

Who Pays the Bill? Budget Planning in the Military Decisionmaking Process

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Can we imagine a chief of staff telling his commander, “Our maneuvers have been successful, but I know nothing about their costs”? This statement would be the beginning of a failure. We know we must consider a maneuver’s costs, troop numbers, fuel requirements, and camp facilities. If we are concerned about these real problems in maneuvers, why do we neglect them when planning an operation?

This article illustrates the need to include budget planning during the military decisionmaking process (MDMP) and to include budget estimation in the course of action (COA) analysis and comparison. Later, once a COA is selected, monitoring the budget will allow the commander to track the operation and compare it with the established plans and orders.

The Military Decisionmaking Process

As stated in Field Manual 5–0, The Operations Process, “The military decisionmaking process is an iterative planning methodology that integrates the activities of the commander, staff, subordinate headquarters, and other partners to understand the situation and mission; develop and compare courses of action; decide on a course of action that best accomplishes the mission; and produce an operation plan or order for execution.”

The MDMP consists of the following phases:

- Receipt of mission.
- Mission analysis.
- COA development.
- COA analysis (wargaming).
- COA comparison.
- COA approval.
- Orders production.

The development of these phases allows the staff to produce operation plans and orders, which are created following the commander’s guidance and the best options developed by the staff.

When a commander receives a mission, the staff begins to analyze it, developing a frame of reference to guide the staff work that will follow. After this, the COA development begins and the staff looks for different options to accomplish the mission. Later, the staff uses the COA analysis and comparison to present a recommended COA to the commander. The commander’s final decision opens the orders production phase, where the staff produces the operation plans and orders.

The complete process is based on developing different COAs using various criteria (such as maneuver, firepower, and protection) and comparing them in a decision matrix to select the best COA to accomplish the mission.

Project Budget Planning

A project is an effort to reach a specific objective, achieved by developing interrelated tasks using specific resources. The objective of every project is based on four factors: scope, program, budget, and customer satisfaction.

The life cycle of a project is divided into four phases: needs identification, project definition, project development, and project closing. After a person, enterprise, or country identifies a need, the next step is to define the exact and specific requirements to solve that need. (For example, we may need a car, and our requirement could be that the car must have enough seating for six people.) After considering these requirements, a team can be assigned to prepare a project that develops defined and specific tasks to achieve all previously defined aspects.

When the assigned team begins preparing for a project, one of its main concerns is the budget estimation. Before determining how and when all tasks will be completed, it has to present an initial estimation of all project costs. Later, when the plan is approved, the team will develop a detailed budget plan and monitor the costs during program development to ensure that all costs fall within the planned budget.

Initial budget planning allows the project manager to know if the project will be developed successfully or if he will need more funds to complete the required tasks. All tasks are developed according to the initial budget plans, and subordinates are responsible for their own slices of the pie.

By planning an initial budget and monitoring its execution, the project manager knows at all times the expenditures and the progress made in relation to the available budget plan. The main goal of this process is to provide a long-term vision about the development of the project and to adhere to the available budget.

Knowing the budget, the project manager will know if the project will be successful or if he will need to request more money. But even in the latter case, he will recognize the need in time to prevent interruptions in the project. This capability avoids the need for a sudden

budget increase and the probable veto of that increase, which would stop the entire project and create a funding spike when the project is reengaged.

If we think about the MDMP as a project, the main shortcoming of this process is the lack of budget planning. We develop the mission we are given and provide our commander with the best option to accomplish it. We perform the mission analysis, COA development and comparison, and COA selection and development; however, in none of these phases do we study a required budget.

Budget Estimation in the MDMP

We can include the budget planning process in the MDMP and create an initial estimate for every mission. First, the budget should be mentioned in the MDMP as a constraint in the mission analysis section. We cannot think of the mission as free of charge, and we need to know of any budget limitations in order to develop the mission. Without defined limits, we should at a minimum state broad requirements, such as “as cheaply as possible while accomplishing the mission” or “reduce costs through contractor use.” These should be one of the first inputs to show that the commander not only is focused on accomplishing the mission but also is concerned about minimizing costs.

Second, budget planning should be included during COA development. Just as we analyze different aspects of a COA (such as maneuver, firepower, and protection), we should include the cost estimate in the COA development. This new output of the COA development helps define the remaining outputs, making them more effective. In the case of a force deployment, taking into account transportation costs and available time could change the deployment planning.

Finally, operational cost should be included as evaluation criteria in the COA comparison. We are accustomed to including maneuver, simplicity, fires, and mobility in the COA comparison, but we should also include the budget criteria and its corresponding weight. This weight depends on the commander and takes into account the relative importance of cost in the entire operation development.

In the end, the staff recommends which of the developed COAs offers the best solution, and the commander decides which one will be used and issues the final planning guidance.

Budget Estimation Framework

We have taken into consideration the importance of budget planning, but this article would be incomplete without a brief explanation of possible elements to include in a budget estimate. During COA development, we analyze different operational aspects because the initial budget estimation requires a broad picture of the entire operation.

The first step is to analyze human resources requirements and estimate the total involved manning costs. The second step is to analyze materiel resources and estimate the costs of buying or renting resources. We should include not only the new materiel costs but also the organic means and exploitation costs, expressed as total cost percentage (normally modified according to environmental conditions).

The third step is to quantify the funds allocated to contractors, like fuel suppliers, food and kitchen providers, and transportation enterprises. The fourth step is to consider infrastructure renting. We normally assume open-field installation, but recent experience shows an increasing trend toward renting existing infrastructure. The fifth step is logistics. Here we should include all transportation and movement costs as well as the maintenance costs during each phase.

Finally, we must consider contingency funds. This is money reserved to be used in unexpected situations. There is no defined amount because it depends on the operation, but as a general rule we should allocate 10 percent of the total budget to contingency funds.

Once the COA is selected, we allocate funds to the different units according to their respective missions, personnel, and means and we monitor their expenditures to ensure that they are staying within the budget. Monitoring the operational budget lets us know if one unit is spending more or less than expected so that we know if we should redistribute or request funds.

Budget planning is a vital factor to analyze during the MDMP because it gives the commander the ability to see if the operation can be funded appropriately and completed with the initially allocated funds. We cannot base our processes on the assumption that money will always be available and wait for the execution phase of an operation to realize that we have a massive budget shortage.

We must devise budget control measures and take immediate corrective actions to avoid final financial ruin. This is our mission as Department of Defense budget managers, and the application of these measures will assure taxpayers that their dollars are wisely and efficiently spent.

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