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# NAVY ENTERPRISES

EVALUATING THEIR ROLE IN PLANNING,  
PROGRAMMING, BUDGETING AND EXECUTION (PPBE)

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## Summary

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The Navy Enterprise has evolved over the past decade to achieve various objectives from improving efficiencies through lean, six-sigma efforts to producing the workforce of the future. As the objectives, goals, and structure of the organization have changed and grown, so has the very meaning of the Navy Enterprise. Currently, the Navy Enterprise is not only an organizational structure, but is a way of doing business, a behavioral model. However, the enterprise concept has been executed by a corresponding and evolving organizational structure. This organizational structure consists of a number of organizations, each having their own role, responsibilities, and functions in the Navy Enterprise.

This research is an evaluation of the participation of organizations within the Navy Enterprise in the PPBE system. The objectives of this research were to (1) identify and describe current participation of organizations in PPBE and (2) identify and evaluate potential alternatives for participation. RAND accomplished this through evaluations of available documentation and extensive interviews with nearly twenty senior leaders throughout the Navy.

Our investigations revealed that the formal role of Navy warfare enterprises and providers in PPBE has not changed much. The enterprises and providers mostly participate in the PPBE process via the various resource sponsors and budget submitting offices (BSOs),<sup>1</sup> as

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<sup>1</sup> BSOs are the organizations that manage the databases containing the budget data. They submit the budgets to OSD for approval. BSOs include Manpower Personnel Training & Education, Naval Sea Systems Command, Naval Air Command, Space and Naval Warfare Systems Center, Naval Supply Systems Command, Naval Facilities Engineering Command,

they have in the past. The new activities that the enterprises and providers have participated in, such as the wedge liquidation and support provided to N1, were perceived to be beneficial.<sup>2</sup> The biggest benefit of the Navy Enterprise construct from a PPBE perspective has been the increased communication between resource sponsors, providers, and warfighters, which has helped the Navy to better assess cost and risk trade-offs for resource allocation decisions. However, the additional workload borne by the enterprises and additional complexity brought into the PPBE process could be greater than the benefit. The uncertain balance between costs and benefits resulted in interviewees being almost equally divided between those who thought the Warfare Enterprises' involvement should increase and those who thought it should decrease.

We identified and evaluated three alternative constructs for warfare enterprise and provider involvement in the PPBE process: (1) no involvement, (2) select involvement, and (3) PPBE process ownership. Together, these alternatives offer a full range of levels of participation for initial evaluation. We assessed the potential costs, benefits, and other considerations important for evaluating these alternatives using seven metrics. We assessed the total amount of workload required to execute an alternative, other potential costs of the alternative, potential PPBE benefits of the alternative, effect on alignment of the phases within PPBE, overall complexity, "buy-in" (or the sense of ownership for PPBE outcomes), and the ability to produce a Program Objective Memorandum (POM). In this system, the value of a metric is represented in terms of a four-point scale: Relative to current participation, costs or benefits of alternatives will be either better, slightly better, slightly worse, or worse.

Using this methodology, we did not identify any single preferred option. However, the current involvement serves as a good pilot for the

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Commander Naval Installations Command, Office of Naval Research, Commander—Pacific Fleet, and Commander—Atlantic Fleet.

<sup>2</sup> *Wedge liquidation* is the process of identifying cost reductions in order to achieve a balanced budget. This process is required when planned expenditures exceed the available budget.

development and evaluation of alternative constructs. Efforts should be made to foster the benefits of participation observed and to pursue ways to evaluate the cost of such participation. More broadly, many fundamental questions regarding the Navy Enterprise remain unanswered and should be the focus of future efforts. Specifically, answers to a number of questions: What is the purpose of the Navy Enterprise construct? Is the Navy Enterprise the correct approach to address the Navy's evolving goals? What organizations should be an enterprise? and What are the roles and responsibilities of enterprises?