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WHITE PAPER

RAPID PLANNING METHODOLOGY FOR PPBE



In terms of processes that keep the gears turning in our federal bureaucracy, there are few with the endurance and reach of the Planning, Programming, Budgeting and Execution (PPBE) process run within DoD and numerous civilian agencies. It serves as the framework for leaders to decide which programs and force structure requirements to fund based on strategic objectives. With roots back more than five decades to Secretary McNamara and his 'whiz kids' (experts in economic analysis, operations research and management) the PPBE process is one of the most complex Federal processes. It is run primarily out of the Pentagon and supported by components and agencies across the map. The origins of the PPBE process – the need for a structured method of decision making, to coordinate the massive scope of these major investment decisions – remain valid today.

The structure that the PPBE process provides enables a (relatively) predictable sequence of events managed by offices with such varying responsibility as Strategic Planning, Program Evaluation, Capability Assessment, Budgeting and Financial Management. DOD Directive 7045.14 states the objective of PPBE “is to provide the DOD with the most effective mix of forces, equipment, manpower, and support attainable within fiscal constraints.” While complex and comprehensive, PPBE is often contentious (naturally – often DoD entities are essentially competing for billions of dollars for key programs), and never really “complete.” Decisions that are made in one annual cycle are often revisited and changed in subsequent years. With all its imperfections and challenges, the PPBE process gives Departments and Agencies the best way to frame their investment priorities and react to the fiscal realities of a given time period.

INHERENT CHALLENGES

DOING THINGS THE RIGHT WAY

There are major decisions to make on an annual basis on the allocation of billions of Federal dollars and the PPBE process is in place to manage this. But, is that enough – especially today, with the broad array of national security challenges, constrained budgets and the uncertainty that comes with Continuing Resolutions (CR)? It certainly makes the gears turn – but to make best use of taxpayer dollars, and to invest in the programs that are best aligned with our National Security/Defense/Military strategy – more is required. There is so much focus on **doing things right way** - i.e., on budget and on schedule - but there is always room for improvement in determining whether we are **doing the right** things. Because this includes both technical (more concrete) and organizational (more nuanced) aspects, to address this challenge, both art and science must be leveraged.

ALIGNING INTERESTS

The slight shift of two words in this phrase has huge significance, and sometimes requires a major shift in organizational thinking. It is extremely difficult to collectively, across any enterprise, agree on priorities that get beyond the needs of individual, siloed organizations. Ultimately, **the decision process must start with aligning interests across the enterprise**. If this weren't difficult enough, it gets harder to do as you progress up the organizational hierarchy and more senior officials are advocating, often in an entrenched manner, for their specific programs. It is a natural byproduct of the massive bureaucracy that exists. Done well, however, major investments become synchronized in concept, timing and **execution**.

DYNAMIC & TIME CONSUMING

In addition to the challenge of making enterprise-focused decisions, the **dynamic** nature of these processes throughout a given decision cycle is an important variable. During each phase of the PPBE process, at varying levels of detail as each cycle progresses, decisions are made, changed, and changed again as organizations make (and modify) assumptions, and react to shifting guidance from higher-echelon organizations. Organizations at all levels struggle with the reaction time and “employee churn” required during these periods. Often the ratio of time spent reacting to changes in leadership guidance is on the order of 100:1, i.e., for a one-hour update to the decision-maker, the staff will spend 100 hours of prep work like updating spreadsheets and PowerPoint presentations until the message clearly conveys the proposed decision options. People working in these organizations often refer to the trauma and fatigue from different budget campaigns. Underpinning this frustration are the long hours collecting new data, aggregating into common formats, getting updated proposals from subordinate organizations, synchronizing and re-messaging.

CHALLENGES TODAY

Today, the challenges include budget constraints and ongoing competition among organizations to shape the way that our country addresses the varying threats to our national security. Programs may lose funding as DoD attempts to balance competing priorities. Failure to provide detailed justification for funding may cause decision-makers to misjudge the importance of a program and reduce or eliminate its funds. In addition, the uncertainty created by Continuing Resolutions makes it very difficult for the Defense Department to plan and budget effectively.

TRANSITIONING TO THE OPPORTUNITY & CHANGE MANAGEMENT

Before offering up the euphemistic proverb that “Challenges are nothing but opportunities in disguise”, there is another aspect of this that is worth mentioning, as it could be the most important barrier to process improvement. Any adjustments to existing processes and decision-making cycles requires organizations to change. Volumes have been written regarding the methods of addressing **organizational change**. It intimidates organizations collectively, and people individually – largely because change management connotes a major effort, with teams of consultants on the ground doing surveys, creating 80-page PowerPoint presentations and often complex recommendations. However, the types of adjustments that can be made are very organic to the organization. In other words, the expertise and experience to help drive an enterprise view - i.e., aligning interests - probably already exists in your organization. But how? Once the organization enables transparency as a positive virtue, it opens a lot of possibilities for positive change. It can (and should) be iterative, and gradual. The more that the change incorporates inputs of the managers ultimately responsible for interpreting leaders’ guidance and priorities, the smoother the change process.

TOOLS & PROCESS

All that is required is to find ways to help a **dynamic** process, enable an **enterprise view** by aligning interests, **assess investments against strategic objectives**, and allow for an acceptable **pace of organizational change**. Sounds difficult, right? It may not be as hard as you might initially believe. Using tools and finding ways to collaborate and organize the most important ideas of the organization – in a clearly defined manner – are a great first step. Keep reading for some leading best practices when approaching this challenge.

BY-PRODUCTS OF TOOLS & ORGANIZATION OF PRIORITIES

So, how does the inclusion of organizing principles and decision-making tools help? There are numerous benefits that come from these areas of improvement, most of which tie into two critical attributes of decisions made in the Federal government: The validity of the decision, and the buy-in that the decision engenders from the organization (at multiple levels). There is natural overlap between these attributes, but we can discuss them separately.

DRIVERS OF VALUE: VALIDITY (RIGOR, REPEATABILITY, TRACEABILITY)

Let's start with Validity, as an attribute that all decision makers should aspire to when making key budget decisions. Validity is a subjective measure, to be sure, but most organizations seem to focus on the same areas:

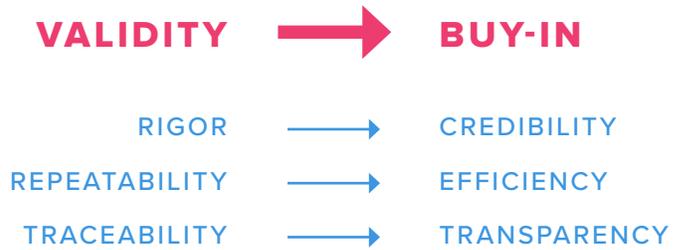
- 1. RIGOR** Most organizations at least aspire to achieving sufficient rigor with the analysis that supports their decision-making. The threshold of how much rigor is enough is determined by the balance of both the art and the science of decision-making. Within the Defense Department, given the billions of dollars of investment at stake, the complexity of the technologies being developed, and the long acquisition process – analytic rigor is particularly important.
- 2. REPEATABILITY** Defense agencies support a long list of processes which repeat with a certain frequency, whether it is monthly updates, quarterly progress reviews, or annual phasing of the stages of the PPBE process. An organization can enable that repeatability with a clear structure and common construct for decision making. By setting these in place, as part of a repeatable process, those responsible for feeding decision options to their leadership can do so more easily, while facing less organizational 'angst' due to the unknown that comes with a lack of clarity or process.
- 3. TRACEABILITY** "Why did we make that decision last year?" Given the frequent turnover that occurs at leadership levels of Defense organizations, this question comes up frequently. Organizations often struggle to re-create the rationale for decisions made in the past. This adds to uncertainty and can leave managers and leaders with a cynical view of some decisions that are passed on to them. Enhancing the ability to understand the "why" for historical decisions can improve an organizations ability to understand trends and the strategic path that they are on.

DRIVERS OF VALUE: BUY-IN (TRANSPARENCY, EFFICIENCY, CREDIBILITY)

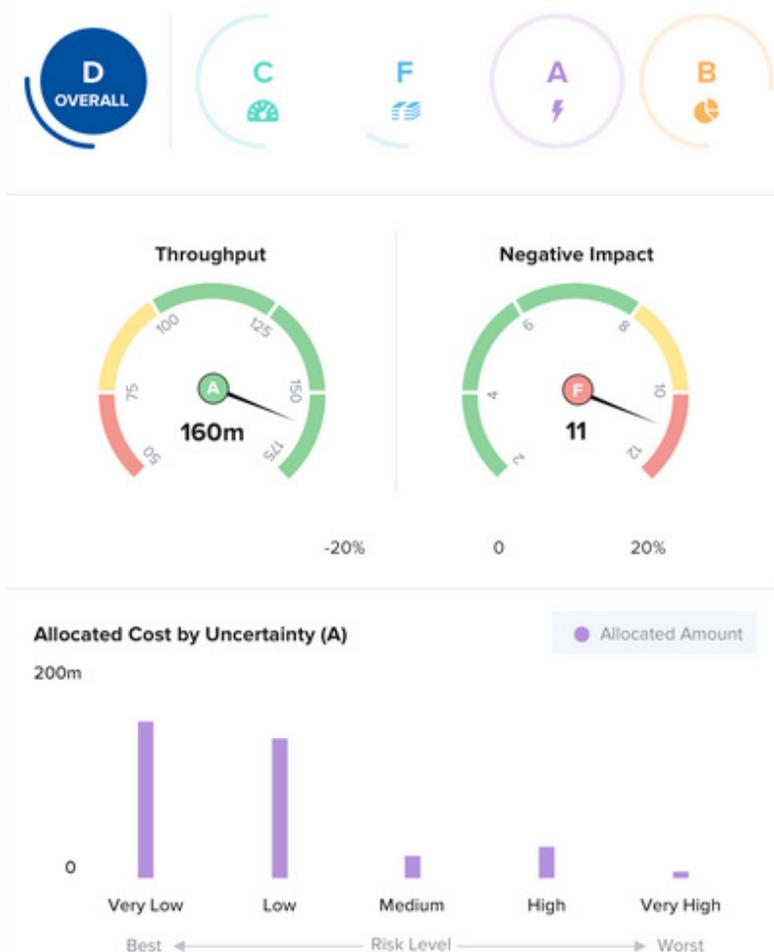
Now let's consider buy-in as another area that is so important within these organizations. While buy-in is also a subjective measure, whether it exists for key decisions is a palpable feeling. It is highly consequential to the organization, and important for garnering the long-term support that key investments need in order to execute properly.

- 1. CREDIBILITY** A decision is often considered credible if 'makes sense.' Essentially, this is the sanity check that most decisions undergo at various stages. It may or may not relate to the specific analytic rigor that was mentioned in the list above. It relates mostly to the ability of a decision maker to be able to clearly explain why a decision is being made.
- 2. EFFICIENCY** All organizations can benefit from improving efficiency. Of course, we all aspire to execute a process more smoothly and in a more responsive way. Many of the process enhancements described above can help. In a practical sense, however, it takes specific tools to help an individual analyst save time in the detailed tasks that must be undertaken in support of a decision. Common challenges in this area are the difficulty in managing (aggregating, updating, validating, etc.) data via spreadsheets and PowerPoint. These tools have their benefits – but they are not meant for dynamic updating of data in a collaborative manner.
- 3. TRANSPARENCY** This last attribute is a very interesting one, because some organizations are “bureaucratically allergic” to it, despite the boost that it provides to buy-in. There are important reasons to limit transparency, but those typically relate to issues regarding the security or sensitivity of data and budget information. But those should be limits, primarily, to external sharing of information – not internal. Other common drivers of this reaction relate more to the desire by managers and leaders to protect certain decisions which may not exhibit the credibility or rigor that is generally desirable. Of all the aspects of change that are required to institute an improved decision-making process, this could be the most difficult dynamic to overcome. Once you can achieve transparency, however, you are really on the way to establishing a true enterprise process.

Based on the descriptions above, you can see how validity can inherently drive buy-in. The relationships among these attributes can be pictured this way:



While it could be a bit intimidating to face this challenge and figure out where to start, we have the benefit of technology to assist – to clarify complex issues, automate processes and create visualizations that enable leaders to quickly get to the core of a decision...its inputs, outputs and outcomes.



HERE IS HOW WE CAN HELP

At Decision Lens, we have been working with Federal customers on these challenges for over 15 years, and their continued feedback inspires each evolution of our product. From the early days, we have provided a unique capability to enable large organizations to develop a clear organizing construct for their decision making processes, and to get leaders and subject matter experts to offer their judgments on the fundamental elements of the decision. What are their priorities in making investment decisions? Decision Lens has capabilities to enable organizations to balance their resources (dollars, people) within their most difficult investment decisions. As we continue to enhance our features and functionality for our customers, we hope to free up more time/resources through automation and smart analytics that will suggest probable solutions and scenarios.

RIGOR & CREDIBILITY

Decision Lens is designed to give any PPBE decision making rigor and credibility. By scoring different alternatives by how they align with various priorities, Decision Lens can be used to communicate how well those alternatives match strategic goals and help illuminate how best to allocate funding in order to get the most value per dollar. Decision Lens also can help with decisions like deciding how much to invest and when, and can do so across large numbers of programs, offices, and funding pools, to help identify which tradeoffs to make. Decision Lens can help you make the right decisions for any set of needs and goals.

REPEATABILITY & EFFICIENCY

PPBE decisions are often made through mediums like spreadsheets, which are difficult to collaborate on, aggregate, or even just keep updated in the most basic ways. This makes them hard to reuse and incredibly inefficient. Decision Lens can bring clarity to this otherwise frustrating process. By giving definition to the process, and including elements of collaboration and discussion, as well as the analytic side of decision making, Decision Lens helps one make the best decision quickly in a way that inspires confidence in the results. Portfolios can also be reused and modified year after year to both capture what worked before and yet be flexible enough to be updated with new information.

TRACEABILITY & TRANSPARENCY

With Decision Lens, no part of the decision-making process is a mystery. Decision Lens shows which alternatives best align with what priorities, and why those priorities are weighted the way that they are. The reasoning behind every decision is incredibly clear, making choices easy to both understand and justify. The collaborative and transparent process reduces risk, allowing for data-driven decisions that can be made with confidence and clarity. It also makes justifying choices easy by making clear the benefits of the chosen alternatives.

CONCLUSION

Decision Lens is uniquely qualified to help establish validity and buy-in for decisions by presenting a transparent, collaborative, and rational way to weigh alternatives and decide how to fund them. By leveraging the advantages of automation and data driven insights, the PPBE process can be much easier and more successful.

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