



# DRMI Newsletter

Issue 47

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

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## DRMI Program Mission

Established in 1965, DRMI’s mission is to enhance the effective allocation and use of scarce resources in modern defense organizations by developing participants’ analytical decision-making skills. DRMI faculty teach key concepts in management, economics, and quantitative reasoning. In addition, the DRMI curriculum uses real-world cases in contexts that include contemporary issues.

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Connect With DRMI on Facebook! 

Did you know that DRMI is on Facebook? Add DRMI Courses as a friend at [www.facebook.com/drmi.courses](https://www.facebook.com/drmi.courses) to stay in touch with past, present, and future DRMI participants.

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**Natalie Webb**  
Executive Director,  
DRMI

## Natalie's Nuggets

### A Word From the Executive Director

Most of you know that the U.S. Department of Defense (DoD) very likely will experience a large drawdown in the coming years, both in terms of personnel and budget. Very recently, DoD leaders and President Obama delivered strategic plans and budget requests to Congress. In order to explain the current situation, in this column I will give a brief summary of DoD's strategy and resourcing constraints for the upcoming years.

Every four years, Title 10 of the United States Code and the National Defense Authorization Act for Fiscal Year (FY) 1997 require the Secretary of Defense, on consultation with the Chairman of the Joint Chiefs of Staff to review U.S. defense strategy, force structure, force modernization plans, infrastructure, budget plans, and related programs and policies.<sup>1</sup> The U.S. Congress mandated this process, called the Quadrennial Defense Review (QDR), to help U.S. planners determine and communicate U.S. defense strategy and a defense program for the next 20 years.<sup>2</sup> The U.S. Secretary of Defense delivered the 2014 QDR report to Congress on 4 March concurrently with President Obama's proposed defense budget of \$495.6 billion in discretionary budget authority to fund base defense programs in FY 2015.<sup>3</sup>

The 2014 QDR, the fifth study of its kind, resulted in the following: a common assessment of the security environment, new approaches to addressing the most pressing challenges, strategic priorities, and the foundation for strategic planning within defense organizations. This

(Continued on pg. 4. Endnotes on pg. 9.)

## DRMI Headlines

### DRMI Prepares for 45<sup>th</sup> Annual Senior International Defense Management Course (SIDMC)

When do you get the opportunity to step outside the demands of your organization to:

- Think deeply about contemporary and emerging defense and security issues?
- Hear the latest methods in analysis and strategic resources management?
- Meet peer-level defense managers from over 30 partner nations?
- Spend four weeks in a beautiful part of Central California?

DRMI faculty and staff are preparing for the second iteration of our new Senior International Defense Management Course (SIDMC). We invite flag-rank officers and equivalent civilians to this transformative experience. The 2014 SIDMC will be held 4 – 29 August in Monterey, California.

The SIDMC is an intensive four-week executive education program that brings together flag-rank international military officers and equivalent-level civilian officials from around the world. In their current positions, these officials work at senior decision-making levels within their respective organizations and take on broader responsibilities and an international perspective on defense organizations and their missions. Alumni of the SIDMC have gone on to become chiefs of service, ministers of defense, and heads of state.

Today's complex and changing security environment poses substantial challenges for senior defense managers in developing strategic plans and resources management systems for their implementation. In the 45<sup>th</sup> Annual SIDMC, we will address contemporary strategic issues confronting senior-level defense managers including climate change, cyber threats, as well as the changing economic and political environment. We will discuss setting strategic objectives and analytic tools and management systems for implementing a strategic plan to achieve those objectives. Participants will leave with an enhanced ability to define and evaluate the relationships among national security objectives, defense

strategies, program alternatives/capabilities, and budget resource requirements.

Distinguished guest speakers scheduled to participate in the 2014 SIDMC include General Michael Carns and Admiral David Titley.

**On Cyber Threats:** General Michael Carns, U.S. Air Force (Retired), was the Vice Chief of Staff of the U.S. Air Force from 1991 to 1994. Since retiring from the Air Force, he has been the Managing Director of a small healthcare firm, Executive Director of a New York-based policy research firm specializing in Pacific Rim security in the areas of international capital flows and energy demands, and the Vice Chairman of PrivaSource, Inc., a small software firm specializing in the security and de-identification of large, sensitive databases.

**On Climate Change:** Dr. David Titley, Rear Admiral, U.S. Navy (Retired) is the Director of the Center for Solutions to Weather and Climate Risk at Pennsylvania State University. Admiral Titley served as the Oceanographer and Navigator of the Navy and Deputy Assistant Chief of Naval Operations for Information Dominance. During that time, he served as the first Director of the U.S. Navy's Task Force Climate Change from 2009-2012. Dr. Titley also served as the Deputy Under Secretary for Operations at the National Oceanic and Atmospheric Administration.

### DRMI Faculty Participate in Department of the Navy (DON) Exercise

Professors Anke Richter and Eva Regnier, along with Lecturer Jan-Hendrik Zurlippe (Major, U.S. Marine Corps - USMC) participated in the Department of the Navy (DON) Portfolio Balancing Exercise, held at NPS on 11-14 February 2014.

The U.S. Navy (USN) pulled experts from across the NPS campus to provide input to the Secretary of the Navy on developing the right mix of major capabilities that the USN and USMC will need in the future fiscally constrained environment. The exercise



Jan-Hendrik Zurlippe

## DRMI Headlines (cont.)

examined Future Years Defense Programs for fiscal years (FYs) 2015-2019 and FYs 2020-2024 and explored major capability tradeoffs and associated near-term and far-term impacts, focusing on rationales for developing these tradeoffs. The final balancing assessed alternatives and developed proposals for the DON's planned capabilities mix for two given budget scenarios. This exercise was a real-life application of the ideas that we introduce to DRMI students in the TEMPO military planning game and the Drmecia Final Exercise.

### DRMI Receives International Military Education and Training (IMET) Infrastructure Funding

Professor Robert McNab recently submitted proposals for DRMI that resulted in approximately \$160,000 in International Military Education and Training (IMET) infrastructure funding for DRMI's international students. The Naval Postgraduate School receives IMET infrastructure funding to support curriculum development, infrastructure improvements, and upgrades in support of its international students. IMET awarded DRMI this funding in recognition of its continued role in international executive education on the NPS campus.

### DRMI Faculty Deliver Financial Managers Certification Program

DRMI faculty continue to provide course materials in support of the Department of Defense (DoD)'s Financial Management (FM) online certification program. One of the DoD FM Certification Program's primary goals is ensuring that the DoD FM workforce has the knowledge, skills and abilities necessary to meet DoD resourcing challenges and achieve auditable financial statements. In March, Professor Anke Richter headed a team composed of Associate Professor Diana Angelis, Assistant Professor Cameron MacKenzie, and Lecturer Michael McPherson (Lieutenant Colonel, U.S. Air Force) to develop and deliver a course in the Accounting Analysis series titled, "Accounting Analysis: Tools, Applications and Methods." The faculty provided a course that describes the analytical tools for making financial management decisions and evaluating the outcomes of the decision. DRMI faculty are currently

preparing a module titled, "Accounting Analysis for Decision Makers," which they will complete within the next month.

### DRMI Faculty Prepares for Naval Air Systems Command (NAVAIR) Leadership Development Program

Professors Kent Wall and Anke Richter, Associate Professor Diana Angelis, and Assistant Professors Jay Simon and Cameron MacKenzie are developing material, and will share teaching responsibilities for a three-day course on behalf of the Naval Air Systems Command (NAVAIR) Leadership Development Program. NAVAIR is offering the course at three separate locations: Jacksonville, Florida (April), San Diego, California (June), and Norfolk, Virginia (July). The course will focus on multi-criteria decision making with an emphasis on structuring decisions, measuring effectiveness, and analyzing the affordability of different alternatives. The course will include discussion activities in which the participants can apply the principles of analytical decision making to NAVAIR. ■



Kent Wall

pants came away with analytical tools and new perspectives to improve programs and policies pertaining to human capital. The course encouraged participants to step back from the day-to-day manpower and human resource problems that they face and look at the overall process of managing people from a fresh and more strategic perspective.

### DRMI Concludes Risk Management Course

DRMI faculty concluded the first of two Risk Management courses for 2014 on 7 February. Assistant Professors Cameron MacKenzie and Jay Simon and Professor Kent Wall served as the course's discussion leaders. Drs. MacKenzie, Simon and Wall, along with Professor Anke Richter and Associate Professor Eva Regnier, delivered the bulk of the course content. Professor Robert McNab and Assistant Professor Laura Armeý also lectured during the course. The course, which began on 27 January, included eight participants from the United States and Saudi Arabia. The course introduced participants to the tools and techniques relevant to probabilistic risk analysis for management decisions. Participants applied the concepts from the course to projects motivated by their own professional responsibilities.

### Panama Resources Management Assessment Workshop Concludes

The Panamanian Vice Minister of Public Security (MPS), along with commissioners of the Panama National Police, National Border Service, and National Air-Naval Service participated in a resources management assessment workshop at DRMI from 21-24 January 2014. The purpose of the workshop was to determine the MPS' long-term resources management educational requirements and develop an appropriate educational engagement plan of tailored resident and mobile courses and workshops. The Panama delegation also participated in various field studies program (FSP) activities to include briefings by the Monterey Police Department and Monterey's U.S. Coast Guard Station.



Luis Morales

## Resident Programs

### DRMI Concludes Its First Resident Human Capital Resources Management (HCRM) Course

A DRMI faculty team, composed of Assistant Professor Laura Armeý, Senior Lecturer Steve Hurst, and Associate Professor Jonathan Lipow, concluded the first resident Human Capital Resources Management (HCRM) course on 24 January. The course, which began on 13 January, had ten participants, including eight internationals from six different countries. International participants attended from the following countries: Liberia, Poland, Slovak Republic, Saudi Arabia, and the United Arab Emirates. Course partici-



Laura Armeý



## Natalie's Nuggets (cont.)

QDR emphasizes three pillars based on the 2012 Defense Strategic Guidance priorities meant to “rebalance” defense while confronting significant resource constraints.<sup>4</sup> The three pillars are: “(1) Protect the homeland, to deter and defeat attacks on the United States and to mitigate the effects of potential attacks and natural disasters; (2) Build security globally, to preserve regional stability, deter adversaries, support allies and partners, and cooperate with others to address common security challenges, and; (3) Project power and win decisively, to defeat aggression, disrupt and destroy terrorist networks, and provide humanitarian assistance and disaster relief.”<sup>5</sup>

From this guidance, DoD force planners will attempt to size forces “capable of simultaneously defending the homeland; conducting sustained, distributed counterterrorist operations; and in multiple regions, deterring aggression and assuring allies through forward presence and engagement.”<sup>6</sup> In addition, force planners offered guidance on what to do if deterrence fails: U.S. forces must be able to defeat a regional opponent in a large-scale, multi-phased campaign and deny the objectives of (or impose unacceptable costs on) a second aggressor in another region. While pursuing closer strategic cooperation with allies and partners, DoD leaders noted that they remain committed to maintaining key capabilities to support U.S. objectives: cyber, missile defense, nuclear deterrence, space, air/sea, precision strike, intelligence, surveillance and reconnaissance, and counter terror and special operations.<sup>7</sup>

Along with the strategy presented in the QDR, President Obama requested a defense budget to fund FY 2015 activities. The request, \$0.4 billion less than the enacted FY 2014 appropriation, is consistent with current budget caps, and attempts to balance readiness, capacity, and capability.<sup>8</sup> To minimize cuts in force size and readiness, the QDR includes recommendations for another round of

*(Continued on pg. 6. Endnotes on pg. 9.)*

## Resident Programs (cont.)

### International Defense Management Course (IDMC) 14-2 Continues



FAO-CAP Reception

On 9 February 2014, DRMI welcomed International Defense Management Course (IDMC) 14-2 participants in an opening orientation and tour of the Naval Postgraduate School campus. The 39 participants from 26 countries began class on 10 February. Participants are from the following countries: Albania, Armenia, Bangladesh, Bulgaria, Burundi, Denmark, Ghana, Indonesia, Japan, Jordan, Latvia, Lebanon, Liberia, Lithuania, Macedonia, Moldova, Morocco, Nepal, Oman, Pakistan, Papua New Guinea, Saudi Arabia, Tanzania, Thailand, Ukraine, and the United Arab Emirates.

On 12 February, the Foreign Area Officer Cultural Ambassador Program (FAO-CAP) began with its “Meet and Greet” session at NPS. The FAO-CAP matches, when possible, Foreign Area Officers (FAOs), Regional Area Officers (RAOs), Regional Area Strategists (RAS), and Political Area Strategists (PAS) according to their area of study, language, or cultural interest with international participants. Of the 39 participants, 33 opted to participate in the all-volunteer FAO-CAP. On 7 March, the FAO-CAP had a reception and cultural exchange at the Hilton Garden Inn of Monterey for IDMC 14-2 participants. The FAO-CAP members will also join participants for a trip to San Francisco on 5 April.

On 14 February, the DRMI Field Studies Program (FSP) held a team-building activity for participants, faculty, and staff at the Monterey Lanes. This was the first time bowling for more than half of the participants. The FSP also sponsored a tour of the

Monterey Peninsula on 22 March. On the tour, participants reveled in the beauty of the Monterey coastline and the redwoods with visits to the Big Sur Lodge in Pfeiffer Big Sur State Park and a stop at Garrapata State Park. Participants also visited Carmel, Pacific Grove, and Cannery Row. On 18-23 March, the IDMC 14-2 traveled to Washington, D.C. where they visited the major monuments and also experienced docent-led tours of the U.S. Marine Corps Museum, Library of Congress, and the U.S. Capitol, among other activities and events.

The course will conclude on 18 April 2014.

### DRMI Concludes Performance Management and Budgeting (PMB) Course

DRMI faculty concluded the Performance Management and Budgeting (PMB) course on 21 March. Lecturer Michael McPherson (Lt Col, U.S. Air Force) and Professor Robert McNab served as the course’s discussion leaders and Associate Professor Diana Angelis, Lt Col McPherson, Dr. McNab, and Associate Professor Natalie Webb delivered course lectures. The course began on 17 March and had nine participants, four of whom were internationals. Participants attended from three countries: the United States, Saudi Arabia, and Pakistan. The PMB course tackled the timely issue of how to link strategies to outcomes. As more governments embrace the performance budgeting movement, how to align inputs, activities, outputs, and outcomes is a question of direct application to governmental departments’ daily missions. During the PMB course, participants not only worked on case studies, but also applied concepts directly to their own organizations.



Michael McPherson

### DRMI Prepares for Defense Resources Management Course (DRMC) 14-1

DRMI faculty are preparing for the Defense Resources Management Course (DRMC) 14-1. The course will begin on 21 April 2014 and conclude on 15 May. At present, the course will have 45 participants, 22 of whom are internationals. ■

## Mobile Programs

### DRMI Conducts Defense Institution Building (DIB) Workshop in Kyrgyz Republic

DRMI conducted its 11<sup>th</sup> Defense Institution Building (DIB) workshop for the Kyrgyz Republic, 20-24 January 2014. DRMI coordinated these efforts with the Office of Military Cooperation at the U.S. Embassy Bishkek, regional and country desk officers at U.S. Central Command (CENTCOM), and the DIB Management Team, representing the Office of the Secretary of Defense (OSD)-(Policy). DRMI's objective for the workshop was to improve the capability of the Kyrgyz defense forces to prepare and execute multi-year budgets that meet their strategic needs. Twelve participants from the Kyrgyz Ministry of Defense, Border Service, Interior Forces, Ministry for Emergency Situations, and National Guard attended the workshop. The workshop serves the national security objectives of the United States by promoting strong regional partners in the Kyrgyz Republic and elsewhere in Central Asia.

### DRMI Faculty Conduct Human Capital Resources Management (HCRM) 14-1 Course in Jordan



Jomana Amara

Associate Professor Jomana Amara, Assistant Professor Laura Arme, and Senior Lecturer Steve Hurst conducted the Human Capital Resources Management (HCRM) 14-1 course in Amman, Jordan 9-20 February 2014. DRMI

faculty are pleased to be part of the Jordanian Armed Forces' (JAF) ongoing endeavor to reform their human resources management. This was the ninth iteration of the course in Jordan, signaling the importance of understanding human capital in this process. DRMI faculty focused on making human capital resource allocation decisions in a strategic planning framework. The course introduced economic concepts and analytical methods to shape these decisions and applied these methods to total force management concepts, including integration of active and reserve forces, civilians, and contractors. Furthermore, the course encouraged discussion and analysis managing human capital using techniques from

screening and selection to separation and retirement of military personnel. Course participants worked in teams that developed and presented group projects on human capital related challenges within the JAF. ■

## Research and Publications

### Lipow and Simon Publish



Jonathan Lipow

Associate Professor Jonathan Lipow and Assistant Professor Jay Simon recently published a paper on a draft method that reduces the frequency of costly avoidance behavior.

Lipow, J., & Simon, J. (2014). Probability segmenting and the social cost of draft evasion. *Economics Bulletin*, 34(1), 307-312.

### McNab Publishes with NPS Colleagues



Bob McNab

The journal, *Industrial and Corporate Change*, accepted the paper, "Advancing the field of organizations through the study of military organizations," for publication. Associate Professor Mie

Augier, NPS Global Public Policy Academic Group (GPPAG), along with Professor Robert McNab, DRMI Professor and Interim Chair of GPPAG, and Professor Thorbjørn Knudsen, University of Southern Denmark, authored the paper. The article examines some key contemporary challenges in military organizations through the strategic organizational design lens, providing a framework for building on and integrating several streams of organizational behavior research; in turn, this may influence, or have implications for, the method by which organizations make strategic decisions.

### McNab and Sullivan Publish

Assistant Professors Chris Rohlf (formerly of Syracuse University), Ryan Sullivan, and Professor Robert McNab had their paper, "Can the president really affect economic growth? Presidential effort

and the political business cycle," accepted for publication in *Economic Inquiry*. The paper, examines the effect of a first-term president's incentive to be reelected and the resulting increase in presidential effort on gross domestic product (GDP) growth.

### Richter's Influenza Paper Accepted for Publication

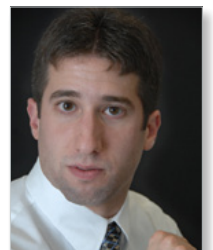
Professor Anke Richter has had the manuscript "Characterizing and diminishing autofluorescence in formalin-fixed paraffin-embedded human respiratory tissue" accepted for publication in *The Journal of Histochemistry & Cytochemistry*. She collaborated in this influenza research with a veterinary pathologist from the National Institutes of Health, providing the necessary mathematical modeling of the autofluorescent tissue signature.



Anke Richter

### Simon and Regnier Publish

Assistant Professor Jay Simon, Associate Professor Eva Regnier, and (former) Research Associate Laura Whitney (NPS Operations Research Department) recently had a paper, "A value-focused approach to energy: Transformation in the United States Department of Defense," accepted for publication in *Decision Analysis*. The paper examines the energy objectives of the United States Department of Defense.



Jay Simon

### Simon Publishes

Assistant Professor Jay Simon recently published a paper on decision maker preferences for outcomes defined over a geographic region.

Simon, J., Kirkwood, C. W., & Keller, L. R. (2014). Decision analysis with geographically varying outcomes: Preference models and illustrative applications. *Operations Research*, 62(1), 182-194.

## Natalie's Nuggets (cont.)

base realignment and closure, and slower growth in military compensation. However, the Opportunity, Growth, and Security Initiative—a government-wide initiative—requests additional funding from FYs 2015-2019. DoD leaders suggest that FY 2015 funding levels will allow the military to protect and advance U.S. interests and execute current strategy, but that some missions will be at higher risk. If sequester-level cuts reoccur in FY 2016, or budget uncertainty returns, DoD leaders argue that these risks will grow significantly. The QDR suggests that DoD must undertake deep institutional reform to implement the QDR strategy.<sup>9</sup>

General Martin Dempsey, Chief of the Joint Staff, noted that if our elected leaders “reverse the Budget Control Act caps soon—and if we can execute the promises of the QDR—then I believe we can deliver security to the Nation at moderate risk.”<sup>10</sup> However, he also shares that his greatest concern is that we will not move quickly enough to be prepared for the future, and that Congress and DoD will not have the political will to make the difficult decisions needed to move forward. He suggests that, although unpleasant and unpopular, government leaders must reduce excess infrastructure, slow growth in military pay and compensation, and retire unneeded equipment in order to help modernize and fund innovations to recover readiness and make necessary “far-reaching changes to our force, our plans, our posture, our objectives, and our concepts of warfare.”<sup>11</sup>

It's clear that defense planning, programming and budgeting will be difficult in the foreseeable future. We at DRMI continue to work with current events in teaching sound principles of resources management. Please let us know how we can support you. ■

(Endnotes on pg. 9.)

## Research and Publications (cont.)



Ryan Sullivan

### Sullivan Publishes

Assistant Professor Ryan Sullivan recently had a paper accepted for publication. The paper examines over-shifting in excise taxes, using the constant elasticity demand function under monopolistic competition. It develops a model and applies it to previous research on excise tax increases for alcoholic beverages and cigarettes. The study offers structural insights behind empirical research that finds over-shifting.

Dutkowsky, D. & Sullivan, R. (In press). Excise taxes, over-shifting, consumer demand, and tax revenue. *Public Budgeting and Finance*.

### DRMI Faculty Present Scholarly Work at Quarterly Research Celebrations

DRMI faculty presented their research at the Graduate School of Business and Public Policy (GSBPP) quarterly research celebrations on 5 December 2013 and on 6 March 2014. These research celebrations allow GSBPP faculty to showcase their scholarly research publications that have complemented a peer or technical review (this includes peer-reviewed journal articles, book chapters, conference proceeding papers, technical reports, and other intellectual products that have undergone a peer or technical content review process). On 5 December, Assistant Professors Cameron MacKenzie, Jay Simon, and Ryan Sullivan and Associate Professor Eva Regnier, presented papers that various journals had accepted for publication. On 6 March, Associate Professors Jonathan Lipow and Eva Regnier, Professor Robert McNab, and Assistant Professor Jay Simon gave presentations on their recent publications. ■

## DRMI Faculty Service

### Angelis Teaches Course in NPS Systems Engineering Department

Associate Professor Diana Angelis is teaching SE3011, “Engineering Economics and Cost Estimation,” this quarter. Dr. Angelis has a joint appointment with the de-

partment of Systems Engineering and is the department coordinator for this course. The Systems Engineering department offers the course several times a year via distance learning as well as in the winter and summer quarters for resident students. SE3011 is an introduction to the cost aspects of systems engineering, exploring cost from a decision making perspective. It examines how decision makers use cost to select alternatives and how the cost of systems can be measured. Concepts covered include types of cost, cost behavior, cost allocation, system cost, life-cycle costs, cost over time, cost estimating techniques, cost uncertainty, and risk management. The course emphasizes the use of cost concepts in defense problems.



Diana Angelis

### MacKenzie Attends Society for Risk Analysis Annual Meeting



Cameron MacKenzie

Assistant Professor Cameron MacKenzie attended the 2013 Society for Risk Analysis Annual Meeting in Baltimore, Maryland in December. He gave a talk, entitled “Deploying simulation to compare among different risk reduction strategies for supply chains,” and he organized and chaired a session on transportation disruptions.

### MacKenzie Reviews Journal Submissions

Assistant Professor Cameron MacKenzie reviewed submissions to the journals *IEEE Transactions on Systems, Man and Cybernetics: Part A Systems and Humans*, *Reliability Engineering & System Safety*, and *Risk Analysis*. He also reviewed conference proceedings for the Industrial and Systems Engineering Research Conference and the International Conference on Information Systems for Crisis Response and Management.

### MacKenzie Advises Thesis on Unmanned Aerial Vehicles (UAVs)

Assistant Professor Cameron MacKenzie advised a joint thesis by LCDR Randall



## DRMI Faculty Service (cont.)

Everly and LT David Limmer, who graduated in March with master's degrees in business administration and information systems technology. Their thesis analyzed the cost-effectiveness of unmanned aerial vehicles (UAVs) and integrated communication payloads that the military can use to support communication requirements in austere environments. They developed a framework for evaluating the effectiveness of UAVs and communication systems based on approximately 20 different attributes and used that framework to measure the cost-effectiveness of dozens of alternatives. They implemented the framework in Excel to allow a potential user to modify parameters to fit a specific mission.

### McNab Referees for Journals

Professor Robert McNab served as a referee for the following journals: *Contemporary Economics*, *International Tax and Public Finance*, *Public Finance and Management*, *Economics and Politics*, and *Economic Inquiry*.

### Melese Serves as Subject Matter Expert for NATO

The Assistant Secretary General for Political Affairs of the North Atlantic Treaty Organization (NATO) invited Professor Francois Melese to serve as a subject matter expert for a meeting at NATO headquarters in Brussels. The meeting, which took place from 20-21 February, included NATO international staff and representatives of 12 countries who had taken the Building Integrity Self-Assessment Questionnaire. The goal was to consider a revision of this diagnostic tool. Dr. Melese gave a presentation describing a proposal to reorganize the survey into two categories that reflect military concerns for integrity, transparency and accountability in: I) plans and tactics; planning, programming/resources, and budgeting; and II) operations: budget execution, and performance evaluation.

Meeting attendees also considered the possibility of developing a series of booklets to supplement the current *Building*

*integrity and reducing corruption in defence: A compendium of best practices*. Download a compendium PDF: [http://www.nato.int/nato\\_static/assets/pdf/pdf\\_topics/20120607\\_BI\\_Compendium\\_EN.pdf](http://www.nato.int/nato_static/assets/pdf/pdf_topics/20120607_BI_Compendium_EN.pdf)

NATO expects to present the results of these efforts at the next NATO Building Integrity international conference in 2015.

### McNab Serves on NPS Faculty Promotion Council

Professor Robert McNab served as the chair of Associate Professor Natalie Webb's Departmental Evaluation Committee and as DRMI's representative on the NPS Faculty Promotion Council.

### McNab to Teach Course in Business School

Professor Robert McNab will be teaching two sections of Multivariate Manpower Data Analysis II (MN4111) during the spring quarter in the Graduate School of Business and Public Policy (GSBPP). The course will introduce GSBPP students to the specialized multivariate techniques that the military uses to analyze military manpower data. Topics will include advanced linear estimation techniques, such as panel data analysis and two-stage models. In addition, the course will introduce nonlinear methods, such as binary choice models and survival analysis. The course will also cover special techniques for policy evaluation and reduction of estimation bias due to omitted variables or sample selection. Students will apply techniques to manpower databases.

### Regnier Facilitates Breakout Group for NPS Center for Executive Education

Associate Professor Eva Regnier facilitated a breakout group in the NPS Center for Executive Education's first "Leading Innovation: Energy Application Focus," a five-day seminar for flag level and Senior Executive Service civilians, February 24-28. The course introduced participants to fundamentals of innovation, including design thinking, and how to create a culture that encourages innovation. In three breakout groups, seminar

participants applied these new tools to the U.S. Navy's energy challenge. On the last morning of the seminar, each group briefed their ideas for innovation to Vice Admiral Dennis V. McGinn (Ret.), Assistant Secretary of the Navy-Energy, Installations & Environment; Vice Admiral Phillip Hart Cullom, Deputy Chief of Naval Operations for Fleet Readiness & Logistics; and Rear Admiral Kevin R. Slates, Director, Energy & Environmental Readiness Division, Office of the Chief of Naval Operations. For more information, please see the following links:

<http://www.nps.edu/Academics/OtherPrograms/Energy/ExecutiveEd/executive.html>

<http://www.nps.edu/About/News/Latest-CEE-Workshop-Challenges-Navy-Leaders-to-Innovate-at-All-Levels.html>

### Simon Serves as Associate Editor and Reviewer

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

### Webb Meets with DRMI Sponsors in Washington, D.C.

In early February, Associate Professor Natalie Webb, in her role as DRMI's executive director, traveled with Dr. Bill Gates, Dean of the Graduate School of Business and Public Policy (GSBPP) at NPS, to Washington, DC. The purpose of the trip was to meet DRMI's and GSBPP's sponsors including senior executives in the Office of the Secretary of Defense (OSD) Policy, Personnel and Readiness, and Cost Analysis and Program Evaluation. Dr. Gates and Dr. Webb also met education and human capital representatives from the U.S. Treasury and its Executive Institute, and the Department of Justice Federal Bureau of Investigation financial section. A snowstorm mid-week unfortunately caused several meeting cancellations that will be rescheduled in upcoming months.

### Webb Serves on Board and Reviews for Journals

Associate Professor Natalie Webb continues to serve on the board of the journal, *Nonprofit and Management Leadership*, and is an active reviewer for their submissions. She also reviewed for *Nonprofit and Voluntary Sector* in the last quarter. ■



Francois Melese



Eva Regnier

## Faculty and Staff News

### McPherson Promoted

The U.S. Air Force promoted Lecturer Michael McPherson to Lieutenant Colonel (Lt Col) on 28 February 2014. Participants of International Defense Management Course (IDMC) 14-2, DRMI faculty and staff, and Lt Col McPherson's family attended the ceremony and reception, held at NPS.



Michael McPherson and Family

Colonel Christopher Smithro, Associate Dean of the Graduate School of Engineering and Applied Sciences and the senior ranking Air Force Officer at NPS, presided over the ceremony.

### Orsburn Conducts BaFa BaFa Simulation



Charlie Orsburn

During the week of 25 February 2014, Field Studies Program Manager, Ms. Charlie Orsburn, facilitated the BaFa BaFa simulation, evaluation, debriefing, and needs assessment for the Information

Operations (FA30) Qualification Course for U.S. Army personnel. The demographics of the course included officers in the rank of major and captain in the Active Army, the National Guard, the Army Reserve, and one GS-13 Department of the Army Civilian at Fort Leavenworth, Kansas as part of the Combined Arms Center, United States Army Information Proponent Office. Dr. Gary Shirts designed the BaFa BaFa simulation to teach sensitivity to cultural differences, provide participants the opportunity to examine the effect that values, norms, and behaviors have on cross-cultural interactions. This is the fifth time Ms. Orsburn

facilitated the simulation. The simulation is extremely effective in getting the participants out of their comfort zones and preparing them to interact more confidently not only with each other, but also in command situations where they will be required to advise and inform commanders and staff on how to integrate themes and messages as they support an operational army mission.

### Ramos Receives DRMI Staff Award

Education Technician Scott Ramos, received the 2013 DRMI Staff Award. Dr. Natalie Webb, DRMI's Executive Director, presented a certificate and read the following citation:

*We recognize Mr. Ramos for his constant attention to the quality, schedule and cost of materials that support the educational mission of the Defense Resources Management Institute.*

*Mr. Ramos skillfully manages the demands of many, tirelessly preparing, assembling, and often shipping different materials for each instructor and each class amid ever-changing and difficult NPS, DoD and international processes. These efforts remain largely unseen but are at the very foundation of our ability to deliver DRMI courses and events.*

*Mr. Ramos' peers recognize him as a team player who readily contributes knowledge and expertise to each of the staff members and many participants. He takes on responsibilities far above those expected of his position.*



Scott Ramos with Natalie Webb and Bill Gates

*His efforts bring great credit to the Defense Resources Management Institute, the Graduate School of Business and Public Policy, and the Naval Postgraduate School.*

### Simon Receives DRMI Faculty Teaching Award



Jay Simon with Natalie Webb and Bill Gates

Assistant Professor Jay Simon received the 2013 DRMI Faculty Teaching Award. Dr. Natalie Webb, DRMI Executive Director, along with Dean Bill Gates, Graduate School of Business and Public Policy, also presented this certificate and Dr. Webb read the following citation:

*Dr. Simon is recognized for his excellence in classroom instruction, his efforts in leading discussion, and his ongoing efforts to develop curriculum in the area of decision analysis in support of DRMI programs.*

*He has taken on increasing responsibility for course management and instruction, most especially DRMI's short courses in Multi-Criteria Decision Making and in Risk Management, and has been recognized by students for his enthusiasm and his ability to distill complex topics into learnable elements.*

*Dr. Simon's peers recognize him for his continual willingness to help others, his positive attitude, his intellect and his ability to share creative and thoughtful ideas with others.*

*Dr. Simon's efforts bring great credit to the Defense Resources Management Institute, the Graduate School of Business and Public Policy, and the Naval Postgraduate School.*

Please also recognize the efforts of other nominees for the 2013 teaching award: Associate Professor Eva Regnier, Professor Kent Wall, and Associate Professor Natalie Webb. Their fellow faculty recognized their excellence in teaching and efforts to continually improve the curricula at DRMI. ■



## Future Course Dates

- **21 Apr – 2 May**  
Risk Management Course
- **21 Apr – 15 May**  
Defense Resources Management Course (DRMC)
- **19 May – 13 Jun**  
Defense Resources Management Course (DRMC)
- **28 May – 6 Jun**  
Budget Preparation, Execution, and Accountability (BPEA)
- **16 Jun – 11 Jun**  
Defense Resources Management Course (DRMC)
- **14-25 Jul**  
Multiple Criteria Decision Making (MCDM)
- **4-28 Aug**  
Senior International Defense Management Course (SIDMC)
- **3-26 Sep**  
Defense Resources Management Course (DRMC)

## Other News

### DRMI Expands Field Studies Program

DRMI, under the guidance of Field Studies Program Manager, Ms. Charlie Orsburn, has expanded the activities of the Field Studies Program to introduce our DRMC and other short course participants, when feasible, to the Foreign Area Officers (FAOs) studying at the Defense Language Institute-Foreign Language Center (DLI-FLC). DRMI has now had three successful receptions with special guest speakers. These speakers direct their comments to highlight the importance of cross-cultural interactions and DRMI's contribution to FAOs and Security Cooperation Officers. These events provide officers with opportunities to meet and build relationships of trust with DRMI's international participants; this, in turn, allows them the ability to reconnect with the international participants when they do their in-country training or when they go overseas to their follow-on assignments. These events have had the following speakers: Lt Col Gregory Christiansen, former Dean of Students at the DLI-FLC; Colonel Danial Pick, Commandant of DLI-FLC; and Colonel Hans J. Woehlermann, Visiting Professor to NPS from Germany. The Navy International Program Office has

approved the continuation of these receptions, the building of a relationship with DLI-FLC, and the use of FSP funding.

### DRMI Hosts Visiting Scholar

DRMI is hosting visiting scholar, Mr. Tomas Danek, from the Czech Republic from February to June 2014. The main purpose of his visit is to work on his dissertation and discuss appropriate economic problems related to defense with other Ph.D. colleagues, researchers and professors. His first paper, presented at the Academy of Business and Retail Management conference in New York, deals with the relationship of U.S. military expenditures and economic growth. This paper will become one chapter of his dissertation, in which he will further analyze the topic. ■



Tomas Danek

## Endnotes

1. Office of Public Affairs. U.S. Department of Defense. (2010, January). "QDR 101: What You Should Know" Retrieved March 11, 2014, from [http://www.defense.gov/qdr/QDR\\_101\\_FACT\\_SHEET\\_January\\_2010.pdf](http://www.defense.gov/qdr/QDR_101_FACT_SHEET_January_2010.pdf).
2. Ibid.
3. U.S. Department of Defense. (2014, March 4). "Release No: NR-111-14: DoD Releases Fiscal 2015 Budget Proposal and 2014 QDR" Retrieved March 11, 2014, from <http://www.defense.gov/Releases/Release.aspx?ReleaseID=16567>.
4. U.S. Department of Defense. (2014, March). "Quadrennial Defense Review 2014" Retrieved March 11, 2014, from [http://www.defense.gov/pubs/2014\\_Quadrennial\\_Defense\\_Review.pdf](http://www.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf).
5. Ibid.
6. Ibid.
7. Ibid.
8. U.S. Department of Defense. (2014, March 4). "Release No: NR-111-14: DoD Releases Fiscal 2015 Budget Proposal and 2014 QDR" Retrieved March 11, 2014, from <http://www.defense.gov/Releases/Release.aspx?ReleaseID=16567>.
9. Ibid.
10. U.S. Department of Defense. (2014, March). "Quadrennial Defense Review 2014" Retrieved March 11, 2014, from [http://www.defense.gov/pubs/2014\\_Quadrennial\\_Defense\\_Review.pdf](http://www.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf).
11. Ibid.

## Recent DRMI Graduates



*Class Photo: IDMC 14-2*



*Class Photo: Risk 14-1*





*Class Photo: HCRM 14-1*



*Class Photo: PMB*



## Recent DRMI Graduates (cont.)



*HCRM Course participants in Jordan*

## Additional DRMI Photos



*Panamanian Delegation at Monterey's U.S. Coast Guard Station*



*IDMC 14-2 in Big Sur*



*IDMC 14-2 in Big Sur*