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.

Send Us Your News!

Get promoted? Change jobs? We want to hear from you! Stay connected with DRMI by sending us your news and making sure we have your current email address. When a new newsletter becomes available, we’ll send you an email with a newsletter link so you can keep in touch with your classmates and stay informed on the latest with DRMI. Send your news to drmiadmin@nps.edu.

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 to stay in touch with past, present, and future DRMI participants.

Newsletter Credits

Executive Director: Dr. Natalie Webb
Editor: Ms. Kathleen Bailey
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DRMI Honored with Several Distinguished Visitors

As part of her trip to NPS, DRMI was honored to have a visit from The Honorable Susan Rabern, Assistant Secretary of the Navy (Financial Management and Comptroller) in early October. Dr. Rabern asked many thoughtful questions about DRMI’s programs and activities, and will attend DRMI’s next policy guidance council meeting in January in Washington, D.C.

In late September, DRMI was honored to host Ms. Glenda Scheiner, Director, Human Capital and Resource Management, Office of the Under Secretary of Defense (Comptroller) as a guest speaker and speaker to DRMI faculty. One of Ms. Scheiner’s responsibilities is the DoD’s Financial Management (FM) Certification Program, which provides the 54,000-strong DoD financial management workforce appropriate training and development in key areas such as audit readiness, fiscal law, ethics, and decision support. Ms. Scheiner noted in her remarks that the FY2012 National Defense Authorization Act provided the Secretary of Defense with the authority to prescribe certification and credentialing standards.

We were also privileged to have two days with Dr. Pamela Clay, Senior Financial Management Workforce Development Specialist, who oversees the online component of FM certification. DRMI faculty have actively provided content for courses as part of the certification process, and Dr. Clay’s visit allowed our faculty to understand better how we can contribute to the knowledge, skills and abilities needed to meet DoD resourcing challenges and financial statement requirements.

Additionally, DRMI had the esteemed pleasure to welcome in December Deputy Inspector General Gene Aloise from the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR). Mr. Aloise delivered a lecture to the International Defense Management Course (IDMC) 15-1 and sparked an engaging conversation among DRMI faculty and participants alike.

DRMI would also like to thank Mr. John Roth, Deputy Comptroller (Program/Budget) in the Office of the Under Secretary of Defense (Comptroller), for taking the time to address IDMC 15-1 participants in a video teleconference (VTC). Mr. Roth is responsible for the budget review and analysis of all defense programs. He shared his insights on the ongoing challenges for the DoD budget process given the current fiscal environment.

Webb Initiates Strategic Planning Process for DRMI

Early in 2014, Executive Director Dr. Natalie Webb asked DRMI faculty and staff to begin a strategic planning and change management process for DRMI to continue improving our organization’s effectiveness. An internal focus group, with input from all faculty and staff, came up with three key objectives: maximizing relevance to defense and security, maximizing educational effectiveness, and maximizing academic quality of DRMI. In the coming months, we will work on developing a hierarchy of sub-objectives (we have to practice what we preach!), and talking about how we would demonstrate and measure success on each. If you have suggestions or comments about what makes DRMI an effective organization (or how it could improve), please email Dr. Webb at njwebb@nps.edu.

Resident Programs

International Defense Management Course (IDMC) 15-1 Concludes

DRMI’s International Defense Management Course (IDMC) 15-1 began on 5 October 2014, with 33 participants, all of whom were internationals, from the following 24 countries: Armenia, Belize, Bulgaria, Croatia, Czech Republic, Gambia, Latvia, Lebanon, Lesotho, Lithuania, Macedonia, Mongolia, Morocco, Niger, Pakistan, Romania, Saudi Arabia, South Korea, Sri Lanka, Taiwan, Thailand, Tunisia, Ukraine, and Uruguay. Everyone—participants, faculty and staff, alike—was very thankful for the active duty military faculty and the Foreign Area Officer-Cultural Ambassadors Program (FAO-CAP) volunteers who worked tirelessly to provide rides and support to the international partici-
Resident Programs (cont.)

Bertelsen and Jan-Hendrik zur Lippe (Major, U.S. Marine Corps).

The FSP D.C. field trip included a tour at the Pentagon and a visit to the United States Capitol, the Library of Congress, and other important memorials and museums. As part of the trip, participants were honored to meet an alumnus from DRMI’s Senior International Defense Management Course (SIDMC), Brigadier General Timothy Fay, U.S. Air Force. He briefed the class during a special reception on 5 November at the Embassy Suites in Crystal City. The next day, participants visited the Pentagon and met former FAO-CAP coordinator, Major Luke Fabiunke, U.S. Marine Corps, now a Plans Officer at Headquarters Marine Corps, National Plans Branch. Additionally, participants also had the opportunity to visit a Smithsonian museum of their choice. On 7 November the participants toured Colonial Williamsburg, where staff members briefed them about the beginning of U.S. coloniza-
tion and several important strategic deci-
sions that settlers made during our nation’s early history. The following day, participants experienced a hearty “American” meal and everyone took in the beauty of D.C. and its monuments at night. On the final day of the trip, participants visited Arlington National Cemetery to witness the changing of the guard at the Tomb of the Unknown Soldier and the Caissons at Fort Meyer. Following the visit to Arlington, just before heading home, the participants visited the National Air & Space Museum, Udvar-Hazy Center and returned to Monterey on 10 November.

After their trip to D.C., participants presented FSP American culture briefings to the faculty and to each other. After participants completed their reports, they presented them to their discussion groups for further analysis and synthesized each discussion group’s ideas. The participants then presented their group’s ideas to the whole class in the form of a final trip report. During the week of Thanksgiving, many of the IDMC 15-1 group enjoyed their first American Thanksgiving at the homes of newfound friends and FAO-CAs. As an additional part of their cultural educa-
tion, on 22 November the participants made a day trip to San Francisco where they enjoyed exquisite views of the Golden Gate Bridge and visited China-
town, the Japanese Gardens in Golden Gate Park, and the Palace of Fine Arts.

The course concluded with a graduation luncheon in the Herrmann Hall La Novia Room on 12 December.
Natalie’s Nuggets (cont.)

in Executive Development (JCS Memo JIDM-258-63, 12 June 1963). Page 12 of this newsletter depicts one of the original enclosures to this memo with words such as, “allocation,” “choice,” “scarcity,” “marginal analysis,” “risk,” “uncertainty,” “criteria,” “alternatives,” and “planning and budgeting,” which demonstrate that the concepts important in the 1960s remain equally important in today’s defense resources management environment. Similarly, the basic behavioral factors that the memo mentioned, such as “learning theory,” “motivation,” “personality,” “group behavior,” “communications,” and “leadership,” also remain important. Additionally, the memo featured the role of organizations, to include human subsystems. At the time, this was an emerging academic topic, which was (and remains) a core issue in management science and acts as a bridge to strategic concerns and strategy.

(2) In March 1964, Deputy Secretary of Defense Cyrus R. Vance sent a memo to the Secretaries of the Army, Navy, and Air Force, and to the Chairman, Joint Chiefs of Staff, establishing the Joint Executive Management Seminar Program (Deputy Secretary of Defense, 31 March 1964 (Establishment of joint executive management seminars program)). At the time, the Department of the Army and the Department of the Navy were to jointly offer the executive program. The memo identified two sites, the Naval Postgraduate School (NPS) and Ft. Belvoir, Virginia, to conduct the joint course “on Defense Management Systems (planning, programming, budgeting and related activities).”

(3) After careful analysis, in March 1965, Dr. Charles Hitch, Assistant Secretary of Defense (Comptroller) directed the Navy to develop and deliver the course at NPS for all services (Assistant Secretary of Defense (Comptroller), 31 March 1965 (Joint course on Defense Management—at NPS only)). His articulation that NPS should host the course included

(Continued on page 6.)

Resident Programs (cont.)

Multiple Criteria Decision Making Course (MCDM) 15-1 Concludes

DRMI wrapped up the Multiple Criteria Decision Making Course (MCDM) 15-1 on Friday, 7 November. The course, which began on 27 October, had 14 participants—eight of whom were internationals—from the following five countries: Argentina, Germany, Israel, Saudi Arabia, and the United States.

Professor Kent Wall, Associate Professor Eva Regnier, and Assistant Professor Cameron MacKenzie served as the course discussion leaders, and Associate Professor Diana Angelis and Senior Lecturer Allan Polley presented lectures. Dr. Jim Morris, a local cognitive psychologist, also delivered two guest lectures.

The MCDM participants were very engaged, asked lots of questions, and said they learned a lot. The course reviews were very positive, and many participants expressed an interest in coming back for another course.

DRMI Prepares for Human Capital Resources Management (HCRM) Course 15-1

DRMI faculty are putting the finishing touches on the Human Capital Resources Management (HCRM) Course 15-1. The course will begin on 12 January 2015 and will introduce participants to effective strategic human capital management practices and approaches in the defense and security sectors. Participants will learn about human capital issues, policies, and practices for force development and total-force integration. At the time of press, the course will have 30 participants, 14 of whom are internationals, from the following nine countries: Italy, Latvia, Lebanon, Mexico, Moldova, Saudi Arabia, Slovak Republic, Trinidad and Tobago, and the United States. The course will conclude on 23 January.

DRMI to Host Risk Management Course 15-1

DRMI is hosting the Risk Management Course 15-1 from 26 January to 6 February. The course will address critical elements of risk management. DRMI faculty will present a quantitative definition of risk and guidelines to help manage risk, allowing managers to assess and to cope with the amount of risk in a given decision problem. At the time of press, the course will have 18 participants, 9 of whom are internationals, from the following countries: Germany, Jordan, Saudi Arabia, and the United States.

Mobile Programs

DRMI Faculty Conduct Jordan Defense Resources Management Course

Professor Anke Richter, Associate Professor Jomana Amara, Assistant Professor Jay Simon, and Senior Lecturer Luis Morales delivered a three-week Defense Resources Management Course for the Jordan Armed Forces from 26 October to 6 November. The class had 24 participants from the various services. The DRMI faculty presented interesting lectures, case studies, and problems that laid the foundation for cost-effectiveness analysis. The faculty focused on aspects of national security and decision making processes for defense resources management and allocation of scarce resources.

DRMI Faculty Conduct Palestinian Authority Course

Associate Professor Jomana Amara, Associate Professor Jonathan Lipow, and Senior Lecturer Luis Morales delivered a two-week Mobile International Defense Management Workshop for the Palestinian Ministry of Interior and Security Forces from 9-20 November. The class had a good mix of participants, including 31 officers. The DRMI faculty presented a series of stimulating lectures, case studies, and problems that provided participants the analytical basis for cost-effectiveness analysis, focusing on aspects of national security and deci-
sion making processes for defense resources management and resource allocation.

**DRMI Faculty Conduct Jordan Human Capital Resources Management Course (HCRM)**

Associate Professor Jomana Amara and Assistant Professors Ryan Sullivan and Laura Armey conducted the Human Capital Resources Management (HCRM) course in Amman, Jordan from 14-18 December. This is one in a series of courses that aid the Jordanian Armed Forces in reforming their human resources management. DRMI faculty introduced total force management concepts, including the integration of active and reserve forces, civilians, and contractors. Faculty also focused on managing the existing force and covered topics ranging from screening and selection to performance evaluation to compensations and retirement of military personnel.

**Research and Publications**

**Armey, Lipow, and Webb Publish**

In their forthcoming paper, “The impact of electronic ﬁnancial payments on crime,” Professor Natalie Webb, Associate Professor Jonathan Lipow, and Assistant Professor Laura Armey provide evidence that policies and technologies that enable the proliferation of cashless transactions have the desired impact of deterring crime. They found that increases in access to electronic payments reduce the incidence of economic crimes such as robbery and burglary. The paper will be published in *Information Economics & Policy*.

**Melese and Richter Co-edit Cost-Beneﬁt Analysis Book**

Professors Francois Melese and Anke Richter co-edited a new book entitled, *Military Cost-Benefit Analysis: Theory & Practice*. This edited volume showcases work from an array of U.S. and international authors. It should appeal to anyone interested or actively involved in improving national security. The goal is to help countries identify affordable defense capabilities that effectively counter security risks in fiscally constrained environments. The book will be available for purchase on Amazon early next year (note: neither the co-editors nor the authors receive any residuals since the U.S. government owns the copyright).

**DRMI Faculty Service**

**MacKenzie Delivers Talk at Society for Risk Analysis Annual Meeting**

Assistant Professor Cameron MacKenzie attended the Society for Risk Analysis (SRA) Annual Meeting 7-10 December in Denver. The SRA annual meeting brings together researchers and practitioners who are interested in studying risk in many different domains, including environmental, engineering, pharmaceutical, military, and security risks. Dr. MacKenzie gave a talk on several models for how best to allocate resources to enhance resilience, where resilience describes the ability of a system to withstand and/or recover from a disruption. He also participated in a “speed-dating” type event to help introduce new members to SRA and the society’s activities and subcommittees.

**McNab Serves as Journal Referee**

Professor Robert McNab recently served as a referee for the following journals: *Advances in Research, China: An International Journal, Economics & Politics*, and *World Development*.

**McNab Serves as GPPAG Interim Chair and on Promotion and Tenure Committee**

Professor Robert McNab continues to serve as the interim chair of the Global Public Policy Academic Group (GPPAG), which is also part of the NPS Graduate School of Business and Public Policy. As the interim chair, he is currently managing two graduate certificate programs in FY2015.

Additionally, Dr. McNab is serving as part of the Promotion and Tenure process at NPS as the chair of the Departmental Evaluation Committee for a DRMI faculty member, and as an external member of a School Evaluation Committee.

**Webb Presents Paper at International Atlantic Economic Society Meeting**

Professor Natalie Webb attended the International Atlantic Economic Society meeting in Savannah, GA, 12-15 October. She presented a 2014 paper that she and Armando Suppa wrote. The paper, “Performance in complex, hierarchical government organizations: A comparative study,” examines performance in the Italian Army and U.S. Navy Surface Warfare. She was also a discussant at the conference.

**Webb Elected to Serve on Professional Practices Committee**

NPS faculty recently elected Professor Natalie Webb to the Professional Practices Committee, a standing committee of three tenured faculty at NPS that “exists to ameliorate professional disputes between individual faculty (or groups of faculty) and the administration or disputes between faculty” (NPS Faculty Handbook). Dr. Webb will serve for three years.
Natalie’s Nuggets (cont.)

the awareness that both education (not just training) and a research and academic environment were important. (Dr. Hitch himself would later become president of the University of California system and would remain committed to education). “[T]he Naval Post Graduate [sic] School is established along the lines of a university, [and has] a number of institutional advantages over the Army Management School for conducting this type of course.” He further noted that the “Departments of the Army and Air Force should assist and support the Navy in this effort to the fullest extent.” Courses were to start in September 1965.

(4) In August 1965, President Lyndon Johnson announced that he would introduce a planning, programming, and budgeting (PPB) system, similar to what DoD used, to the rest of the federal government. The second iteration of the Defense Management Systems Course, held 24 October to 19 November 1965, moved from Monterey to Washington, D.C. and accepted civilians from various government agencies. Beginning in January 1966, courses resumed in Monterey.

Today’s Defense Resources Management Course, a four-week course held four times per year in Monterey, and now offered in various forms in other locations, retains much of the original systems analysis and resource management designers’ conceptual work. To celebrate the past (and the future) of DRMI, NPS, and the ideas we build on to educate future generations, we will feature parts of the institution’s history, and the larger intellectual developments, in later issues of this newsletter. We also hope to organize a panel or a seminar (or two) relevant to faculty and to students alike.

Happy holidays to everyone, and happy birthday to DRMI!!

*Dr. Webb would like to thank Associate Professor Mie Augier, Global Public Policy Academic Group, Graduate School of Business and Public Policy, NPS, for her valuable contributions to this column.

DRMI Faculty Service (cont.)

DRMI Faculty Attend INFORMS Annual Meeting

Associate Professor Eva Regnier and Assistant Professors Jay Simon and Cameron MacKenzie attended the Institute for Operations Research and the Management Sciences (INFORMS) Annual Meeting from 9-12 November in San Francisco. The INFORMS Annual Meeting brings together academics and professionals from around the world in the fields of operations research, management science, and analytics. Dr. Regnier spoke about her work on evaluating the probabilistic forecasts of experts when those forecasts change over time. Dr. Simon presented collaborative research with Dr. Regnier and Associate Professor Aruna Apte of the NPS Graduate School of Business and Public Policy. Their research develops a model to help the U.S. Marines determine what resources they need and can carry during expeditionary operations. Dr. Simon also presented recent work on preference models for data from geographic information systems. Additionally, Dr. MacKenzie presented research done in collaboration with Dr. Apte on the vulnerability of fresh produce supply chains.

Facility and Staff News

Amara Receives Accolades for Service on Economics 3 Peer Review Committee

With his own personal thanks, NPS President Vice Admiral (ret.) Ronald A. Route, U.S. Navy, forwarded a letter of appreciation from Ms. Brenda Quiroz-Maday, the Director of the U.S. Fulbright Scholar Program. In her letter, Ms. Quiroz-Maday offered her “deep appreciation” for Associate Professor Jomana Amara’s service on the Economics 3 Peer Review Committee, which reviewed the merit of 2015-2016 applications for the Fulbright U.S. Scholar Program. Scholars’ participation in the review process is essential for the program to achieve its goals of fostering mutual understanding through a scholarly academic exchange.

MacKenzie Participates in Military Operations Research Society Workshop

Assistant Professor Cameron MacKenzie participated in a workshop, “How Risk Assessments Inform National Security Decision Making,” organized by the Military Operations Research Society in Alexandria, Virginia 14-17 October. The workshop had four breakout groups, each focusing on a different topic: risk analysis in the intelligence community, product integrity risk, supply chain risks, and risk assessment for U.S. national security. Dr. MacKenzie participated in the breakout group on product integrity risk and gave an overview of probabilistic risk analysis. The breakout group developed a mental model (or an influence diagram)—a modeling technique that DRMI teaches in its classes—on the vulnerability and risks associated with product integrity in the military supply chain.

Melese Joins NATO Editorial Board

The North Atlantic Treaty Organization (NATO) has asked Professor Francois Melese to join an editorial team overseeing publication of practical guides for NATO’s Building Integrity (BI) Programme. At an editorial board meeting 13-14 November in Brussels, the editorial team agreed to encourage contributors to submit draft proposals addressing practical tools, concrete policies, teaching materials, and/or successful implementation strategies that help build integrity, increase transparency, and improve accountability in three key categories: strategic and operational planning, financial and resources management, and conduct of operations. Contributions may include new approaches, case studies, lessons learned, or other insights into corruption risks and successful mitigation strategies. NATO intends for civilian and military personnel working in the defense and security sector, as well as international organizations and civil society, to use its ongoing series of BI guides. NATO will publish the contributions that the editorial board selects in BI booklets and will translate and distribute
Faculty and Staff News (cont.)

them to allied and partner countries. Please send your proposals to fmelese@nps.edu.

McNab Receives Grant from U.S. Army Civil Affairs and Psychological Operations Command (Airborne)
Professor Robert McNab recently received a large grant from the U.S. Army Civil Affairs and Psychological Operations Command (Airborne) to review and redesign two existing graduate certificates in Stability, Security, and Development in Complex Operations and Civil-Military Relations and the Rule of Law (RoL). Additionally, this funding will also pay for the development of two new graduate certificates in Human Behavior Dynamics and Military Governance.

McNab to Teach Monterey Institute Course
The Monterey Institute of International Studies has asked Professor McNab to teach applied econometrics in the Spring 2015 semester.

Future Course Dates

- **12-23 Jan 2015**
  Human Capital Resources Management (HCRM)

- **26 Jan – 6 Feb 2015**
  Risk Management Course

- **9 Feb – 17 Apr 2015**
  International Defense Management Course (IDMC)

- **16-20 Mar 2015**
  Performance Management and Budgeting (PMB)

- **20 Apr – 1 May 2015**
  Multiple Criteria Decision Making Course (MCDM)

- **20 Apr – 14 May 2015**
  Defense Resources Management Course (DRMC)

- **18 May – 12 Jun 2015**
  Defense Resources Management Course (DRMC)

- **27 May – 5 Jun 2015**
  Budget Preparation, Execution, and Accountability Course (BPEA)

- **15 Jun – 10 Jul 2015**
  Defense Resources Management Course (DRMC)

- **13-24 Jul 2015**
  Risk Management Course

- **3-27 Aug 2014**
  46th Senior International Defense Management Course (SIDMC)

- **31 Aug – 25 Sep 2015**
  Defense Resources Management Course (DRMC)

Longtime DRMI Professor, Kent Wall, Retires

Professor Kent Wall retired from DRMI on 31 December. Dr. Wall has been a member of the DRMI faculty since 1985 after serving as associate professor of systems engineering at the University of Virginia. He earned his Ph.D. in control sciences at the University of Minnesota, completed postdoctoral fellowships at the University of Manchester and the University of London, and worked as a research associate with the National Bureau of Economic Research in Cambridge, Massachusetts.

Dr. Wall specialized in analytical decision making and risk analysis, and he is responsible for developing much of DRMI’s curricula in those areas. He spearheaded the development of DRMI’s courses in Multi-Criteria Decision Making and Risk Management, and he also created material for many of DRMI’s mobile courses, such as a mobile course for Boeing and one for the Naval Air Systems Command. As any one of DRMI’s participants who has attended a course in the past thirty years can tell you, Dr. Wall loved teaching, and he was consistently ranked as one of DRMI’s most effective teachers. His lectures were always full of useful information presented in an engaging manner, often accompanied with colorful diagrams and charts. He remained active in research and published in some of the leading economic and statistical journals. Just a couple of months before his retirement, he submitted a journal article on a new way to measure affordability.

Dr. Wall plans to spend his well-deserved retirement with his wife Marcia and visiting his young grandchildren (whom we believe he is already teaching how to make good decisions and how to manage risk). He will be sorely missed at DRMI, but we all wish him well as he enters this new chapter in his life.

Kent Wall delivers final DRMI lecture
Recent DRMI Graduates

Class photo: IDMC 15-1

Class photo: MCDM 15-1
Recent DRMI Graduates (cont.)

IDMC 15-1 participants visiting San Francisco’s Palace of Fine Arts

Additional DRMI Photos

IDMC 15-1 participants at Golden Gate Park’s Japanese Tea Garden

Jordan Human Capital Resources Management (HCRM) course
Additional DRMI Photos

Additional DRMI Photos (cont.)

IDMC 15-1 participants at the White House

IDMC 15-1 participants at course opening reception
IDMC 15-1 participants at Golden Gate Park’s Japanese Tea Garden

IDMC 15-1 participants with FAO-CA volunteers on San Francisco’s Golden Gate Bridge

IDMC 15-1 participants on Washington, D.C. trip

IDMC 15-1 participants at MLK Memorial in Washington, D.C.

IDMC 15-1 participants at Golden Gate Park’s Japanese Tea Garden
On 12 June 1963, RADM W. B. Sieglauff, USN, Chairman, Inter-Service Coordinating Board sent a memo (JIDM-258-63) entitled, “Establishment of Seminars in Executive Development,” to Captain D.G. Irvine, USN, Assistant Chief for Education and Training. Pictured here is a reproduction (with minor stylistic changes) of the memo’s “Enclosure (2).” It demonstrates not only concepts that continue to be important at DRMI today, but also illustrates that military leaders recognized emerging issues in the field.