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BUDGETING FOR ACQUISITION: ANALYSIS OF COMPATIBILITY BETWEEN ACQUISITION AND PPBES DECISION SYSTEMS

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Outline of Presentation

- Objectives of Research
- Research Questions Addressed
- Research Methods
- Discovery and Analysis
- Findings
- Conclusions
- Areas for Additional Research
- Questions and Comments?

Research Objectives

- Objectives
 - To investigate the degree of fit between the acquisition and resource management decision systems
 - To learn more about these systems
 - To identify key synapses of linkage between decision systems
 - To identify problems and consequences related to absence of linkage if present

Research Questions

- How do the acquisition and PPBES processes operate to produce decisions on DOD asset planning, budgeting and procurement?
- What are the linkages between the acquisition and PPBES decision cycles and systems?
- To what extent are existing processes and linkage points functioning as intended?
- What problems and consequences result from absence of linkage in planning, programming, budgeting and execution?
- Impact of transformation initiatives on linkage?

Research Method

- Review of existing literature/documents on two processes
- Development of research questions and research project design and methodology
- Analysis and description of the two decision cycles
- Analysis of intended process linkages from documented sources
- Design of interview instrument, conducting interviews and attending briefs to investigate linkages and problems
- Analysis of process linkages from documents, interviews and briefs
- Analysis, conclusions, preparation of conference paper

Discovery and Analysis

- Developing an understanding of acquisition planning, decision, execution cycles and changes
- Developing an understanding of the PPBES decision cycle and recent changes
- Identification of intended system linkage points
- Analysis of fit between two systems and problems related to absence of fit and linkage: comparison of intended linkages vs. reality
- Assessment of consequences of linkage problems
- Assessment of impact of DOD transformation initiatives

Findings: Hypotheses

- High degree of system and process complexity: difficult to understand and document with desired degree of confidence
- Need for extensive review of process documentation by players in the processes
- Many intended and actual linkage points
- Significant effort by system participants to achieve better fit and linkage

Findings A

- Some areas where degree of fit is weak and linkage does not work as intended
- Consequences of absence of fit and linkage significant for planning/programming, budgeting and execution
- Linkage problems cause less than optimal decisions and slow program/budget decision making, execution, procurement and fielding of systems

Findings B

- Hypothesis: Evidence examined suggests that transformation initiatives have had both positive and negative impact on process linkage and system coherence
 - PPBES transformation changes have been positive on the whole but implementation not completed so difficult to evaluate effectively
 - Acquisition transformation changes have increased centralization of analysis and decision making at SECDEF/OSD and JCS levels and complexity of decision process

Findings C

- Results of increased centralization appear to be both positive and negative
- Positive: better review of proposed systems for jointness and interoperability
- Positive: some systems have been procured and fielded more quickly to meet warfighter needs
- Improved communication within systems and, at times, between key participant entities in the processes, e.g., MILDEPS and OSD

Findings D

- Positive: improvements in acquisition analysis and decision processes evident at OSD, JCS and MILDEP levels: pulling harder during war
- Positive: transformation has attempted to better involve COCOMs and warfighters in analysis and decision processes but with mixed results
- Positive: improved decision system coherence and better decision making within DOD has improved coordination with Congress in some instances

Findings E

- Negative: increased system complexity and loss of influence by some “non-key” players
- Negative: improvements in decision processes have not always resulted in reduced cycle time, reduced costs and increased quality of assets acquired
- Negative: budget instability continues to disturb program management and “breakage” in execution: consequences include increased cost, longer cycle time and quality problems

Findings F

- Persistent system linkage problems include:
 - Conflicts in priorities between MILDEPS and OSD not reduced by transformation reforms: so what else is new?
 - Communication between players is less effective than desired because of system complexity, competition, noise, war turbulence, and requirements for quick decisions and culture clash

Findings G

- Decision system improvements and improved linkage at Pentagon level often does not translate down through the chain of command
- Program management is confused by constant reform and waves of transition to new ways of doing business
- Improved contracting and contractor performance in some (many, most?) instances does not result necessarily from improved DOD analysis and decision making: limits of DOD transformation are evident

Findings H

- PPBES changes to permit PCPs and BCPs not yet tested by steep budget declines
- Potential conflicts in acquisition system review exist between JCS (J-8) and USD AT&L (participants understand and try to perform their roles appropriately to avoid problems)
- Problems related to extensiveness of contracting not addressed by transformation, e.g., dilution of process for definition of system requirements

Findings I

- Pace of turnover in DOD leadership (civilian and military) complicates transformational reform and implementation of system improvements including better communication and linkage between acquisition and PPBES decision systems
- Congressionally induced instability continues to break DOD acquisition planning, programming, budgeting and execution: so what else is new?
- Potential consequences of decision error by OSD are increased in a more centralized system

Conclusions

- More linkage problems exist than those identified: hypothesis to be tested
- Hypotheses developed in this phase of research need to be tested more extensively
- Much more to learn: we have only scratched the surface in many areas -- need more data
- Much more information is needed from process participants in review of our findings
- Involvement of student research in project is highly valuable

