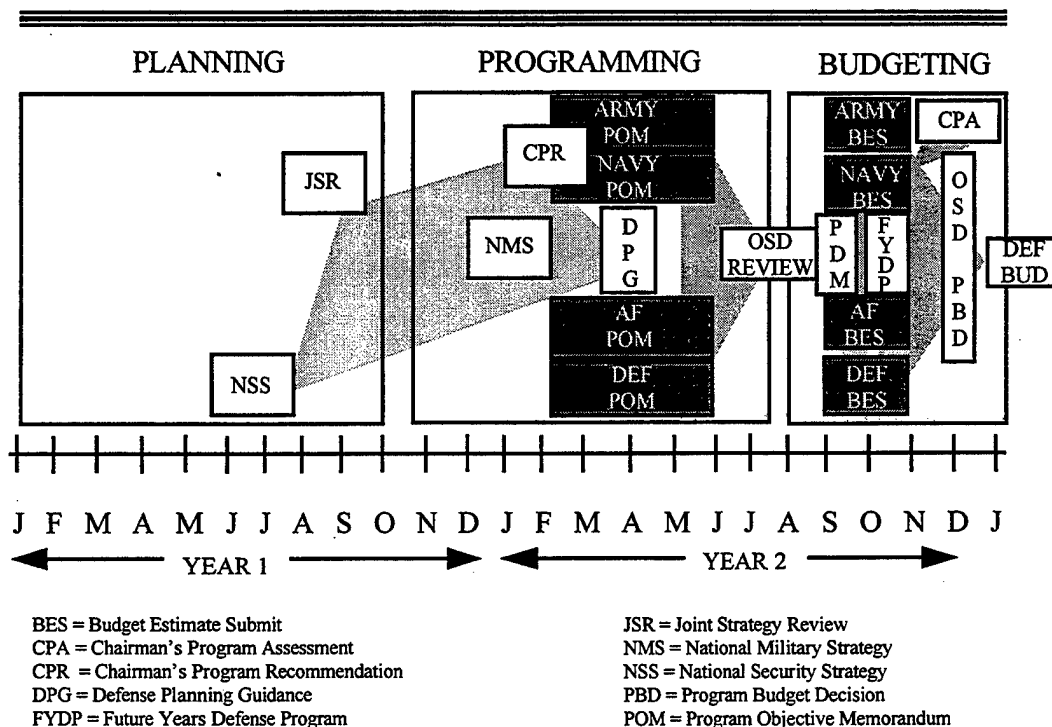
executed. The process is generally linear in nature, however each phase of the process overlaps the other. At the same time there are multiple linear processes going on concurrently. For example, we are currently executing FY 98 funds, defending the FY99 budget, programming for FY00-05, and planning for FY02-17 all at the same time.

If you trace the preparation of a single budget, the process appears to be sequential. Once one phase is completed, then you go into the next phase. In actuality, many of the phases overlap, because of a lack of discipline in the system. This limits the amount of time available and the functionality of the prior phase. Early in the process there seems to be plenty of time to complete the planning phase even to accommodate delays. In actuality, decisions to delay providing the planning guidance is what creates all the problems later in the process. If initial guidance is not provided on time, there is less time for the other phases. Also if it is delayed for too long, the next phase starts without the proper guidance. Then the DoD strategy, which is supposed to drive the budgeting process, does not drive anything. COL Davis has showed this best through two figures which depict the way the process is supposed to work and how it actually works. The two figures shown on the next page depict COL Davis's theory vs. reality of PPBS. (Figure)²⁴

The "Theory" of PPBS



The "Reality" of PPBS



(Figure 2)

We have seen that a process which is designed to take three years has been compacted into two years. But one deadline will not change: That is when the budget is required to be submitted. Nevertheless, at this time there is little discipline within the system to insure timely transitions. "As currently practiced in the Pentagon, PPBS does not: fully and shamelessly integrate planning, programming, and budgeting."²⁵ Thus it is very difficult for DoD to develop a budget which is in line with its strategy and which eliminates duplication of effort among its services.

Currently the system incorporates reviews after the programming and budget phases. It does not have any mechanism in place to conduct reviews after the planning and execution phases of PPBS. It is important for us to evaluate our plans in relation to strategy and in relation to what we executed. We need to look at this end-state, because it is hard to see how one is doing if you do not systematically check to see that the system is producing what the planners sought.

RECOMMENDED PPBS REFORMS

If PPBS is going to help DoD shape our military forces properly, some reforms are needed. These reforms need to start with improved planing guidance. Then we must strengthen the link between planning and programming, refocus away from programmatic

decisions during budgeting, discipline the system, expand our evaluation process and, finally, expand our selling job to Congress to include our plan and programs as well as budget.

IMPROVE PLANNING GUIDANCE

The planning phase of PPBS is the most important phase within the whole process. It is critical that a plan be developed which clearly identifies the military strategy and is detailed enough to drive the programs of the CINCs and services. Currently there are too many planning documents which include documents developed outside the system none of which are sufficiently focused or detailed.

It is time for us to improve the system by incorporating an overriding planning document which can be brought into the system. The NMS should be improved from its current form. Prior to 1992, the Joint Staff prepared a classified NMS document which outlined the national military objectives, policy, strategy, force planning options and assessments, and risk evaluations.²⁶ We need to bring this back and incorporate it into the planning process. This would then be the key document OSD would use to develop the BUR or QDR. The BUR or the QDR, not both, would be the base planning document. The DPG then would be used to tweak the system every year.

The planning documents need to look out 15-20 years into the future. This would allow DoD to identify its current requirements and at the same time prepare for the future. It is

important that planning documents balance our current needs with our future needs. If we ignore the future, we will find ourselves unprepared to face it. The cycle should begin every four years. I propose four years because this is the time of a presidential term. At that time we should look at assessing our NMS and make the appropriate changes to insure it supports the NSS. A plan that needs to be changed every year is not a very good plan. We need a plan which can provide consistent direction as well as accommodate change. By triggering the process every four years, the military would remain focused on its military strategy, and the efforts of the Joint Staff and OSD would ensure the programs being developed were aligned with the plan. Then there would be no need for continual revision of the plan.

It is also important that the strategic plan is credible and fiscally responsible. The plan should be future-oriented and not oriented on the past. There is a great debate on what the shape of the future force should be. We need to insure our plan to execute the NMS and support the NSS is credible and fiscally responsible. If this does not happen then we can expect to continue to have a hard time convincing Congress that there needs to be adjustments to funding levels to support the plan.

Lastly, the planning guidance must be provided in a timely fashion. If the document is developed too late, it will not have the needed impact on the programs. The programs may then have to be significantly revised late in the programming or even worse in

the budget phase, an expensive, time-consuming and potentially inaccurate adjustment.

STRENGTHEN LINK BETWEEN PLANNING AND BUDGETING

After the plan is developed and distributed, programs are developed to implement the plan. Programming provides the bridge for the military strategy to move from a plan to a budget. There needs to be a better link between the two phases. The first way to strengthen this link is by insuring the planning documents are timely. Also the planning documents must be sufficiently detailed to drive the programs. We should take advantage of new technology: Once a plan has been developed, corresponding programs can be developed using cost and force structure models to develop programs which would then be used as a base line. This should insure we are starting from a plan rather than from past programs. During the programming phase there is a tendency to build off old programs. This leads to incremental programming.

In addition to insuring the planning documents provide detailed program guidance, I believe programs should be zero-based once every eight years. Zero-based programming forces organizations to reexamine the purpose, activities and operations of each program.²⁷ This process forces organizations to look into a part of the program which was considered untouchable because during the zero-basing process you justify all parts of the program. It provides the leaders and managers with an

opportunity to become more aware of their budgets; this then enables them to re-prioritize programs. Also, it makes our leaders better understand the inner workings of their organization. Zero basing programs every year would be unrealistic and unproductive. But zero-basing once every eight years would insure we develop programs which conform to the current military strategy.

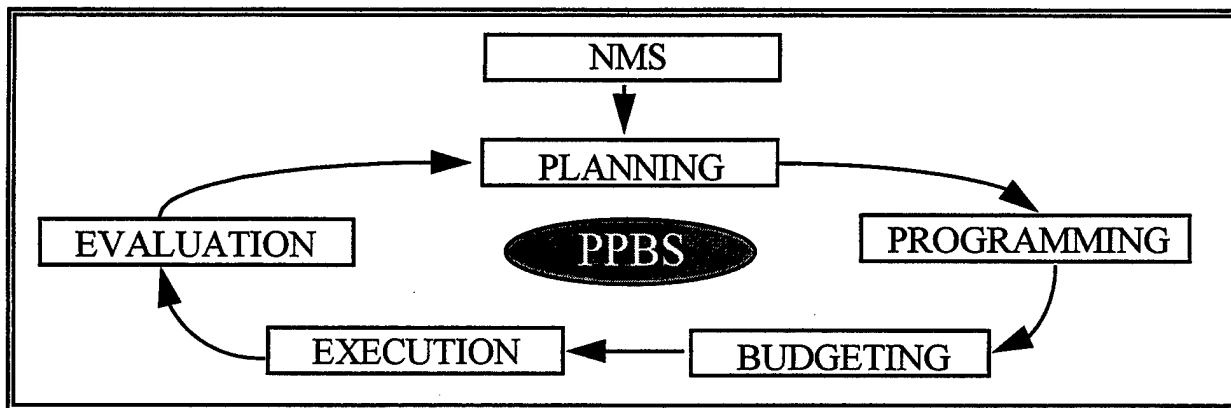
REDEFINE INTERNAL BUDGET PROCESS

It is important that DoD reduce the programmatic decisions being made during the budget process. At this stage of the process, DoD should be translating the approved programs into the budget and making the final adjustments. These adjustments should be minimal and limited to critical oversights and cost adjustments. This is not a time for the services, defense agencies, or CINCs to address their concerns with the budget. PPBS allows for this during the planning and programming phases. Reducing programmatic decisions during the budget phase precludes the services, Defense Agencies, and CINCs from re-addressing old issues. They would come to understand the importance of being fully involved during the planning and programming phases.

Finally, by redefining the internal process, DoD can spend more time in the external process of preparing to defend the budget when it goes to the President and Congress.

DEVELOP AN EVALUATING PROCESS

To insure that we develop an effective strategy, we must know where we are currently. To insure our programs are shaping the force as intended by military strategy, we have to know how we are doing. DoD needs to expand the PPBS process to include evaluation of its performance. Currently PPBS goes from planning to budget and then starts over again. It does not move through a continuous cycle, as it was designed to do. (Figure 3)

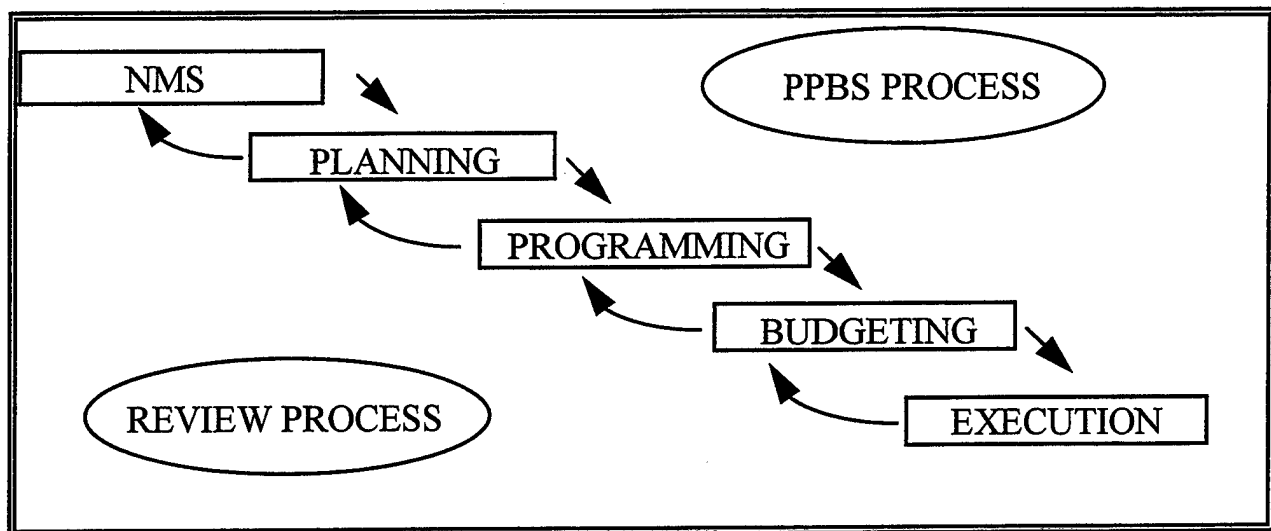


(Figure 3)

With the reporting and accounting systems we have today, there is no reason why an evaluation of the current status of forces and programs cannot be accomplished every two years.

This evaluation process is complicated due to the number of years it takes to go through the whole system. Another way to insure we have an effective review process is to conduct a review after each phase of the process. We currently have a review process after the programming and budget phases but we do not conduct any reviews after planning or execution. A way to tie

everything together is to conduct a review after each phase as shown below. (Figure 4)



(Figure 4)

This would allow us to insure we are staying on course and executing the NMS in support of the NSS.

AGGRESSIVELY SELL PLAN, PROGRAM AND BUDGET TO CONGRESS

Due to limited resources, it is important that the plan as well as the program and budget identifies the current and future risks we are taking. The government cannot afford to fund a force capable of carrying out all potential contingencies. So it is important that all the risks are identified to Congress. If DoD does not identify the risks and communicate them properly, wrong decisions could be made.

Congress ultimately makes policy by determining what gets funded. Since Congressional funding decisions will determine DoD's ability to carry out its strategy, it is critical that DoD's plan be sold to Congress. DoD should not wait until the

budget phase to sell its strategy and its plan to execute it. It should sell it immediately following the development of the plan which identifies its strategy and specifies risks associated with this strategy. Then during the budget phase DoD would need only to demonstrate how it is implementing its strategy, there would be no need to defend it.

DISCIPLINE THE SYSTEM

It is critical that we build more discipline into the system. The system will never work properly if this is not reformed. No matter what else is corrected, discipline is the most important consideration. There is no way the military strategy developed by DoD will be enacted if it is not provided to the services, Defense Agencies, and CINCs in time for them to use it properly as intended by PPBS. If the system is to work correctly and as intended, each phase of PPBS needs to be done within the prescribed time. If we fix this, we will be on our way to reforming PPBS to be an effective decision-making tool in developing our future force which will be capable of executing our NMS.

CONCLUSION

It is time to reform PPBS? Yes, but there is no need for a new system. A reformed PPBS will allow DoD to execute its strategy if utilized properly. I disagree with those critics who

say the system is flawed. It is not the system, but the people who work within it. PPBS may not have produced the expected results, but was it the system or the people working within the system that have prevented the strategy from being executed?

Because the world and the environment are now changing so rapidly, it is critical we make the necessary reforms to insure we shape our military force to deal with the challenges of the future, not of the past. We can do this. But the effort should be led by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. They need to insure that our plan to execute the NMS drives the budget.

"Strategic art is the skillful formulation, coordination, and application of ends, ways, and means to promote and defend the nation's interests"²⁸ If our leaders are going to be successful in strategic art, we must reform PPBS and provide our leaders with the tools to utilize our resources (means) to obtain the proper end. Ultimately we have to utilize our resources effectively and efficiently so that we have the right force at the right time to protect and enhance our national interests.

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ENDNOTES

- ¹ Albert C. Hyde, Government Budgeting: Theory-Process-Politics, p.1
- ² Donald Axelrod, Budgeting for Modern Government, p.1.
- ³ Alain C. Enthoven, How Much is Enough? Shaping the Defense Program, 1961-1969, p.9.
- ⁴ Albert C. Hyde, p.325.
- ⁵ Donald Axelrod, p.293.
- ⁶ United States Army War College, How the Army Runs: A Senior Leader Reference Handbook, 1997-1998, p.9-8.
- ⁷ Albert C. Hyde, p.351.
- ⁸ Philip A. Odeen, National Defense Panel, p.24.
- ⁹ The White House, A National Security Strategy For A New Century, p.9.
- ¹⁰ The Joint Staff, National Military Strategy of the United States of America, p.i.
- ¹¹ The White House, A National Security Strategy For A New Century, p.23.
- ¹² Steven Komarow, "Report: Pentagon is Unprepared for New Threats, p.21A.
- ¹³ M. Thomas Davis, Managing Defense After the Cold War, p.9.
- ¹⁴ United States War College, Planning, Programming and Budget System: An Executive Primer, p.7.
- ¹⁵ M. Thomas Davis, Interview with McNamara on June 12, 1997.
- ¹⁶ United States Army War College, How the Army Runs: A Senior Leader Reference Handbook, 1997-1998, p.9-33.
- ¹⁷ United States Army War College, Planning, Programming and Budget System: An Executive Primer, p.8.
- ¹⁸ United States Army War College, How the Army Runs: A Senior Leader Reference Handbook, 1997-1998, p.9-9.
- ¹⁹ Douglas C. Lovelace, Jr, and Thomas-Durell Young, US Department of Defense Strategic Planning: The Missing Nexus, p.21.
- ²⁰ M. Thomas Davis p.15.
- ²¹ Donald Axelrod, p.14.
- ²² M. Thomas Davis, p.24.
- ²³ Thomas N. Hinkel, The Planning, Programming, and Budgeting System: A Strategic Failure, p.12.
- ²⁴ M. Thomas Davis, p.3,6.
- ²⁵ Ibid., p.6.
- ²⁶ United States Army War College, Selected Readings, Course 3, "Joint Systems and Processes," Volume II, p.77.
- ²⁷ Alber C. Hyde, p.359.

²⁸ United States Army War College, Leading and Managing in the Strategic Arena: A Reference Text 1996-1997, p.45.

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