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RESEARCH SYMPOSIUM

**BUDGETING FOR CAPABILITIES BASED PLANNING**

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**by**

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## Proceedings of the Annual Acquisition Research Program

The following article is taken as an excerpt from the proceedings of the annual Acquisition Research Program. This annual event showcases the research projects funded through the Acquisition Research Program at the Graduate School of Business and Public Policy at the Naval Postgraduate School. Featuring keynote speakers, plenary panels, multiple panel sessions, a student research poster show and social events, the Annual Acquisition Research Symposium offers a candid environment where high-ranking Department of Defense (DoD) officials, industry officials, accomplished faculty and military students are encouraged to collaborate on finding applicable solutions to the challenges facing acquisition policies and processes within the DoD today. By jointly and publicly questioning the norms of industry and academia, the resulting research benefits from myriad perspectives and collaborations which can identify better solutions and practices in acquisition, contract, financial, logistics and program management.

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## Budgeting for Capabilities Based Planning

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**Presenter: Lt Col Steven P. Fraser (PhD)** is an Associate Professor of Management at the United States Air Force Academy. He received his doctoral degree in Finance from University of South Florida, MBA from University of Pittsburg and BS from USAFA. His current research interests focus on finance, investing and education. He has many years of experience as an acquisition officer.

**Presenter: Kurt A. Heppard, PhD**, is an Associate Professor of Management at the United States Air Force Academy. He received his Doctoral degree in Strategic Management from the University of Colorado, MBA from UCLA, and BS from USAFA. He has been involved in numerous strategic planning efforts at governmental and non-governmental organizations. He has many years of acquisition and contracting experience.

**Presenter: Steve G. Green, PhD**, is a Professor of Management at the United States Air Force Academy. He received his Doctoral degree in Business Administration from United States International University, MS from USC, and BS from USAFA. He is the Director of the Center for Financial Management Excellence and consults frequently on cost analysis and performance-measurement projects. He has many years of cost analysis and acquisition experience.

**Presenter: Brian C. Payne, Captain**, is an Instructor of Management at the United States Air Force Academy. He received his Master's degree from Harvard University and BS from USAFA. His current research interests focus on the strategic development and application of decision analysis within organizations. He has experience as an acquisition officer.

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## Abstract

The Department of Defense (DoD) and many of its agencies are implementing capabilities-based strategic management and planning systems. Concurrently there are also other major initiatives underway, including DoD Transformation and AFSSO21, that are specifically addressing changing capability requirements and process-improvement initiatives. Some have questioned whether there are sufficient budgetary resources available to implement the results of these initiatives. As our nation's security challenges are becoming more complex, our military is transforming into an increasingly agile joint force. This new, highly flexible DoD requires an equally flexible and responsive business, financial and budgeting support infrastructure that is capable of adapting to an ever-changing operational landscape while ensuring adequate financial resources are available. Capabilities-based strategic planning may be the answer. It differs from the traditional "threat-based" planning by focusing on internal agency assets and processes rather than specific external threats. Using this approach at multiple levels of an agency or organization, with top-level integration focused on agency mission and key outcomes, allows the most efficient budgetary allocation of resources and promises better performance against a poorly defined or understood threat. This presentation reviews the academic theory behind capabilities-based strategic planning and ties it to current budgetary processes.



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