National Defence Défense nationale

Canadian Forces College

Collège des Forces Canadiennes

TACTICAL LEVEL BUSINESS PLANNING

Major D.A. Warnke

JCSP 39

Master of Defence Studies

Disclaimer

Opinions expressed remain those of the author and do not represent Department of National Defence or Canadian Forces policy. This paper may not be used without written permission.

PCEMI 39

Maîtrise en études de la défense

Avertissement

Les opinons exprimées n'engagent que leurs auteurs et ne reflètent aucunement des politiques du Ministère de la Défense nationale ou des Forces canadiennes. Ce papier ne peut être reproduit sans autorisation écrite.

Canada

CANADIAN FORCES COLLEGE – COLLÈGE DES FORCES CANADIENNES
JCSP 39 – PCEMI 39
2012 – 2013

MASTER OF DEFENCE STUDIES – MAÎTRISE EN ÉTUDES DE LA DÉFENSE

TACTICAL LEVEL BUSINESS PLANNING

By Major D.A. Warnke
Par le major D.A. Warnke

Word Count: 20 000

Compte de mots : 20 000

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

ABSTRACT

Business planning is a process used by the Canadian Forces (CF) and the Army to manage the organizations' operations and maintenance budgets to plan for the next fiscal year's activities. The process was introduced into the CF over ten years ago as part of the Government of Canada's Expenditure Management System. For Army and Area level planning (i.e. Levels 1 and 2), business planning translates well; however, at the formation and unit levels, there is greater divergence. This paper will argue that the current Army business planning process is not suitable for the tactical level (i.e. formation and unit level). This requires the Army's business planning process be revised and a standardized planning process be developed for the formation level (Level 3) and the unit level (Level 4) to properly integrate into the Army's process. The Army's current business planning doctrine provides limited guidance for the tactical level, as much of this research was completed through interviewing Army personnel experienced in business planning at all levels. This paper will outline a recommended Army business planning process that addresses many of the key strength and weaknesses identified in the analysis. It will also provide a recommended tactical level business planning process based upon the Joint Operational Planning Process that simplifies the development of tactical level annual operating plans.

INTRODUCTION

0.1 Background

Corporate governance is defined as "the system by which a company is directed and controlled."[1] The Canadian Forces (CF) and, by extension, the Army's corporate governance mechanisms are complex and arguably understood by few within the Army, excluding strategic leadership. Business planning, the focus of this research, is but one portion of the Army's corporate governance mechanisms that directly affects the readiness of the Army. The Army's business planning process is used to manage the Army's operations and maintenance (O&M) expenses, which involves the planning and prioritization of several hundred million dollars. O&M is the primary sources of funds that support Army training.

O&M funding, also known as Vote 1 funds, is only one portion of the Army's readiness expenses. The bulk of the funding required to support the Army is allocated to the Army's personnel (i.e. Military Wage Envelop [MWE] and Salary Wage Envelop [SWE] for civilian employees), infrastructure capital (Vote 5), and equipment capital (Vote 5). Most of these expenses are centrally managed by the Vice Chief of Defence Staff (VCDS) and the Deputy Minister (DM) and not the Army (e.g. MWE[2], SWE, major equipment acquisition such as the close combat vehicle[3], and major infrastructure recapitalization programs[4]). This paper will not specifically address MWE, SWE and Vote 5 expenses, although their management also has a direct impact on Army training plans, and in turn, on readiness.[5]

---

[1] R. Libby, et al. *Financial Accounting: Third Canadian Edition*, (Toronto: McGraw-Hill Ryerson, 2008), 15.

[2] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook*, (Ottawa: Chief of Land Staff, 2004), 54.

[3] *Ibid*., 55-56.

[4] *Ibid*., 56.

[5] For example, when the government of Canada cuts funding to the CF, and in turn, the Army, a significant portion of the CF's infrastructure is non-discretionary in nature. Canadian laws demand minimum building code

In 2012, Army's O&M budget was approximately $1 billion[6] and represented approximately one-quarter of the Army's annual readiness expenses.[7] Although O&M represents approximately one-quarter of the Army's budget, it is the greatest source of variable funds for the Commander Canadian Army (CCA) to direct and prioritize Army activities. Consequently, the Army leadership invests significant effort into its business planning process in order to support the CCA's priorities and maximize the Army's readiness. The final product of the business planning process is the next fiscal year (FY) Army operating plan, which the CCA uses to direct his subordinate commanders and staff for an "in-year" budget.

Business planning was introduced into the Government of Canada (GoC) from the private sector, to "facilitate clear accountabilities and efficiencies in the management of public resources."[8] At the strategic and operational levels, the public and private remain sufficiently similar for the business planning process to be incorporated effectively. It is at the tactical level where the greatest divergence occurs with the corporate world. Consequently, the Army business planning process needs to be revised to recognize the tactical level (i.e. formations and units). In addition, a standardized tactical business planning process is required that support formations and units develop their annual operating plans, while integrating the Army's process.

0.2 Thesis

This paper will argue that the current Army business planning process is not suitable for the tactical level (i.e. formation and unit level). This requires the Army's business planning

---

requirements for the health and safety of all occupants: systems such as sprinkler systems must be maintained, payment in lieu of taxes must be paid, etc. O&M is the only truly discretionary funding envelope that the CCA has access to, and therefore, it represents the primary source of funding to back-fill non-discretionary envelopes. Thus, the challenge of the Army managing its non-discretionary infrastructure expenses merits its own thesis study.

[6] Canada, Department of National Defence, *Department Financial Statements – 2011-2012 (Unaudited)*, (Ottawa, 2012), 3.

[7] Canada, Department of National Defence, *Army Operating Plan FY 2012/2013 V1* (Ottawa: Chief of Land Staff, 2011).

[8] *Ibid*., 36.

process be revised and a standardized planning process be developed for the formation level (Level 3) and the unit level (Level 4) to properly integrate into the Army's process. This thesis assumes the following:

1. Formation and unit commanders can not ignore the guidance of the CCA or their Area Commander;
2. Formations and units can not be divorced from supporting the Army and an internal Area business planning process;
3. The complete Army business planning process is not failing and there are many strengths within the process;
4. Formations and units must have a better understanding of where and how they fit into it the Army business planning process; and
5. Formations and units must know how to conduct an internal business planning process (i.e. tactical level business planning process).

0.3. Outline

This research project will be broken into two chapters followed by a conclusion. Chapter 1 is broken into the seven sections and is focused on Army's business planning process. The first section (1.1) provides a general background on business planning and its relevance to the Army. The second section (1.2) outlines how business planning is conducted within the Army, first by reviewing the Army's current doctrine on the subject. The third section (1.3) seeks to identify where the actual business planning process differs from the doctrine, and the key reasons for the differences. The fourth section (1.4) identifies key strengths of the Army business planning process. The fifth section (1.5) identifies key weaknesses of the Army business planning process. The sixth section (1.6) is proposed Army Business Planning Process that attempts addresses the identified strengths and weaknesses, and is better designed to support tactical level business planning. The final section (1.7) outlines key conclusions from Chapter 1.

Chapter 2 is divided into two parts (i.e. Part 1 and 2) and is focused on the development of a tactical level business planning process that can integrate with the Army's business planning process. Part 1 assesses the feasibility of the Joint Operational Planning Process (JOPP) as tactical business planning process. Part 1 of Chapter 2 consists of three sections. The first section (2.1) is an introduction that identifies some of the key reasons for a tactical business planning process and the current Army planning process. The second section (2.2) assesses each stage of the JOPP to see if it can be modified to support a tactical level planning process. The third section (2.3) outlines key conclusions from Part 1.

Part 2 of Chapter 2 outlines a recommended tactical level business planning process that formations and units can use to develop their annual operating plans. Part 2 of Chapter 2 consists of six sections. The first section (2.4) is brief introduction. The second section (2.5) discusses an impact assessment that is conducted at the formation level, which integrates with the Army business planning process and supports some of the subsequent analysis of the tactical business planning process. The third section (2.6) outlines Stage 1 – Initiation of the proposed tactical business planning process. The fourth section (2.7) outlines Stage 3 – Course of Action (COA) Development. The fifth section (2.8) outlines Stage 4 – Plan Development and Stage 5 – Plan Review. The sixth section (2.9) outlines key conclusions from Part 2. The paper ends with a final conclusion for analysis conducted in Chapters 1 and 2.

CHAPTER 1 – ARMY BUSINESS PLANNING PROCESS

1.1. Business Planning and its Relevance to the Army

Business planning is not defined by the Army, but rather it is the Assistant Deputy Minister (Finance and Corporate Services) [ADM(FinCS)] who defines it as part of the GoC's broader expenditure management system (EMS):

> EMS is a cyclical process by which the GoC establishes broad national priorities and a budget strategy, arrives at a national budget decision (announced as the Budget Speech) and issues subsequent direction from which federal departments create their business plans.[9]

Introduced in 2007, the EMS allows for consistent and ongoing evaluations of direct program spending by all departments and agencies over a four-year cycle. Figure 1 illustrates the EMS cycle.

[9] Canada, Department of National Defence, *A-AD-125-000/FP-001 Defense Management System Manual* (Ottawa: Director Force Planning and Program Coordination, 1998), 1-6.

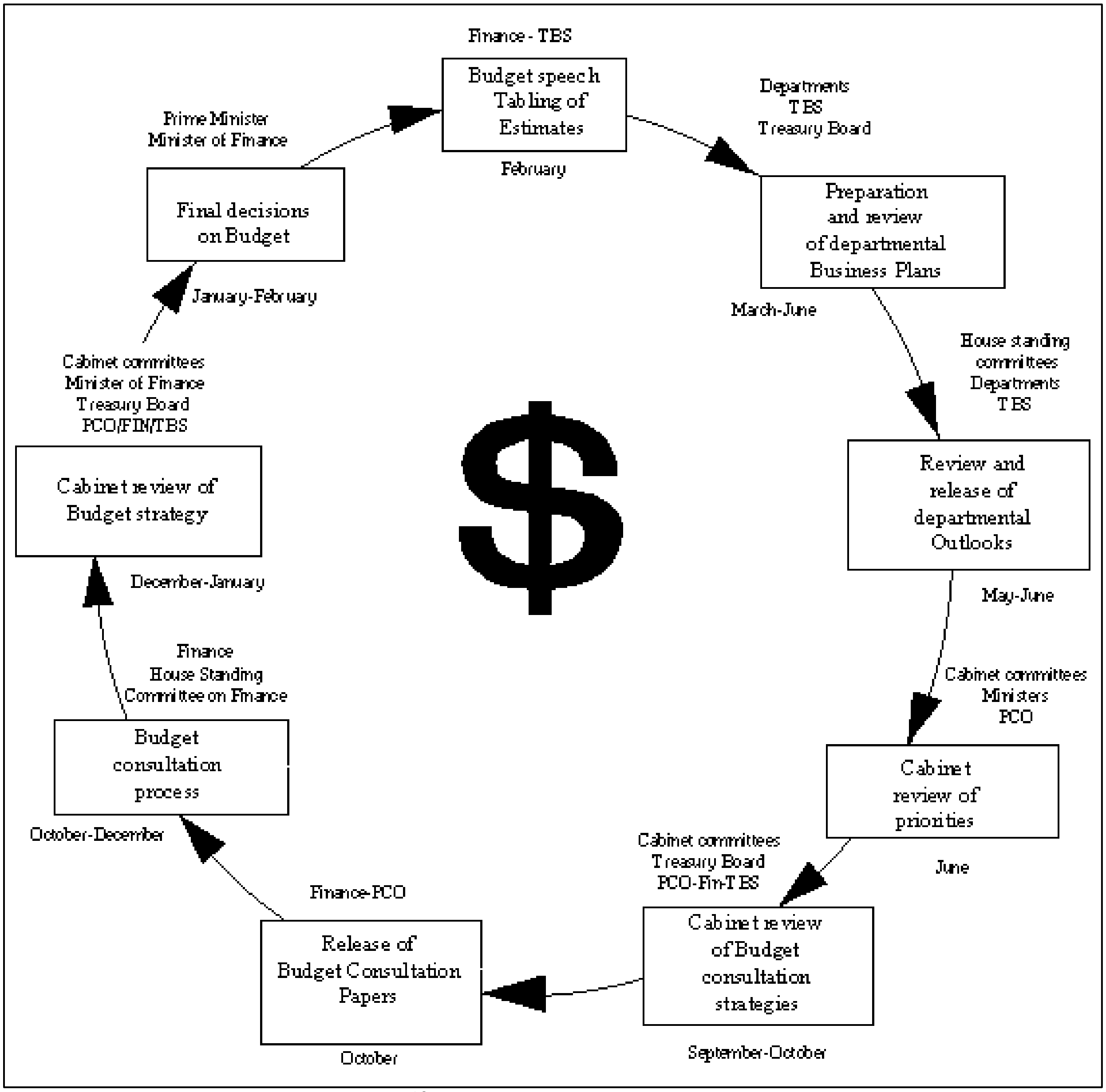

Figure 1. GoC's EMS Cycle[10]

Business planning was introduced in the early 1990s, as part of the Defence Management System (DMS) implementation,[11] and it is defined as a process that

identifies an organization's objectives, its strategies to achieve those objectives (given the

[10] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services, 2003), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 27.

[11] Canada, Department of National Defence, *A-AD-125-000/FP-001 Defense Management System Manual*, (Ottawa: Director Force Planning and Program Coordination, 1998), 1-6.

> environment in which the organization exits and the need of its clients), the performance measures it will use to measure progress and to meet its performance goals (i.e. commitments and targets). The Business Plan responds to Key Result Expectations by setting Output Levels within the constraints of the Defence Planning Guidance. These output levels are also the primary vehicles for vertical accountability.[12]

In the private sector, business planning represents a framework that a corporation applies to conduct the following six tasks: (1) analyze the external environment, (2) analyze the internal environment, (3) define the business and mission, (4) formulate strategies, (5) make tactical plans, (6) build procedures for monitoring and controlling revenues and expenses.[13] Although it can be argued that a corporation and the Army are fundamentally different a comparison of the two, from a business planning perspective, show the two be very similar.

Analyze the External Environment. Business planning has a number of process variations, but all fundamentally accomplish the above six tasks in order to minimize a corporation's expenses and losses, and maximize its revenues and gains. A standard business planning process will begin with gathering information on potential customers and the competition, which are external factors that feed into and influence the business' operations. For an Army formation or unit, the external environment could mean assessing the training requirements directed by the LFDTS, along with those specific tasks outlined in the Army operating plan. It could also mean looking for opportunities to partner or train with other formations and units, or with Allied nations.

*Analyze the Internal Environment.*Analyzing the internal environment is the next step the business planning process which, for a corporation, could mean looking into efficiencies within a manufacturing process, or examining inventory management for a retail-based company. A

---

[12] *Ibid*., iii.

[13] Tim Berry, "A Standard Business Plan Outline," accessed 12 January 2013, http://articles.bplans.com/writing-a-business-plan/a-standard-business-plan-outline/29.

series of costing methods, such as job order costing and process costing, have been devised for corporations by management accountants to aid in measuring internal performance. For an Army formation or unit, measuring internal performance involves assessing the detailed costs for training activities, along with making use of the doctrine and policies that guide/stipulate collective and individual training requirements/standards.

*Define the Business and Mission.*In terms of defining the business and mission, a defined mission statement is critical to both formation and unit tactical plans. Vision statements are also used by commanders to communicate their intent to their subordinates. For example the CCA's vision for 2012 was:

> Army training will continue to evolve into a unified, efficient, innovative, agile, sustainable training system that produces soldiers and leaders who are universally ready for full spectrum operations. It will be an institution renowned for its ability to optimize land operations training design and delivery, based on pertinent Land Warfare doctrine, with the greater internal CF and DND audiences as well as the external audience such as with Other Government Departments (OGDs) and close allies.[14]

It is at the tactical level where mission statements diverge the greatest, as tactical level mission statements are defined by LFDTS and include terms such as destroy, neutralize, seize, secure, etc. At the strategic level, the terminology for Army mission and vision statements can be similar in nature to the private sector. For example the Army's strategic goals are to "deliver combat effective land forces, sustain the Army, connect with Canadians and shape Army culture."[15] Terms such as deliver, sustain, connect and shape also resonate with the private sector, such as the service sector.

*Formulate Strategies and Make Tactical Plans.*In both a large corporation and the Army,

---

[14] Canada, Department of National Defence, *Army Operating Plan FY 2012/2013 V2* (Ottawa: Chief of Land Staff, 2011), 3-2/9.

[15] *Ibid*., 1-2/14.

it is necessary to develop strategies for large problems such as the management of human capital or organizations infrastructure requirements. One of the challenges of comparing the private sector to the Army is that the term “tactical” has a different connotation for the Army. In the Canadian Army, a tactical plan refers to a plan executed at the formation level or below, while in the private sector it refers to the level where (strategic) implementation occurs. A tactical plan in the private sector may still be developed by a management team. For example, a corporation’s strategy to invest in its human capital may involve a tactical plan for recruitment and retention of skilled personnel. Arguably, by this definition of tactical, the Army Operating Plan provides both the CCA’s strategy and the “tactical” plan for the FY. Ultimately, it is clear that the Army, similar to a corporation, develops strategies and tactical plans.

*Build Procedures for Monitoring and Controlling Revenues and Expenses.*The last component of business planning is establishing procedures for monitoring and controlling. In the private sector, this relates to the management of revenues, expenses, gains, and losses. Again, this final step remains relevant for the Army at all levels, as the CCA is accountable to the CDS and GoC for the efficient management of the funds allocated. The Army uses systems, such as the financial management accounting system (FMAS) and Defence Resource Management Information System (DRIMIS), to enable it’s comptrollers to track expenditures. These systems are based upon a general ledger (GL) accounts system that follow the rules of Generally Accepted Accounting Principles (GAAP) and satisfy the GoC’s FAA. Also, Army comptrollers’trimestrally (i.e. three times a year) conduct budget reviews, where in-year budget slippages and pressures are identified. This process, known as the T-Process, enables the DCCA to manage the in-year Operating Plan. Where slippage is occurring, the money may be pulled back to the centre and redistributed where needed. Therefore, although the Army does not need to worry about managing revenues[16], it does need to monitor and control its expenses similar to a corporation.

1.2 The Army Business Planning Process

The Army outlines the business planning process in the *Army Strategic Decision Making Handbook*, as shown in Figure 2. The process accounts for four levels of planning: the department level (i.e. Level 0), the Army level (i.e. Level 1), the Area level (i.e. Level 2), and the formation level (i.e. Level 3) and is conducted over a fifteen-month cycle. The process does not account for an internal unit level (i.e. Level 4) planning cycle. Two key components of the process are that all levels are dependent on each other and the cycles overlap each other. The culmination of the Army business planning process used to be known as the Strategic Operations and Resource Direction (SORD). Today, it is known as the Army Operating Plan, although the change in name has not been reflected in the *Army Strategic Decision Making Handbook*.[17]

---

[16] The exception to this being the management of non-public funds.
[17] For clarity the term Army operating plan will be used in place of SORD from this point forward.

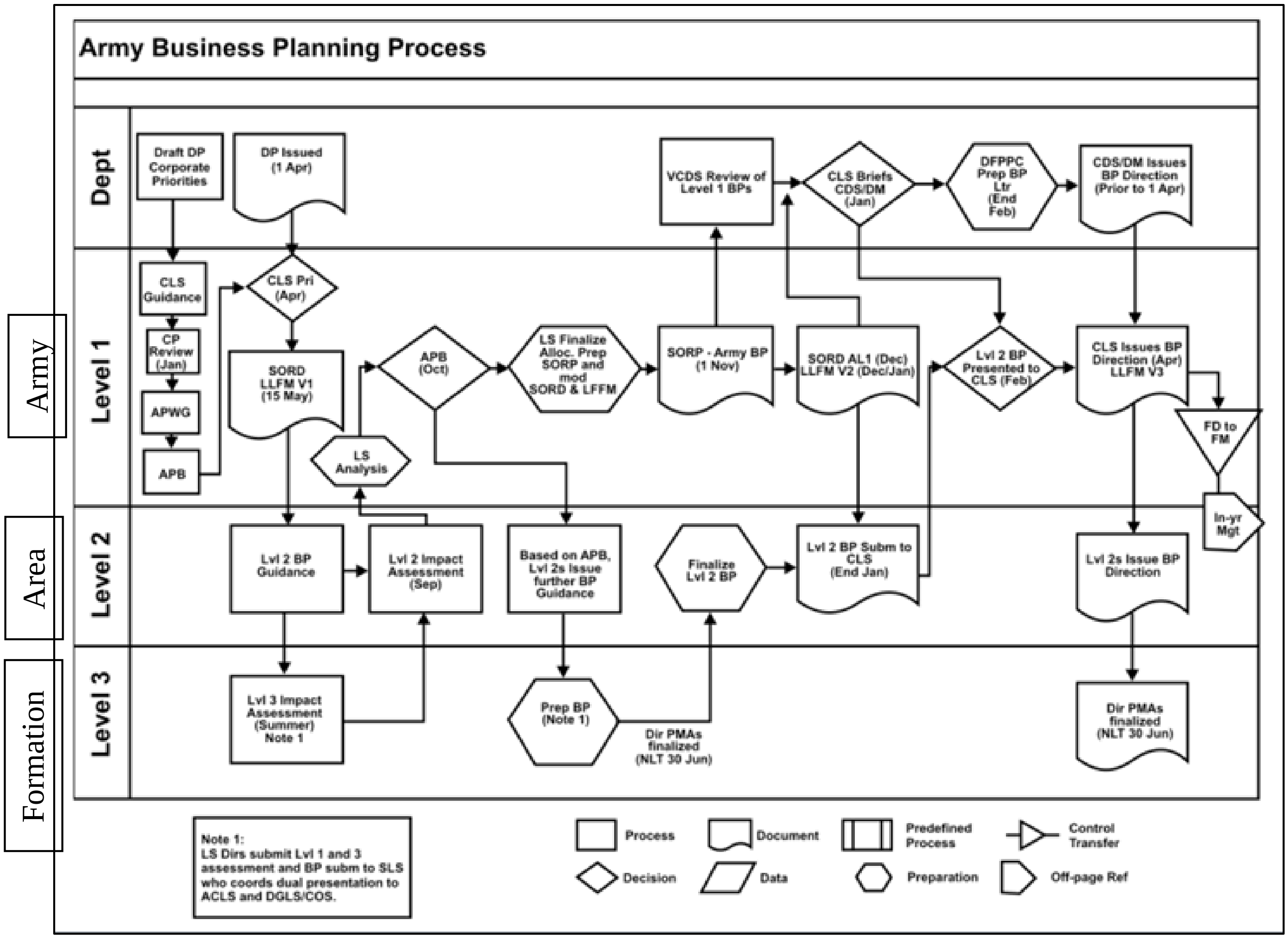

Figure 2. Army Business Planning Process[18]

The Army business planning process has evolved with time and the doctrinal process in Figure 2 is now out of date; however, the final product (i.e. the Army operating plan) is fundamentally the same final product as the SORD.[19] The Army operating plan still represents the primary direction from the CCA to all subordinate commanders (i.e. Area Commanders and the Commander LFDTS) and staff. Today, the Army operating plan is typically broken into six chapters[20] as follows:

---

[18] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook*, (Ottawa: Chief of Land Staff, 2004), 24-26.

[19] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

[20] Canada, Department of National Defence, *Army Operating Plan FY 2012/2013 V2* (Ottawa: Chief of Land Staff, 2011).

Chapter 1 – CCA's Intent – Framework

Chapter 2 – Army Operations Orders – Orders to all LFA and LFDTS

Chapter 3 – Guidance on Training the Force

Chapter 4 – Capability Development

Chapter 5 - Infrastructure

Chapter 6 – Financial Allocations

Its production is led by Deputy CCA and supported by three dedicated staff officers (i.e. Army Business Planners) holding the ranks of Lieutenant-Colonel and Major.

According to the *Army Strategic Decision Making Handbook*, the Army business planning process is started by the "department" (i.e. guidance from Chief of Defence Staff (CDS), Vice Chief of Defence Staff (VCDS), and the Deputy Minister (DM)) in January, two FYs before the Army operating plan is issued (i.e. 15 month cycle). The CCA develops his guidance and priorities through a number of working groups, such as the Army Program Board (APB) with priorities being identified in early April (i.e. FY prior) to Army Staff.[21] The intent is to provide the Army the Army Staff time to develop and issue the Army operating plan version 1 (V1) in mid-May to the Areas and LFDTS. In effect, the Army operating plan V1 provides the CCA's planning guidance for the Areas and LFDTS to plan their next FY activities. Figure 3 highlights the outlined portion in the doctrinal model.

[21] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

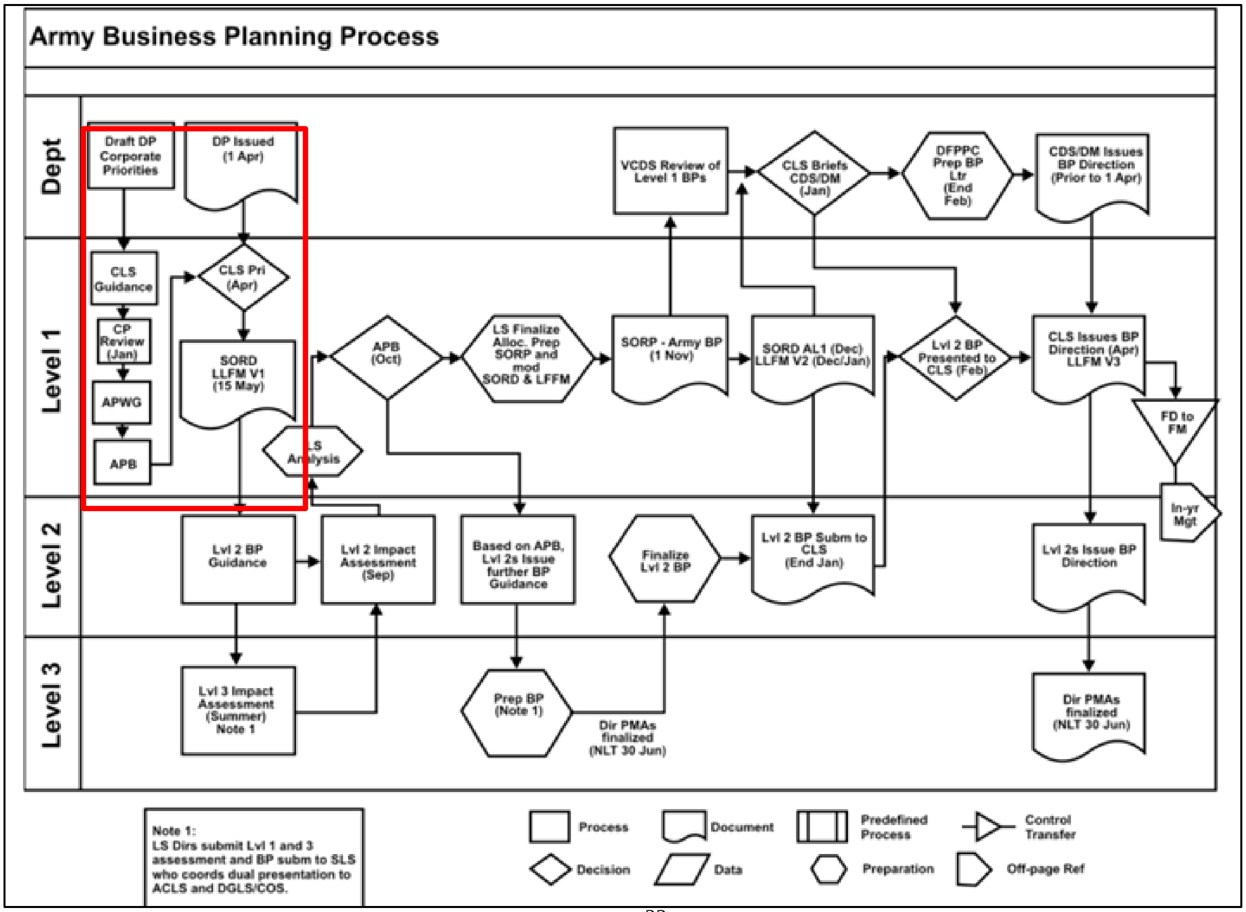

Figure 3. Army Business Planning Process[22] – CCA Planning Guidance

According to the *Army Strategic Decision Making Handbook*, the Army operating plan is promulgated down to the formation level, where an impact assessment is conducted and pressures (i.e. budgetary shortfalls) are identified back up though the Areas and LFDTS to the Army Staff. One of the many challenges with the business planning process is that initial financial allocations are provided in the Army operating plan V1 based upon the Land Force Funding Model (LFFM) and historical budgets. In effect formations need to assess both their assigned and implied tasks and compare these with their proposed budget instead of defining their budgetary demands based upon the assigned tasks. Based upon the impact assessment and

[22] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook* (Ottawa: Chief of Land Staff, 2004), 24-26.

feedback received from the Areas, the Army Staff then back-briefs the APB where further guidance is developed and subsequently issued back down to the Areas and LFDTS. Concurrently, the Army operating plan is refined along with the LFFM. A key point of concern from the Areas and Formations is the fact that LFFM is out of date and does not reflect trade specific financial requirements. For example, it arguably costs more to train an armoured crewman than a light infantry soldier due to the cost of running the supporting armoured vehicles (e.g. Leopard 2 Tank). Unfortunately, the LFFM has always been updated and, therefore, it does not always reflect many of these subtleties. Figure 4 highlights the outlined portion in doctrinal model.

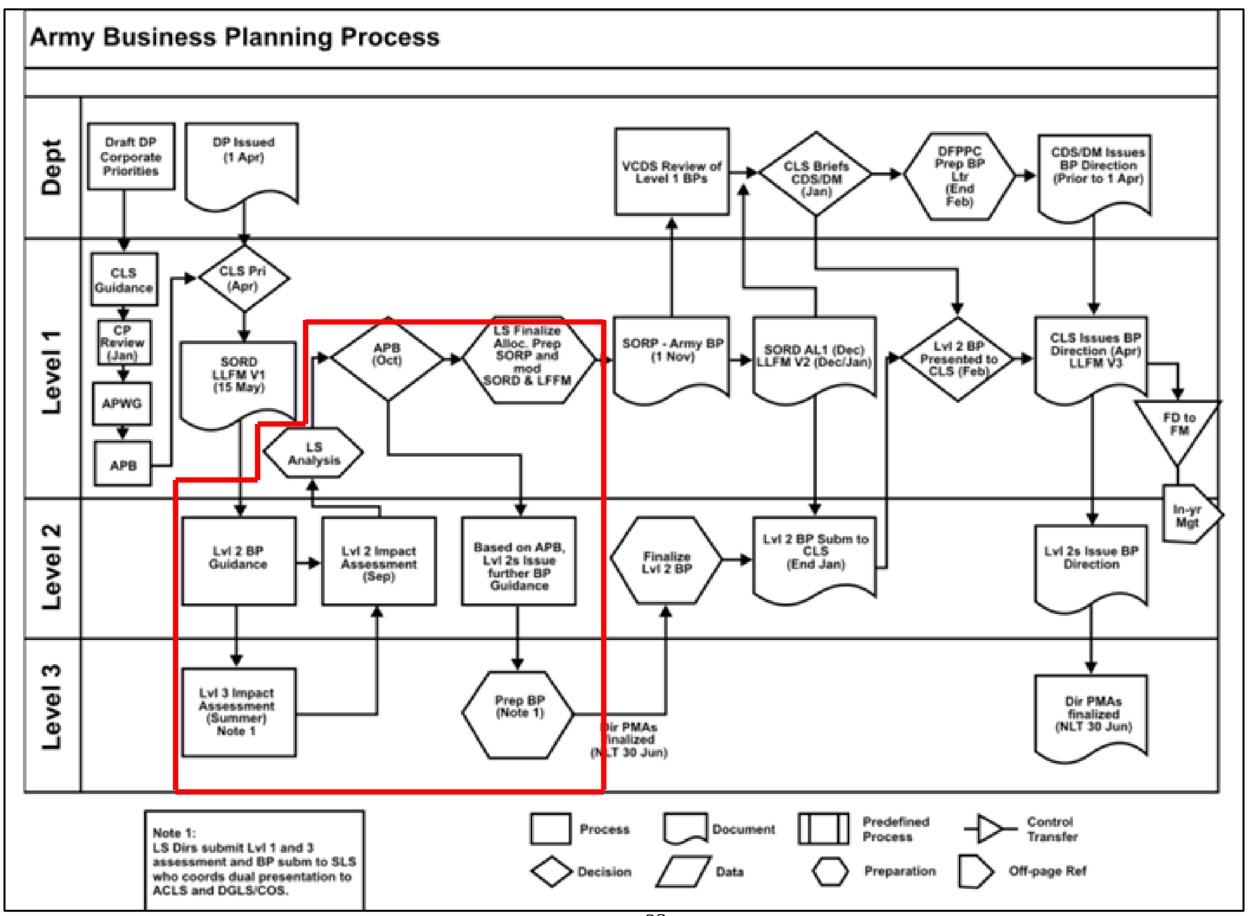

Figure 4. Army Business Planning Process[23] – Formation Impact Assessment

[23] *Ibid*., 24-26.

If one follows the doctrinal process in the *Army Strategic Decision Making Handbook*, in theory, by end-January ("out year") the Area business plans should be completed and submitted to the CCA for final review and back briefs to the Chief of Defence Staff (CDS) and Deputy Minister (DM).[24] One issue with the doctrine is that it does not recognize the iterative nature in which each level in the business planning process influences another. Although the process suggests that final feedback to level 2 and 3 follows the APB, the reality is the actual process may see updates to level 2 and 3 business plans based upon feedback from the VCDS or the revised Army operating plan. This iterative feedback loop needs to be incorporated into the doctrine. Figure 5 highlights the discussed portion of the doctrine.

[24] *Ibid*., 24.

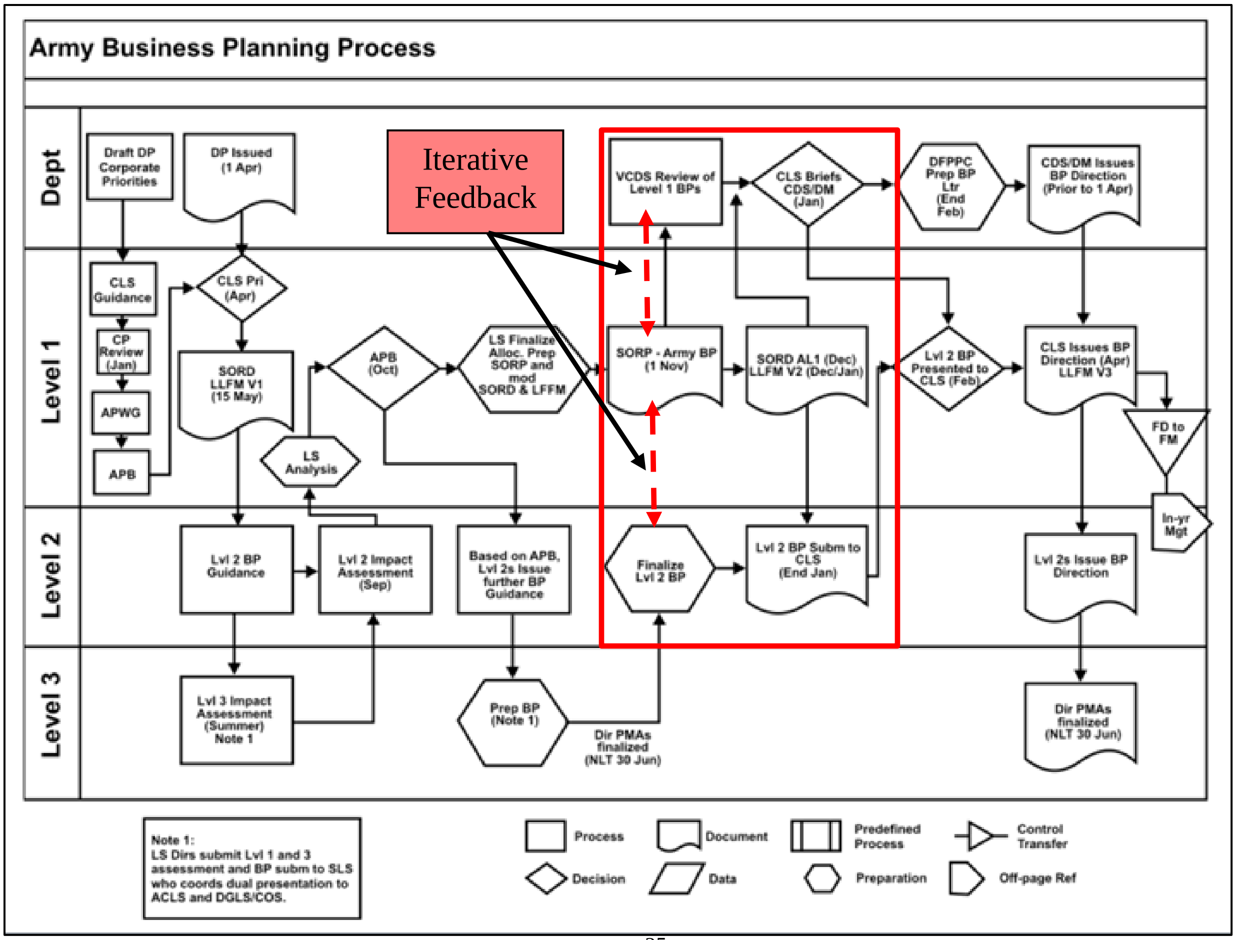

Figure 5. Army Business Planning Process[25] – CCA Back briefs to CDS & DM

The doctrine shows that the CCA back briefs the CDS and DM and with CDS approval all operating plans are summarily in April of the new FY. The final step in the Army business planning process is a "plans" to "operations" hand-off. For Army staff, this hand-off is easy to understand as it parallels the process used for developing tactical plans, which sees a hand-off from plans staff (i.e. G5) to operations staff (i.e. G3). Area operating plans are allocated down to the formations via an Area operating plan. Similarly, a formation operating plan provides guidance down to the units. At each level, a plans and operations hand-off occurs.

[25] *Ibid.*, 24-26.

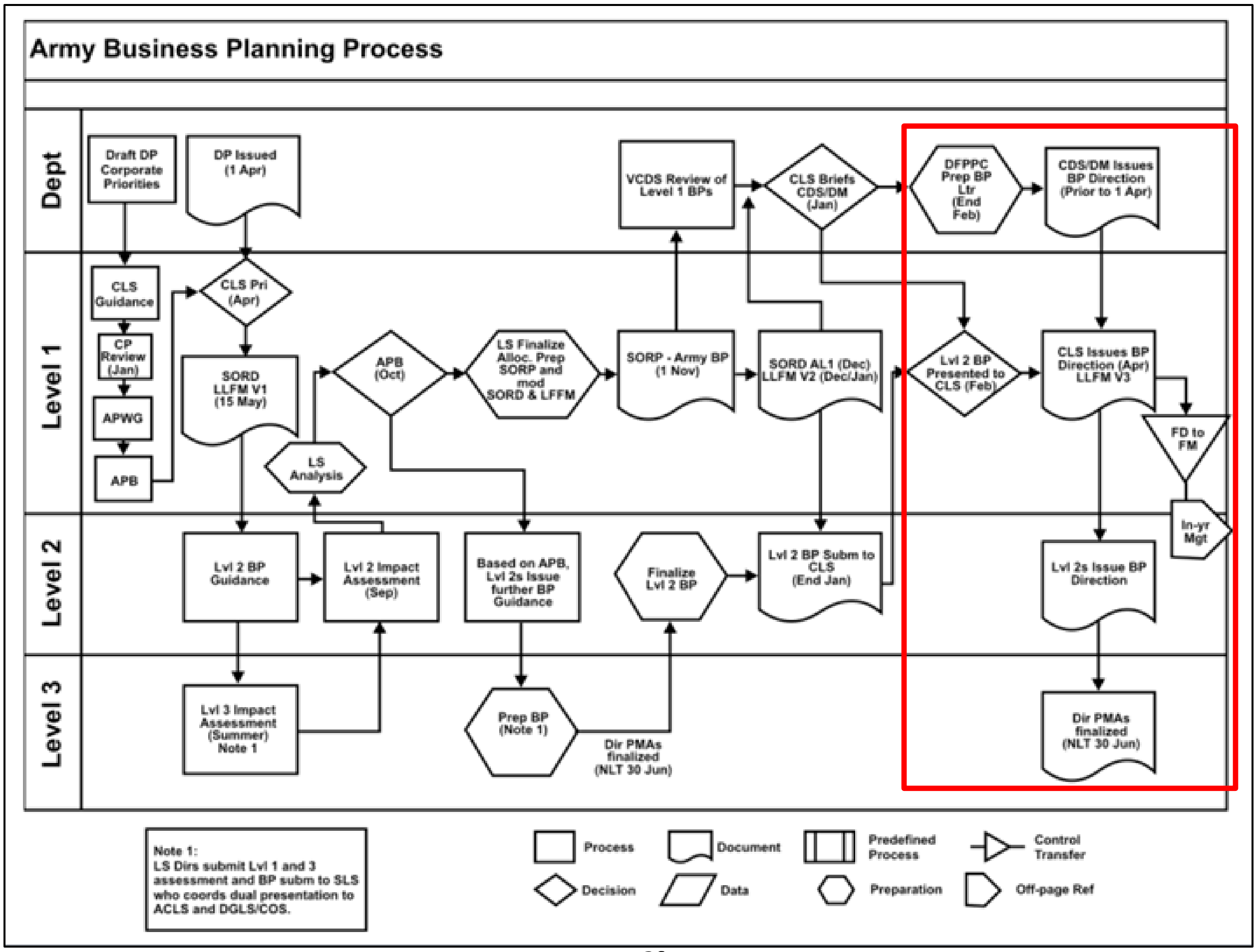

Figure 6. Army Business Planning Process[26] – Plans to Operations Hand-off

One key challenge that units have in replicating the business planning process is that the Army does not incorporate business planning into its developmental period 1, 2, or 3 training for its officers. The exceptions to this are the officers and SNCOs focused on financial activities, such as comptrollers and G8 staff. These staff are typically busy managing the in-year budget. Within most Army formations and units there is no dedicated business planner. This duty may fall to the formation G5, G4, or G8, depending on the Army formation. For units, the development and management of the annual operating plan typically falls to the unit Deputy Commanding Officer (DCO). G5 staff and Unit DCOs are not obligated to complete the CF

[26] *Ibid.*, 24-26.

business planning course run out of Saint-Jean, Quebec. The only limited financial training that G5 staff and Unit DCOs are currently obligated to take is the Government of Canada's (GoC) Section 32 and 34 qualifications,[27] and the Contracting Direct with Trade Course.[28] None of these courses provides guidance on annual financial planning, as they are all primarily focused on comptrollership of an in-year budget.

There are two potential options to address this knowledge gap. The first is to mandate business planning be incorporated developmental period training, such as the business planning course run out of Saint Jean, Quebec. The second is to clarify the Army's business planning process and develop a supporting tactical level business planning process that is simple to understand and meshes with established CF planning processes.[29]

1.3. Changes to the Doctrinal Business Planning Process

Although several elements of the Army's business planning process have changed over time, three versions of the Army operating plan are still produced (i.e. V1, V2, and V3), with Army operating plan V3 being the final version.[30] The Army operating plan V1 represents the first study draft. Its release to the Areas and LFDTS is much later than outlined in the doctrine (i.e. 15 May) as the actual deadline is early August to enable sufficient time for the Areas and

---

[27] Sections 32 and 34 are requirements from the Government of Canada's Financial Administration Act (FAA) (1985) that ensure members have the necessary financial authority for public transactions: "Section 32 provides that no contract providing for a payment can be entered into unless there is sufficient funding available to discharge any debt that under the contract will be incurred during the fiscal year in which the contract is entered into. Section 34 ensures that no payment can be made unless the deputy of the appropriate Minister, or another person authorized by the Minister certifies, in the case of a payment for the performance of work, the supply of goods or the rendering of services, that the work has been performed, the goods supplied or the service rendered and that the price charged is in accordance with the contract, or if not specified in the contract, is reasonable."

[28] Major Luis Carvallo (DCO 2 CER), Unit Business Planning, phone interview by author, 10 February 2013.

[29] Chapter 2 – Part 2 proposes a tactical level business planning process.

[30] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

LFDTS to outline their pressures at the Army Business Planning Symposium[31], historically scheduled for a week in September.[32] This symposium is comprised of representatives from all the Areas. Depending on how the subordinate Area conducts its business planning, a mixture of G5 and G8 staff attend.[33] The fact that different formations assign their business planning to different staff reflects that there is a great deal of confusion concerning the importance of the Army business planning process and how to conduct it.

Throughout the months of September and October, the Army governance still requires a number of meetings/working groups take place, including Army Council and Army Training Council, both of which help shape and refine the Army operating plan. Army Council is led by the CCA and sees all the Area Commanders and Commander LFDTS attend.[34] Army Training Council is led by Commander LFDTS and sees all the Area Commanders attend.[35] Other Army Staff-led conferences that support the Army business planning process include the Combined Army Conference (CAC), which is attended by the Area G3s and G33s. Using the feedback from Army's governance (i.e. Army Council, Army Training Council, CAC, etc.) the Army business planner refines the Army operating plan V1. By end-October/early-November the Army operating plan is released to the Areas and Army Staff as V2. [36]The doctrine fails to show the degree of influence that the Army's governance has in the business planning process, in

---

[31] All issues and financial pressures from the Areas and LFDTS are captured at the Army Business Planning Symposium. These pressures are back-briefed to the Deputy CCA (DCCA).[31] Much like a unit in which the DCO typically develops and manages the annual operating plan, it is the DCCA who is responsible for the Army's business planning process.

[32] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

[33] A key point identified in researching this thesis is that many Army formations conduct their business planning differently.

[34] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook*, (Ottawa: Chief of Land Staff, 2004), 134-136.

[35] *Ibid.*, 190-192.

[36] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

particular, when versions of the operating plan need to be completed. For example, the actual deadline for Army operating plan V2 is typically advanced a month to end-October/early-November[37] to correspond with second Army Council that is run in late November.

Another element that is not accurately represented in the doctrine is there are several back-briefs to organizations such as the Chief of Force Development and Chief of Programs (CPROG) throughout the Army business planning process.[38] These organizations work for the VCDS and manage the CF budget and programs (e.g. the equipment procurement program).

The final element that is not recognized in the doctrine is the Area Commanders and the Commander LFDTS have three to four weeks to review and apply feedback from the second Army Council run in November. At this meeting, Area Commanders and Commander LFDTS brief their plans and identify their (financial) pressures to the CCA. Methods to mitigate funding shortages and/or request additional funds may be provided from the CCA's reserve. The CCA may even consider going back to the VCDS, through the Chief of Programs, for additional funds.

Consequently, the Army's actual business planning process maintains much of the basic framework as outlined in the doctrine; however, much of the planning has been pushed to the fall period, as the Army's governance mechanisms are critical for shaping the operating plans. For example, the results of the November Army Council meeting are critical to confirming planned major activities, essential tasks, and allocated resources (i.e. budget, common equipment, and training areas) at all levels.[39] Therefore, along with the Army Business Planning Symposium, second Army Council should be captured in the Army business planning process, as former one initiates the planning process and the latter ends it. Although this section has compared the actual

[37] See Figure 2.

[38] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

[39] *Ibid*.

Army business planning process with the doctrine, and the differences suggest that several doctrinal changes are required to the doctrine, it is also necessary to analyze the strengths and weaknesses of the process before a new process is recommended.

1.4. Strengths of the Army Business Planning Process

Time Available. A key advantage of the current Army business planning process is the time available for areas and formations to conduct it and synchronize their plans with Level 1 and 2 authorities. According to the doctrine, formations should receive preliminary guidance in mid-May from the Army operating plan V1 and have until end-June to prepare their business plans. This process, in theory, leverages formation and unit staff before the annual posting season. The reality is that the Army operating plan V1's release more closely corresponds with the Army Business Planning Symposium (early-September). To give Area staff sufficient time to review the Army operating plan V1, before the Army Business Planning Symposium, it sees V1 released as late as early August. [40] Regardless of the process utilized, sufficient time must be allotted for formations and units to conduct their own internal business planning cycles (i.e. a tactical level business planning process) and support the Army's governance mechanisms.

Most formation business planning (i.e. tactical level business planning) and support to the Army's business planning process is conducted in the fall,[41] as formations and units utilize the same staff to both develop the "out-year" operating plan and manage the "in-year" operating plan. Currently, the recognized final planning deadline for areas, formations, and units is the Army Council meeting scheduled in November, where the Area Commanders and the Commander LFDTS back-brief their plans to the CCA and senior Army staff. The continued use of this deadline proves that there is sufficient time in the fall for formations and units to conduct

[40] *Ibid.*
[41] Major Scott (22 Jan 13) and Major Carvallo (10 Feb 13), *interviews*.

their own tactical level business planning process.

The current process also proves there is sufficient time to revise a formation operating plan, as the Area Commanders typically release any final guidance to their subordinate formations in early December, following the November Army Council.[42] This leaves a week or two for formations and units to review and assess the Area operating plan and guidance before the Christmas leave block. If major adjustments need to be made the Christmas block leave period provides some flexibility to revise the operating plan. Most adjustments to formation and unit operating plans are conducted post-Christmas leave, which proves the two the three weeks in January is sufficient to for most formations and units refine their plans, even without a standardized tactical level business planning process.

Timeliness. Leaving formations free in the spring has also proven to be ideal as both formations and units are typically quite busy in the spring (i.e. early-April to end-June) planning for summer tasks and any major formation activities scheduled for the fall. A formation's in-year budgets will have only been confirmed once the approved Army operating plan is released (i.e. new FY). Until the new FY budget is confirmed, detailed event-specific planning (e.g. formation exercise) is partially restricted, as no financial commitments can be made (e.g. down payment) without confirmed funding. [43]

1.5. Weaknesses of the Army Business Planning Process

Internal Unit Business Planning Process. The first key weakness in the Army business planning process is the process currently does not incorporate an internal unit business planning

[42] Major Ronald Balkaran (Land Force Central Area G5), Business Planning, *interview*, 25 November 2012, Toronto, Canada.

[43] Major John Scott (former 2 Canadian Mechanized Brigade Group G4), Business Planning, *interview*, 22 January 2013, Toronto, Canada.

process[44] within the Army business planning process. This suggests that the formation level is the lowest level at which an annual operating plan needs to established. In researching this paper, very little detail was found in the CF and Army doctrine with respect to how business planning translates down to the tactical level (i.e. level 3 and 4). Figure 2 only shows level 3 business planning incorporated in the Army business planning process. The DMS manual and Department of National Defence Resource Manager's Guide only addresses strategic level business planning for Level 1 managers in detail. Unit budgets also demand that an annual operating plan be developed for planning major activities and accountability purposes, such as unit exercises and primary qualification training that covers several courses (i.e. Regimental schools).[45]

Attempts to Incorporate Private Sector Management and Financial Accounting Procedures. A second key weakness with the Army business planning process is strategic direction to incorporate management accounting procedures down to the tactical level. Unlike a corporation, which is concerned with profits, the Army, particularly its formation and unit commanders, is concerned with providing forces that can

> respond to domestic, continental and other government-directed tasks, and … can participate or take the lead in a major, sustained international operations, as well as deliver a surge capability to support a minor international operation.[46]

The Army's core business is to produce effectively trained soldiers, which is extremely expensive to achieve. Moreover, the Army does not use profit in measuring performance levels. But certainly, the Army has an obligation to ensure that it is efficiently run and that it achieves a degree of readiness, which can indeed be assessed. Readiness is measured using individual and

[44] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook*, (Ottawa: Chief of Land Staff, 2004), 24.

[45] Based upon the author's personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.

[46] Canada, Department of National Defence, Army Operating Plan FY 2012/2013 V2 (Ottawa: 2011), 1-2.

collective battle task standards that are provided by the Land Force Doctrine and Training System (LFDTS), and not by using measures of profit. Therefore, there is a clear divergence at the tactical level, and in particular with the measures of effectiveness (i.e. Army: readiness – battle tasks standards achieved versus private sector: profit), which makes incorporating business planning challenging at this level.

The Army also cannot incorporate many standard financial management procedures, such as a return on investment (ROI) an internal rate of return (IRR) analysis, as both ROI and IRR seek to compare measurers of profit. There are also a number of costing methods, such as absorption, variable, and activity-based costing (ABC) that have been established for monitoring expenditures.[47] ABC is an effective costing method to assess the actual expenses committed to an activity, instead of just O&M (e.g. labour). [48]Given the CF centrally funds the military wage envelope (MWE) and salary wage envelope (SWE) for civilians, this makes the implementation of ABC very difficult. [49]

Training and Experience. A third key weakness is the training and capacity of formation and unit staff to conduct tactical level business planning, as discussed earlier. The Army business planning process takes substantial staff effort; consequently, it is managed by three dedicated staff officers holding the ranks of Lieutenant-Colonel and Major. Army business planners can also solicit the support of the Army's Comptroller staff. At the formation level, business planning often falls to the G5 or G4 staff that are responsible for supporting in-year training

---

[47] R. Libby, et al, *Financial Accounting: Third Canadian Edition*, (Toronto: McGraw-Hill Ryerson, 2008), 173-245.

[48] C.M. Walton-Simm's 2004 thesis entitled, "Business Planning in The Department of National Defence/Canadian Forces – The Need for Transformation," argued in favour of the CF using ABC to manage expenses (master's thesis, Canadian Forces College, 2004), http://www.cfc.forces.gc.ca/papers/csc/csc30/mds/waltonsimm.pdf#pagemode=thumbs. This thesis disagrees with Walton-Simm's support of ABC.

[49] Many common accounting methodologies, such as activity-based costing (ABC), are not suitable for Army governance; however, this thesis will not explore this in detail.

activities.[50] At the unit level, similar challenges exist with the DCO and Operations Officer typically responsible for developing the unit annual operating plan.

Although the primary staff within formations and units are typically Army Operations Course qualified, many of these officers are not familiar with business planning or financial planning. The Army teaches the combat estimate, estimate, and the OPP. These planning process are intended for supported the planning of tactical operations and not business planning, although they all both provide a logical and structured process for plan development. The Army does not train its tactical level leadership on the Army business planning process or a tactical level business planning process to support formation and unit annual operating plans.[51] In fact, the CF College (CFC) only teaches the Joint OPP (JOPP), leaving business planning out of the current curriculum.[52] To simplify the development of an annual operating plan, formation and unit staff require training on the Army business planning process and a standardized tactical level business planning process needs to be developed.

It could be argued that the capacity gap within formations and units to conduct business planning could be mitigated by increasing the size of the staff. For example, the G5 could have a subordinate G5 business planner and a G5 tactical planner. This approach was used on operations to Afghanistan (i.e., Operation ATHENA) in which a dual staff system was developed with an established J5 and G5 staff.[53] The J5 staff was focused on the campaign planning and consisted of joint command and staff program qualified officers, while the G5 staff was focused on tactical level planning and consisted of AOC qualified captains and majors. In many ways,

---

[50] Major John Scott (former 2 Canadian Mechanized Brigade Group G4), Business Planning, *interview*, 22 January 2013, Toronto, Canada.

[51] Based upon the author's personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.

[52] *Ibid*.

[53] Based upon the author's personal experience as Officer Commanding Counter-Improvised Explosive Squadron on Operation ATHENA 2008-2009.

campaign planning parallels that of business planning, as business planning is focused on long-term planning, although in a garrison environment. In Afghanistan, the overarching campaign plan, known as KANTOLO, represented a framework under which the Task Force Kandahar conducted its tactical operations.[54] Arguably, an annual operating plan is a type of campaign plan and the same staff structure could be applied to an Army formation in garrison. However, it is recognized that adding positions to formation and unit headquarters is likely to be unpalatable with senior Army leadership, given that there are Regular Force Mechanized Brigade Groups, Reserve Force Brigades, and Area Support Groups that would all require MWE and/or SWE budget increases. An alternate option is to clarify the Army business planning process for formations and units, and to develop a standardized formation and unit planning process that can be conducted by junior staff. Chapter 2 will be discussing such a proposal.

Bottom-Up Influenced. A fourth key weakness is the Army's business planning process is heavily bottom-up influenced, shown by the early involvement of formations in the process (i.e. formation impact assessment).[55] Bottom-up driven processes have limitations in times of fiscal constraint (e.g. downsizing, post operations, recessions, etc.) and compressed timelines. Arguably, the actual process has compressed the planning timelines for formations, which reduces the opportunity for feedback. The actual process is also well synchronized with the Army's governance mechanisms, which enables more top-down direction is implemented into formation and unit plans. Formations and units will always try to achieve all training goals and implied tasks, as this directly affects readiness, which is a primary measure of effectiveness.[56]

---

[54] *Ibid*.

[55] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook* (Ottawa: Chief of Land Staff, 2004), 24.

[56] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

The Army operating plan should incorporate guidance where formations and units need to assume risk to minimize financial pressures (i.e., restraints). More top down direction may help the Army to reduce reliance on the currently large number of governance meetings/working groups. The doctrinal business planning process needs to formally recognize both staff and command authorities in the process.

1.6. Recommended Army Business Planning Process to Support Tactical Level Business Planning

Figure 7 is a revised Army business planning process that accounts for the strength of doctrinal process and seeks to address the key weaknesses identified. The proposal outlines more clearly how Level 1, 2, 3, and 4 plans closely support each other, similar to the actual Army business planning process. The proposed amendment to the Army business planning process seeks to obtain concurrent planning at Levels 1 and 2, by having the CCA provide both initiating directive to Army Staff and a warning order to the subordinate commanders. This process is used to develop operational plans. The same approach is repeated for Level 3 and 4 planning, with the Formation Commanders issuing both initiating directive to their staff and a warning order to their subordinate unit commanders. The spring (i.e. early-April to end-June) represents the initial planning period for Levels 1 and 2,[57] and the fall (i.e. early-September to end-November) represents the initial planning period for Levels 3 and 4,[58] which matches the actual Army business planning process and recognizes that formation and unit staffs are the same staff planning the "out year" and managing the "in year."

In between the Level 1 and 2 and the Level 3 and 4 planning periods (i.e. summer) the proposed process requires a task assessment and risk assessment to be conducted by the

---

[57] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

[58] Major Scott (22 Jan 13) and Carvallo (10 Feb 13), *interviews*.

Formation Commander to provide tactical level feedback to Level 3 and 4 authorities. The feedback is due early September to support the Army Business Planning Symposium and Army Council. The doctrinal process outlined in the *Army Strategic Decision Making Handbook*. suggest that Level 2 and 3 feedback should be an impact assessment. Arguably an assessment of the key tasks and risks satisfy the requirements of an impact assessment; however there was no CF *doctrine*[59] on how to conduct an impact assessment.[60] Key tasks should be compared BTS mandated by LFDTS. The Department of National Defence *Resource Manager's Guide* provides significant doctrine on financial risk assessment. For other risk factors tactical business planners can utilize *B-GJ-005-502/FP-000 Risk Management for CF Operations* as doctrinal guide. The impact assessment should be provided via the Army's governance through both the staff (i.e., Army business planning symposium) and command network (i.e., Army Council and Area Commander strategic planning sessions).

The proposed process shortens the tactical planning period by pushing it to the fall. Where concerns may exist with a shortened timeline, the fall period has proven to be sufficient for tactical planning, based a review of the actual business planning process. Sufficient time still remains for a second tactical planning cycle/review in late-November through early-January, following the November Army Council. This proposal ensures the process remains iterative in nature, with updates from both the command and staff networks. Consequently, the recommended process enables two iterative versions of the formation and unit operating plans to be completed, while the Army and Areas have time to develop three iterative versions

---

[59] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook* (Ottawa: Chief of Land Staff, 2004).

[60] Research in Impact Assessment doctrine yielded limited CF doctrine. A Regulatory Impact Assessment Guide Note was identified though the Government of Western Australia, http://www.treasury.wa.gov.au/cm/content.aspx?id=3673.

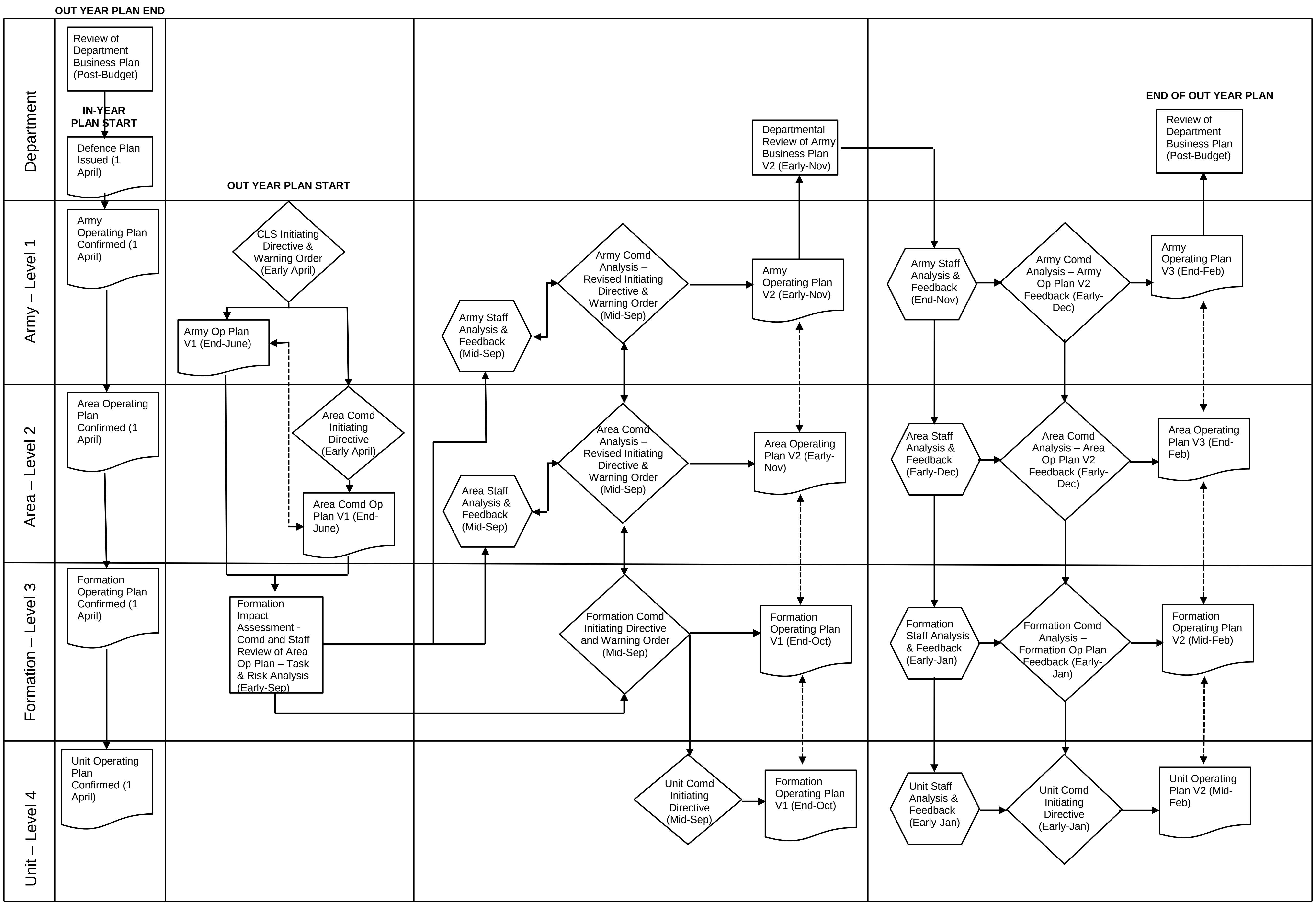

Figure 7. Proposed Army Business Planning Process

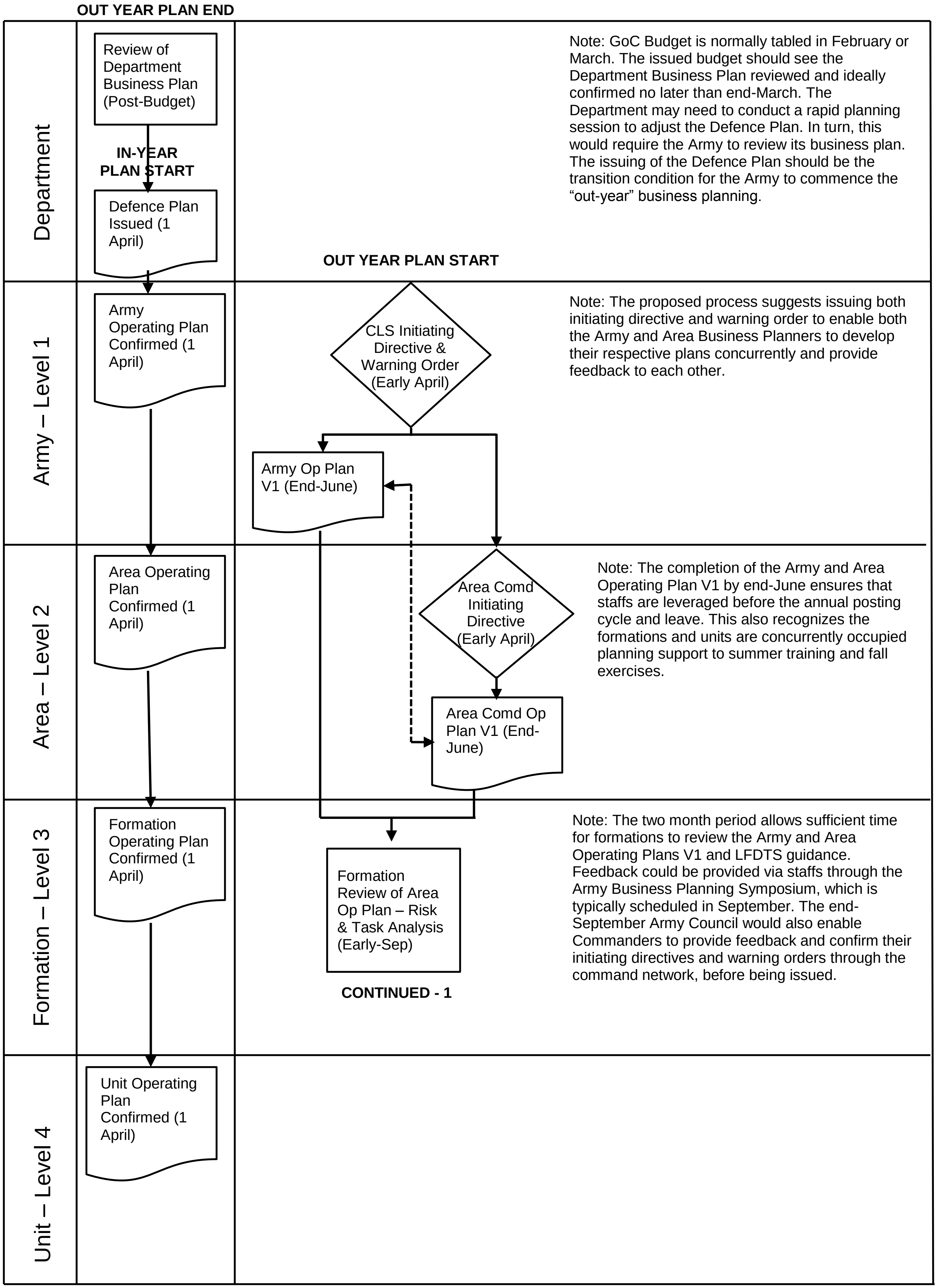

Figure 7. Proposed Army Business Planning Process

1.7. Conclusion

The implementation of business planning as part of the CF's EMS system was a sound choice as many of the components of corporate business planning translate well to the Army. For example, the Army similar to the private sector, must analyze the external environment, analyze its internal process, define its business and mission, formulate strategies, make tactical plans and establish procedures for monitoring expenditures. It is at the tactical level where the greatest divergence occurs, as tactical level missions are significantly different from the private sector.

A review of the established Army business planning doctrine has revealed that the doctrine is out of date. The LFFM is source of significant angst, as it is supposed to update throughout the business planning process. The lack of maintenance of the LFFM requires formations and units to continually argue their case for additional funds, instead of the LFFM effectively guiding tactical level business planning, as it was intended. Even the iterative nature of the business planning process is not identified in the doctrine. A key challenge for formations and units to navigate this is the absence of a dedicated business planner and the lack of business planning training.

Although the current Army business planning process differs from the doctrine, the actual process retains the fundamental structure of the doctrine. The actual deadlines are synchronized with the Army's governance mechanism, in particular the Army business planning symposium and Army Council. There are some key strengths in the process, in particular the time allotted for tactical planning and the primary planning windows.

The doctrinal business planning process has several weaknesses. The first is that the process does not recognize the requirement for an internal unit business planning process. Second, there is a lack of training and expertise available to conduct business planning at the tactical level (i.e., formation and unit level) to conduct business planning, which requires the

Army established a standardized tactical level planning process. Third, the current process is heavily bottom up influenced and thus must be re-aligned with more emphasis on command influence. For example, in times of fiscal constraint, formations and units also need planning limitations (i.e., constraints and restraints) to be identified from authorities. Fourth, when analyzing the internal environment planners must recognize that revenue and, in turn, standard management accounting procedures for comparing courses of action, such as ROI, cannot be used by the Army.

It has been suggested that the Army use financial accounting procedures, such as activity-based costing to improve financial management. At the tactical level, this approach to financial accounting is unsuitable, as many components (e.g. MWE, SWE, major equipment acquisitions, and major infrastructure recapitalization programs) of the Army's budget are centrally managed. A new Army business planning process was proposed that recognizes both staff and command authorities more clearly, along with primary planning windows. However, this only addresses part of the problem as there is no standardized tactical level business planning process taught to Army officers on the AOC or even on the JCSP. Chapter 2 seeks to address this problem.

CHAPTER 2 – TACTICAL LEVEL BUSINESS PLANNING PROCESS

Part 1: Assessing the Feasibility of the JOPP as a Tactical Business Planning Process

2.1. Introduction

Unanticipated tasks are a serious challenge that formations and units struggle to manage.[61] This speaks to one of the fundamental roles of the Army (i.e. to support domestic operations) and this is a factor that must be managed by formation and unit commanders. Both the CF and the Army recognize this challenge and maintain a commander's financial reserve for unforecasted expenses. Area and Army operating plans are extremely detailed and do not give formations and units authority to maintain a financial reserve. Consequently, most commanding officers plan activities that have easy financial "off-ramps" in case the approved budget is less than requested. Therefore, it is imperative that formation and unit plans and their planning process be flexible to enable commanders to adjust priorities and assume risk. In fact, the planning process used by formations and units must be sufficiently flexible and fast enough to support another planning cycle, if required.

A second reason that flexibility is required in any established formation or unit planning process is that a funding allocation from the GoC can change rapidly, which is outside the CF's control. The Army operating plan V3 is based upon a predicted level of funding from the GoC. The Canada First Defence Strategy (CFDS) has seen the GoC commit to the provision of "stable, predictable funding"[62] for the CF in order to support long-term planning. The CFDS represents a significant change in policy from the mid-1990s, when the CF budget was radically cut during

---

[61] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

[62] Canada, Department of National Defence, *Canada First Defence Strategy*, (Ottawa, 2008), http://www.forces.gc.ca/site/pri/first-premier/June18_0910_CFDS_english_low-res.pdf.

the recession. This CFDS policy, if implemented as it was intended, can help the Army manage its business planning based upon mandated GoC priorities. Otherwise, the CCA's financial reserve provides the only other significant source of financial flexibility for the Army if the GoC's priorities change in the new FY.[63] For this reason, supporting planning processes for formations and units must be sufficiently responsive and flexible to adjust accordingly, should priorities change from the GoC.

The established tactical level planning process for formations and units is the estimate and the OPP.[64] The estimate is designed as an individual planning process and is intended for unit level planning, while the OPP is designed as a collective planning process and is intended for formation level planning. Both processes can be utilized to plan formation and unit activities. An issue with both planning processes is that neither incorporates elements of financial management and campaign design within, essential aspects of an annual operating plan.

A campaign plan provides a framework through which support multiple lines of operations, with clear decisive points to achieve defined objectives towards an operational end state.[65] Although campaign design is focused at the operational level, the JOPP provides a process that could arguably be used to support tactical level business planning. Several elements of the JOPP will need to be modified to support business planning. The feasibility of this will be assessed in the remainder of Part 1.

2.2. Assessing each JOPP Stage

To assess the feasibility of the JOPP as a tactical level business planning framework, one

[63] Although the GoC is honouring its financial commitments, the CF in FY 2012/2013 was asked to cut a $1 billion dollars from its budget.

[64] Based upon the author's personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.

[65] Canada, Department of National Defence, *Canadian Forces Operational Planning Process (CF OPP)* (Toronto, ON: 2013).

must understand the fundamental stages and supporting steps of the JOPP. The JOPP consists of five stages: initiation, orientation, course of action development, plan development, and plan review.[66] Within each stage there are several steps, and within each step there may be several sub-steps and a significant amount of analysis required. Any proposed modifications to the JOPP to support tactical level business planning will need to follow the same fundamental stages and steps to enable it to be understood and utilized by formation and unit staff.

With a headquarters the staff tasked with conducting a JOPP is known as a Joint Operational Planning Group (JOPG). A JOPG consists of all key staff from the J5, J2 (intelligence), and J4 (logistics), as well as staff and advisors such as engineers.[67] For a formation and unit business planning, the same key staff will be required. Potentially, a few additions may also be required for business planning, such as the G8, in order to address the proposed budget. At the unit level, the planning team may be limited to the DCO, Operations Officer, and Operations Warrant Officer.[68] Other key unit leadership may include the unit Logistic Officer and Maintenance Officer.

Stage 1 – Initiation. The JOPP Stage 1 - Initiation consists of four steps: reviewing and assessing the higher commander's initiating directive, activating the planning staff, providing commander's direction to the staff, and lastly, providing the Commander's stage two direction and a Warning Order to subordinate units.[69]

---

[66] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

[67] Canada, Department of National Defence, *CF OPP Notes*, (Toronto: Canadian Forces College, 2013).

[68] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

[69] Canada, Department of National Defence, *Canadian Forces Operational Planning Process (CF OPP)*, (Toronto, ON: 2013).

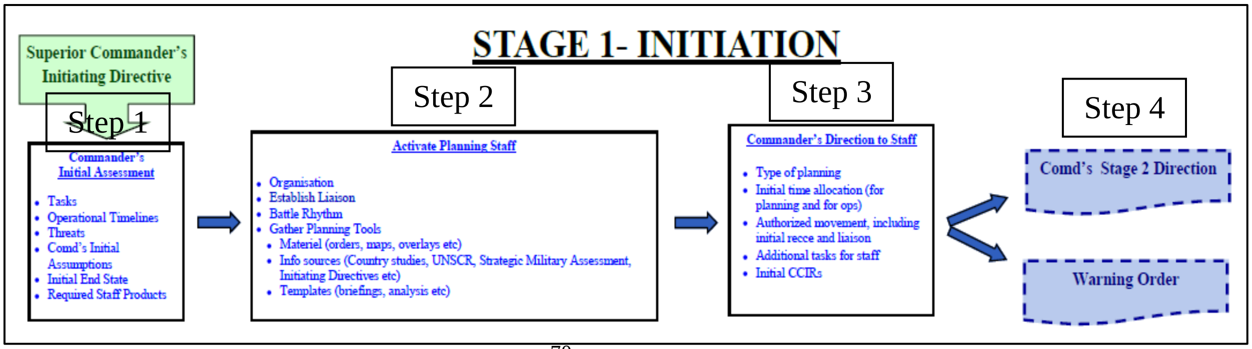

Figure 8. JOPP Stage 1 -- Initiation[70]

Stage 1 is typically conducted by the Commander and his key staff, such as the COS and J5. This fundamental component of the JOPP should remain consistent for any proposed formation or unit business planning, as business planning is intended for developing an organization's annual operating plan.

[70] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

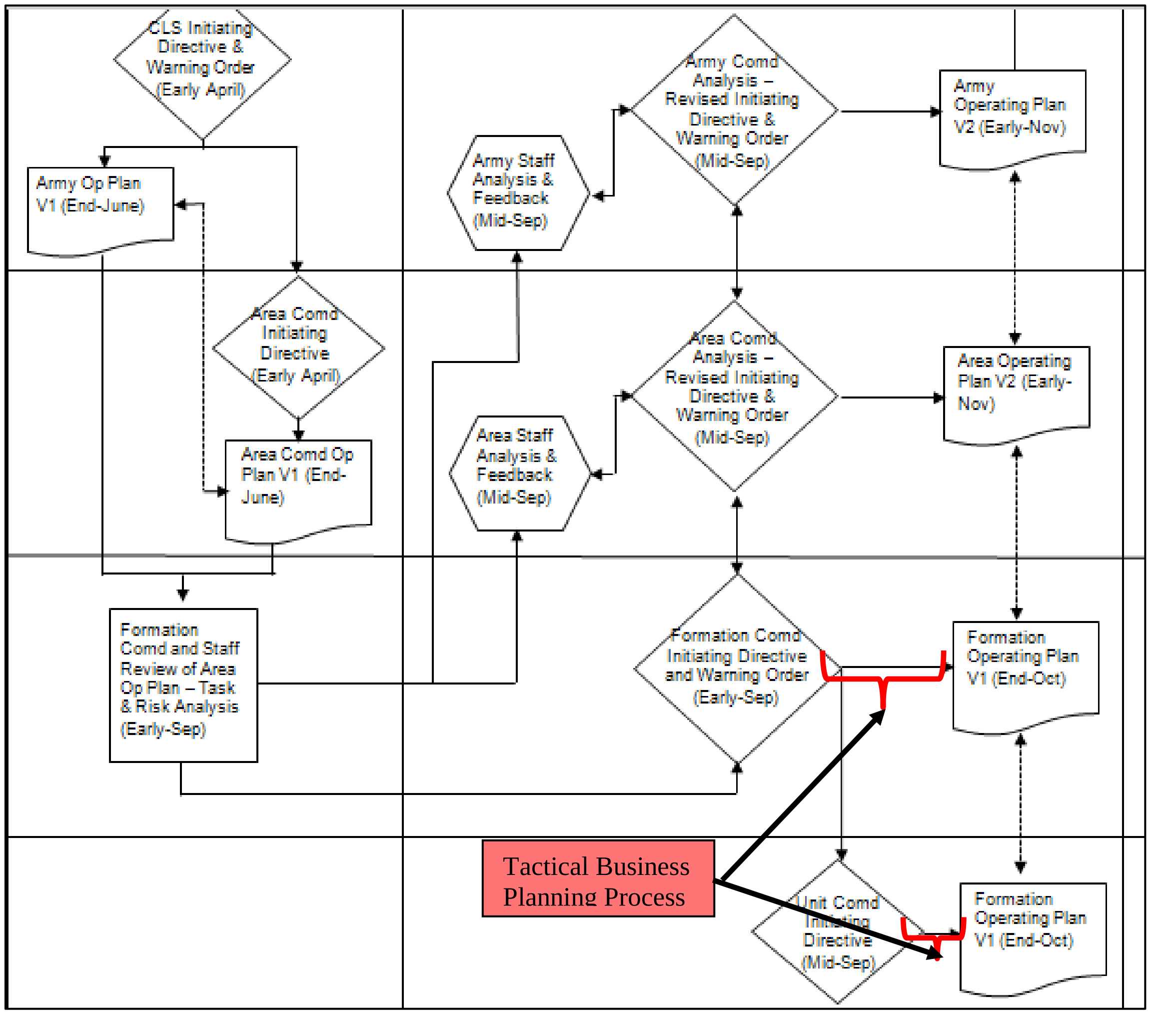

Figure 9. Proposed Army Business Planning Process – Tactical Business Planning Process – Bridging the Gap

Furthermore the planning process should commence with initiating directive to key staff and a warning order to subordinate organizations, similar to an operational plan. Although the use of initiating directive and warning is not reflected in the doctrine it was included the proposed Army business planning process shown in Figure 10.

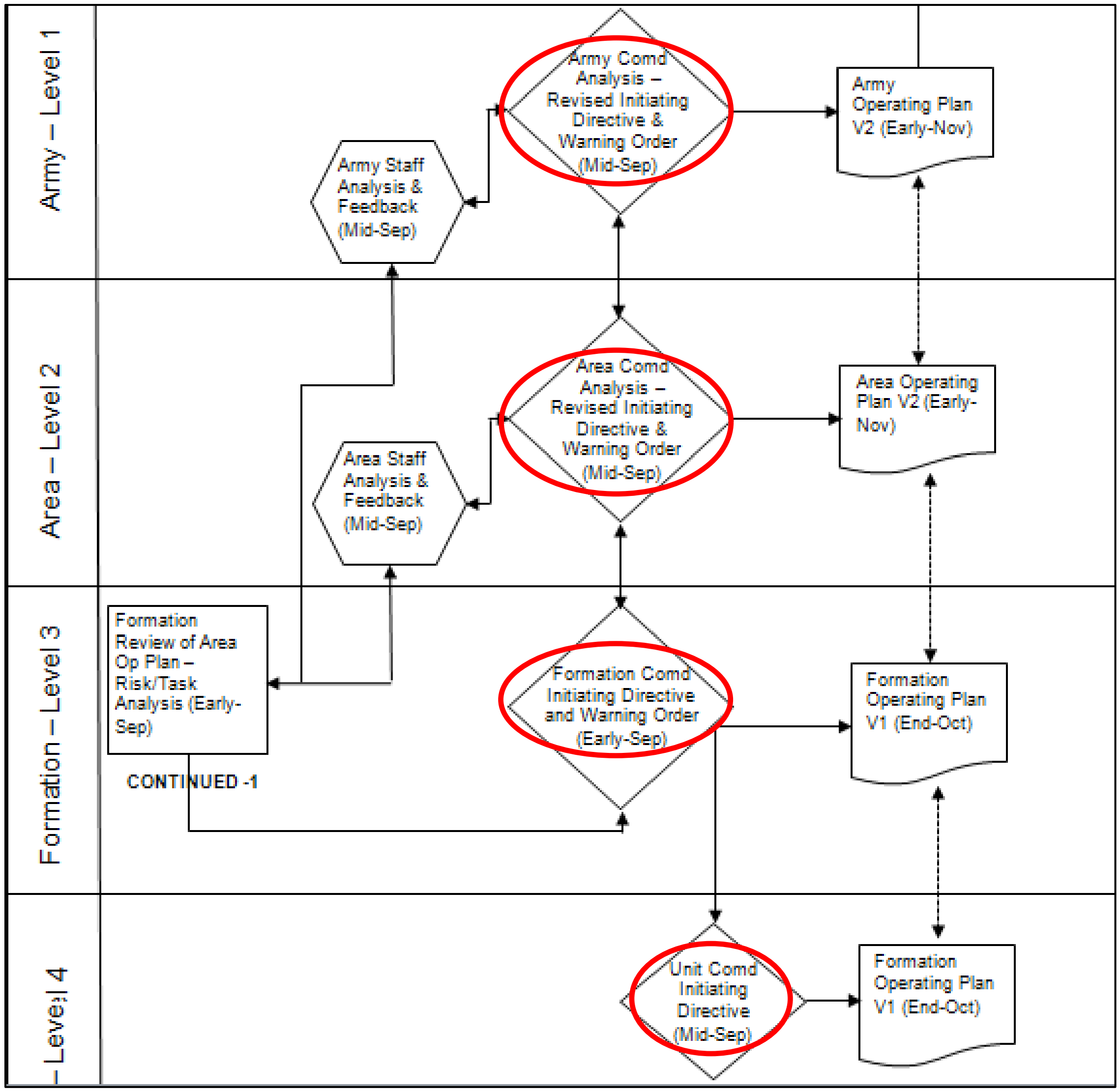

Figure 10. Proposed Army Business Planning Process – Incorporating a Commander's Initiating Directive & Warning Order into the Process

Stage 2 – Orientation .The JOPP Stage 2 – Orientation consists of assessing both friendly and enemy forces.[71] The process of assessing friendly forces in the JOPP consists of eight steps, while the process of assessing enemy forces consists of four steps and is known as the Joint Intelligence Preparation of the Environment (JIPOE). This process is shown in Figure 11.

[71] *Ibid*., 1.

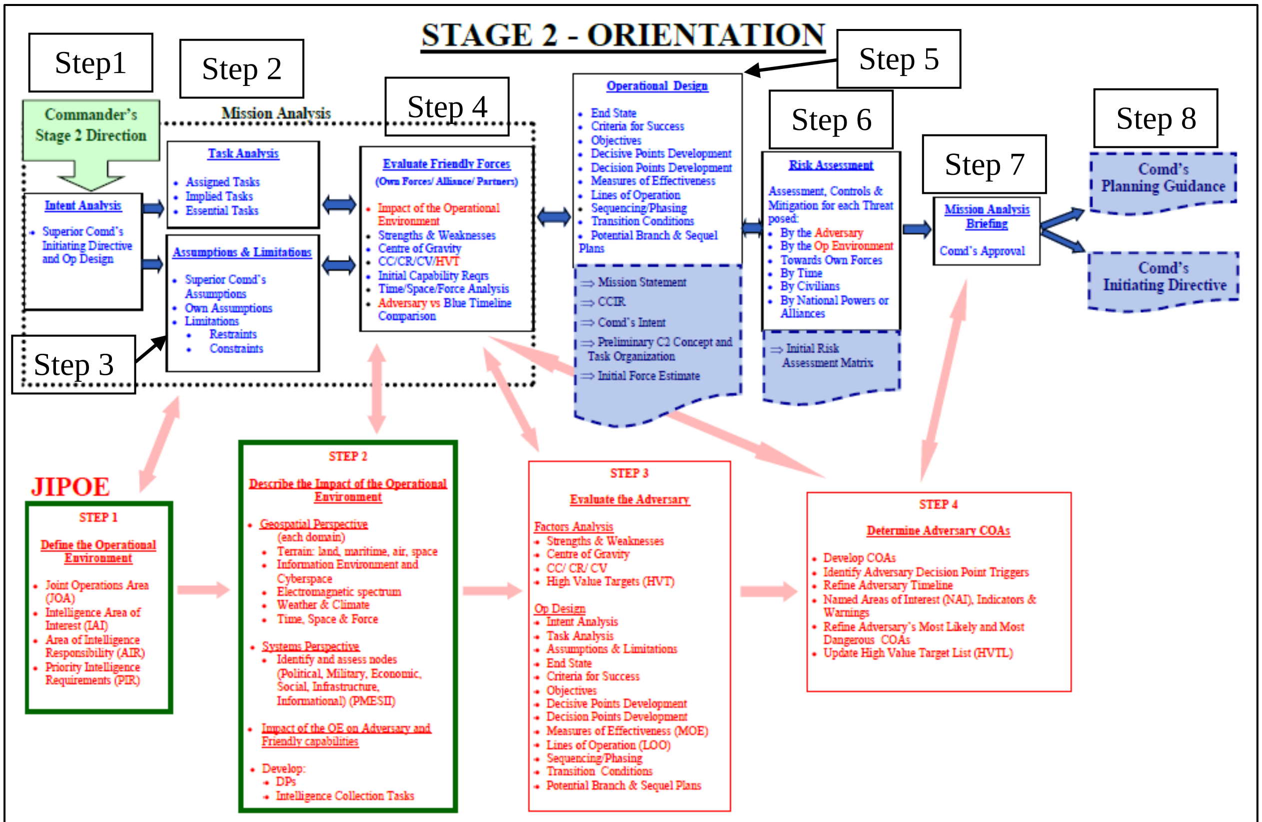

Figure 11. JOPP Stage 2 -- Orientation[72]

Stage 2 of a JOPG begins with staff conducting an intent analysis in which the Commander's Stage 2 direction is reviewed and assessed. This is followed by a task analysis and an analysis of friendly force assumptions and limitations. The fourth step in the orientation stage is the evaluation of friendly forces, which is supported by input from the JIPOE to allow friendly forces to be compared relative to the enemy. All of these components, less the JIPOE, need to be assessed by formation or unit business planners. This will be shown in Part 2: Modify the JOPP for a Tactical Level Business Planning Process. Although outside of the potential tactical business planning process, the proposed Army business planning process requires both a task and risk analysis at the formation level to support feedback to the Area and Army operating plans

[72] Canada, Department of National Defence, *CF OPP Flow Chart*. Toronto, ON: Canadian Forces College, 2013, 1.

V1. This same analysis is required for a tactical business planning process, as shown in Figure 12.

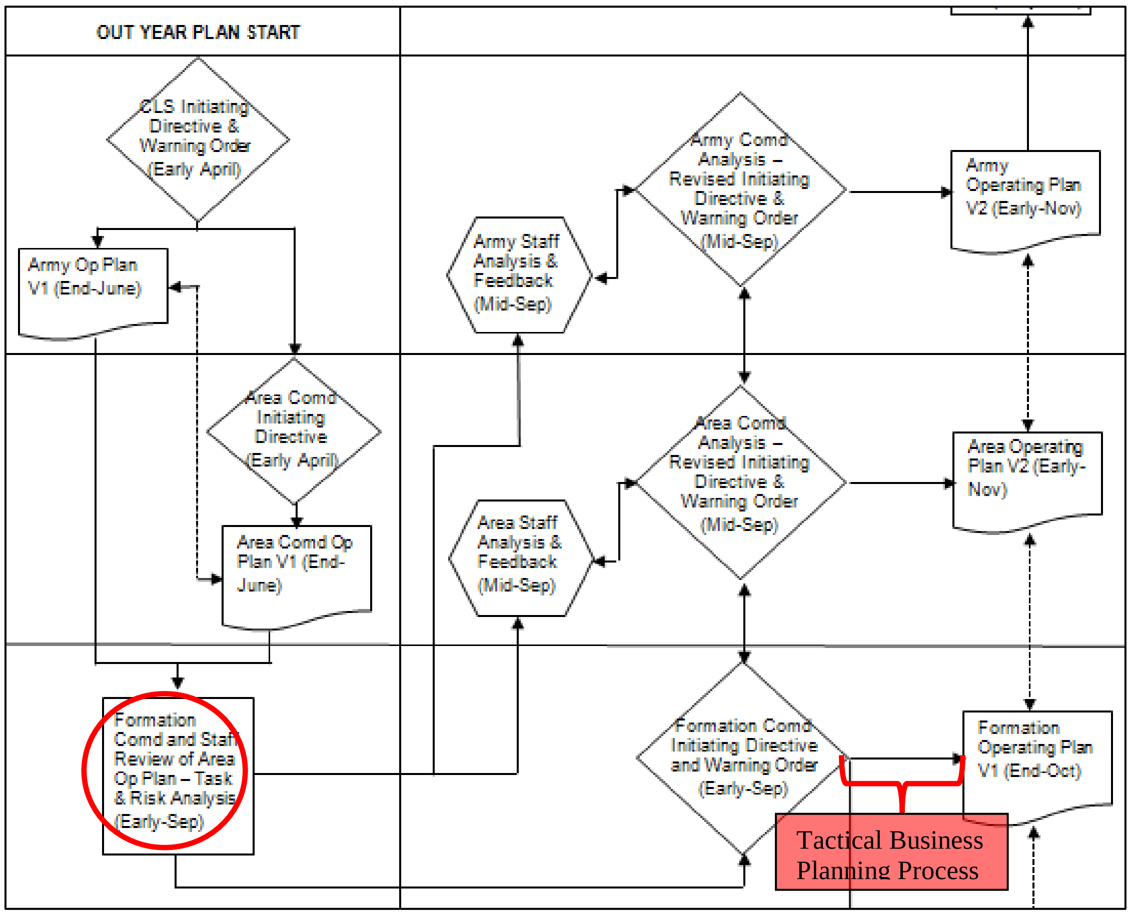

Figure 12. Proposed Army Business Planning Process – Task & Risk Analysis

The results of the JIPOE are used to support the (relative) analysis of friendly forces factors, such as strengths and weaknesses, critical capabilities (CCs) (e.g. Artillery - the ability to fire plan), critical requirements (CRs) (e.g. Artillery – fire and effects coordination center officer course), and critical vulnerabilities (CVs) (e.g. Artillery – sufficient C2 systems to train with).[73] With business planning there is no enemy to plan against, unless one considers components, such as the proposed budget, and limited common assets, such as common training equipment and

[73] Canada, Department of National Defence, *CF JIPOE Notes* (Toronto: Canadian Forces College, 2013), 1.

training areas, as the enemy. If this approach is taken, the JIPOE is simplified, reducing several steps.

Normally intelligence staff, such as the J2 and engineer intelligence staff, work together to produce the JIPOE.[74] For a formation business plan, the JIPOE could be conducted by G5 and G8 staff. Similarly at units it could be conducted the DCO and Logistics Officer. The completion of Stage 2 forms the foundation of the analysis for the plan development.

The sixth step in the JOPP is operational design. Operational design is one of the key components of the JOPP that makes it ideal to support a formation and unit business planning. Figure 13 is an example of a basic operational design for a domestic operation. For an annual operating plan, lines of operation could be based upon an organization's subordinate elements (e.g. all of 3 Royal Canadian Regiments Companies – M, N, O, Q and R Company). The objectives and end-state of the operating design will be to maximize the training of an organization with the assigned budget. Where there may be some external supporting and/or participating elements, and depending on their assigned tasks and scale of involvement, these other agencies/capabilities (e.g. a Reserve infantry platoon) may require their own line of operation or may be combine with another company's line of operation, such as N Company. An example will be provided in Part 2 Modifying the JOPP to support tactical level business planning.

[74] Based upon the author's personal experience as Officer Commanding Counter-Improvised Explosive Squadron on Operation ATHENA 2008-2009.

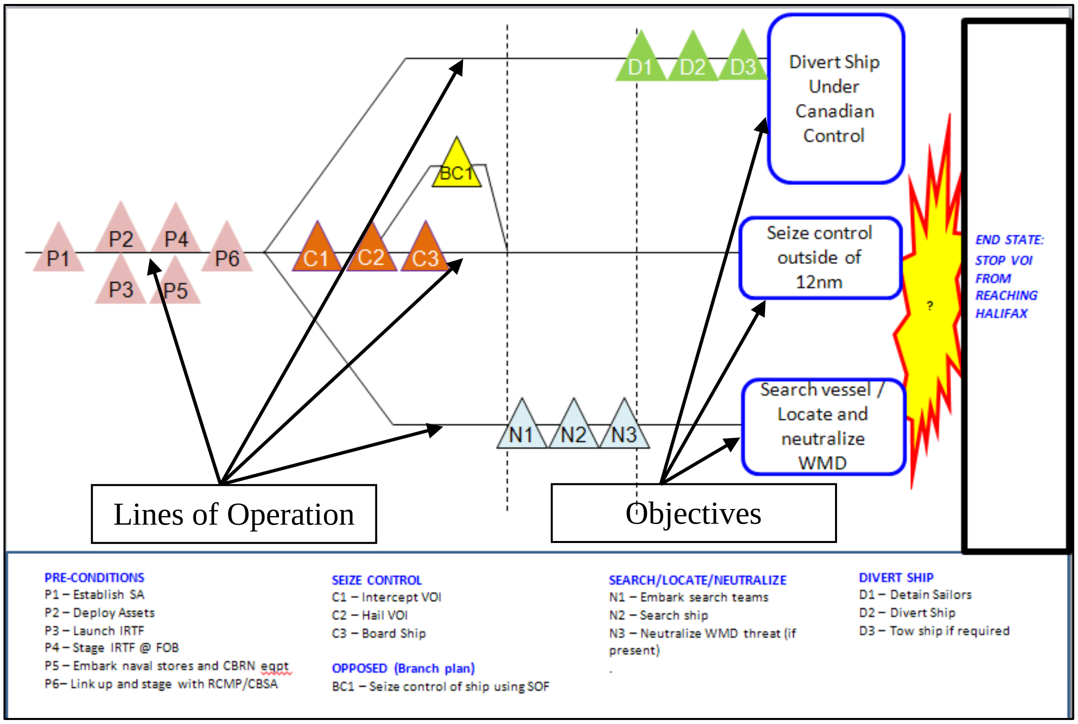

Figure 13. Example of a JOPP Operational Design

The operational design is followed by a risk assessment. The DND Resource Manager's Guide thoroughly outlines risk assessment procedure and factors that relate to GoC activities (e.g. decision risk, implementation risk, and risk of fraudulent activities[75]), which shows there is substantial doctrine to guide formation and unit commanders through this analysis. For example, comptrollership and financial controls can be planned for and reviewed following major training activities (e.g. Regimental Schools) or financial quarter.

The other remaining elements of Stage 2 (i.e., mission analysis briefing, commander's planning guidance, and commander's initiating directive) equally apply to formation and unit business planning, as staff still needs to communicate their progress to the Commander. Business planning is still a command led activity. Furthermore, the commander's guidance is critical for

---

[75] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services, 2003), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 96.

planning key training activities (e.g. Battalion exercise) as the commanding officer is responsible for the degree of readiness achieved.

Stage 3 – COA Development. The JOPP Stage 3 - COA development consists of six steps. The first is known as COA development, and involves reviewing the Commander's planning guidance (the final result/product of Stage 2), developing friendly COAs, and assessing the COAs for validity.

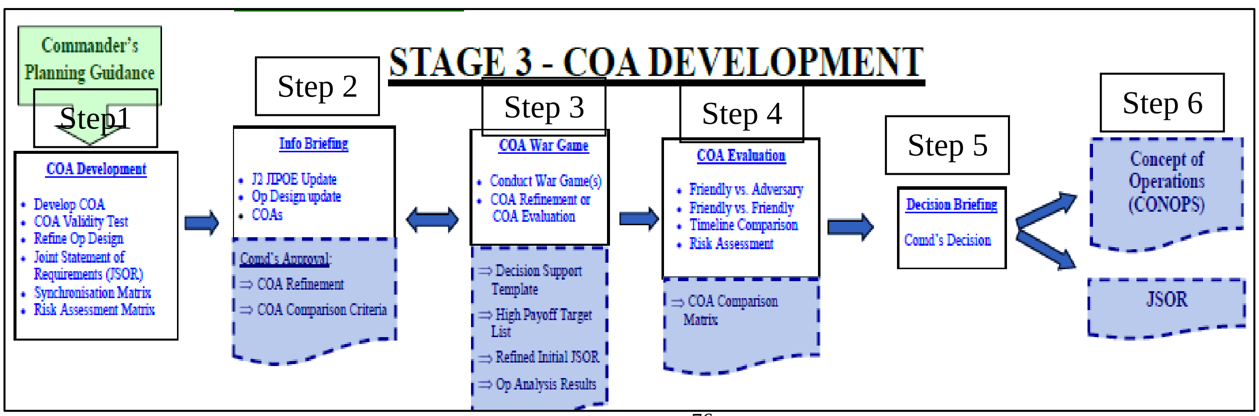

Figure 14. JOPP Stage 3 – COA Development[76]

JOPP doctrine suggests using the factors of suitability, feasibility, acceptability, exclusiveness, and completeness to evaluate COA validity.[77] Other factors can also be considered, such as affordability and accountability for business planning.[78] Figure 15 is an example of COA developed for an exercise conducted at the Canadian Forces College. COA development also requires developing a joint statement of requirements (JSOR), a synchronization matrix, and a risk assessment matrix.[79] The development of a JSOR will be limited for tactical level business planning, as formations and units are planning their annual operating plan with integral

[76] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

[77] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 14-15.

[78] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services, 2003), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 39.

[79] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 15.

capabilities.

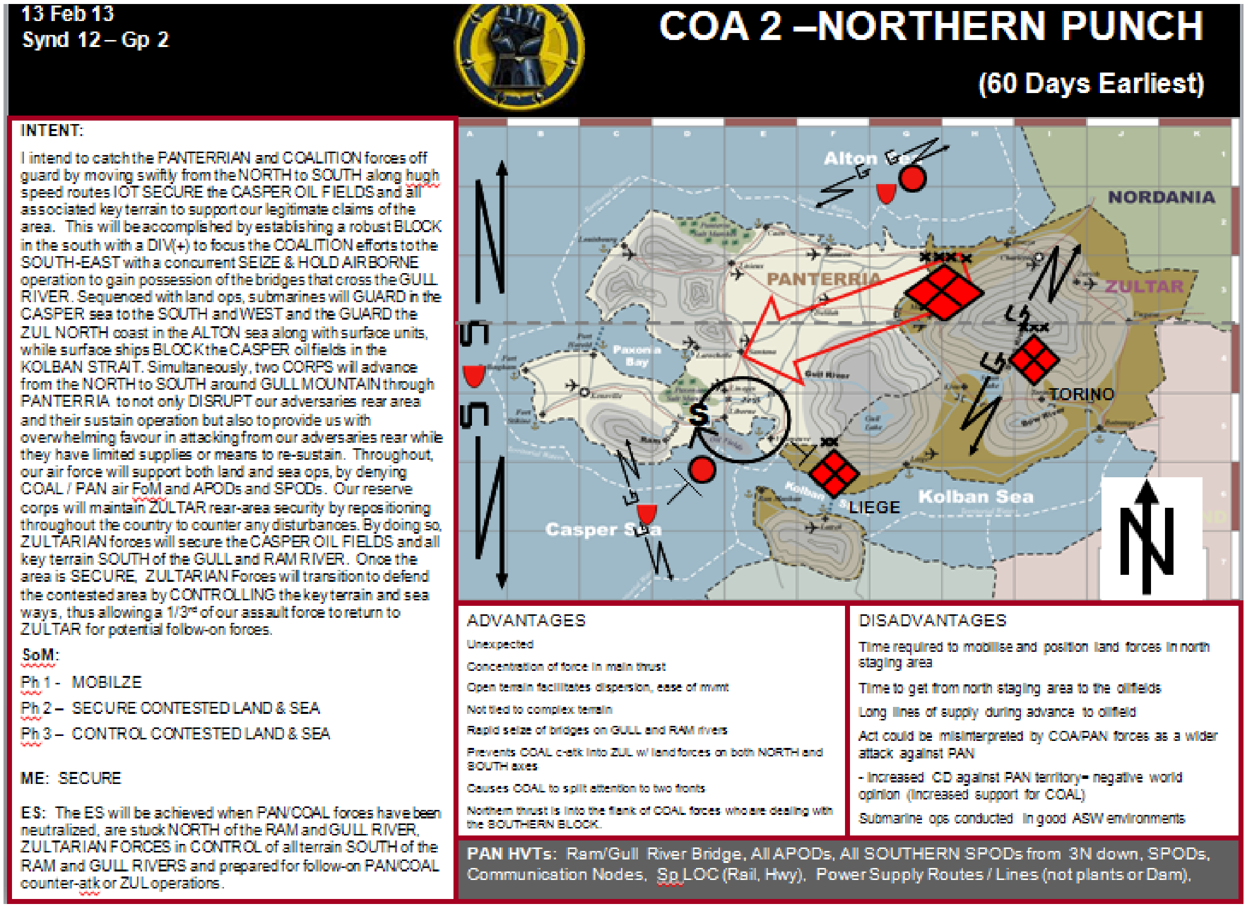

Figure 15. Example COA

A risk assessment matrix should have been developed earlier in Stage 2 – Step 6. This sub-step of Stage 3 – Step 1 seeks to develop COAs and control measures to mitigate the risk identified, such as the development of financial reporting controls. Table 1 provides examples of some financial risk factors and their assessed severity and probability of occurrence. This assessment can be plotted against the risk assessment matrix (Figure 16) to identify a level of risk.

Risk Factors	Severity	Probability
1. Fraudulent Use of Card	Catastrophic	Unlikely
2. Wrongful Use of Card	Critical	Unlikely
3. Financial Coding Errors	Marginal	Likely

Table 1. Example of a Severity and Probability Assessment

RISK ASSESSMENT MATRIX				
SEVERITY	PROBABILITY			
	VERY LIKELY OR FREQUENTLY	LIKELY	SOMEWHAT LIKELY OR OCCASSIONAL	UNLIKELY
CATASTROPHIC	E	E	H	M
CRITICAL	E	H	M	L
MARGINAL	H	M	L	L
NEGLIGIBLE	M	L	L	L
E—Extremely High Risk; H—High Risk; M—Moderate Risk; L—Low Risk				

Figure 16. Example – Risk Assessment Matrix

Step 2 is an information briefing to the Commander. The brief updates commanders on the threats, operational design, and COAs developed,[80] giving the Commander the opportunity to refine the COAs and provide criteria to war game the COAs. This component of the planning process should not change for tactical level business planning, as the intent of an information briefing remains the same - to update the commander on the developed plan.

The third step is to war game the Commander's approved COAs, and in turn refine the COAs based upon the results. A war game requires the following elements to be assessed: the effect to be achieved, measure of effectiveness, organizations involved, their assigned key tasks, and risks.[81] Although some may question the utility of a war game against inanimate enemy elements (i.e. budget, common training equipment, and common training areas), the aim of the war game still remains to identify risks and opportunities, key tasks, synchronization issues, and

[80] *Ibid., 16*.
[81] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 17-18.

so on. A synchronization matrix is critical for the COAs to be developed and compared. Table 2 is an example of a part of synchronization matrix for one decisive point (DP) on a campaign plan. It shows the description of the DP, describes the measure of effectiveness (MOE) for the DP, and lists key tasks in this case for the headquarters (HQ), land component (LCC) and aerospace component (ACC). For a tactical level business plan the DPs should be much more tactical in nature.

DP name		SL4 – Air routes Estb & secured	SL4 – Air routes Estb & secured **(PAN AD aircraft)**	SL4 – Air routes Estb & secured **(COAL AD aircraft)**	SL4 – Air routes Estb & secured **(CSG AD and Initial Air Superiority)**	SL4 – Air routes Estb & secured **(Air Superiority)**
Description of the DP. What are we trying to achieve? What is the effect we are looking for?		Permanent DCA caps established over PAN. Comm, strat, and tac air routes defined. IADS (SAM and AD) capable of secure IFF. Freedom of air movement along prescribed routes assured.	PAN AD aircraft on immediate readiness.	COAL air superiority fighters positioned at PAN APODs to support 24/7 DCA operations. Limited DCA missions initiated. (Test Zultar response.?)	CSG air assets provide north and south sea/SPOD CAPs. Full integration of air assets with AEW. Air superiority established over PAN. Test Zultar response.	Freedom of commercial, strat and tac air movement established.
Describe MOE for this DP: How do we determine we are succesful.		3 x permanent DCA CAPs est. 24/7 tanker support est in western JOA. PAN and COAL GDCA 24/7 response with 4 aircraft on immediate readiness at every APOD.	PAN AD aircraft on immediate readiness.	FB Sqn's 1-3 operational in JOA. DCA CAP missions initiated over PAN. Tanker support established on the west PAN border.	2 x CSG arrive in theatre to initially provide one north and one south DCA CAP over Casper and Alton Seas (24 sorties). AEW FOC with COAL and PAN fighters.	Full execution of ATO tasked air defence missions. Secure (by air) SLOC's, air routes, and logistics VP's.
List tasks and command arrangements (supported/supporting command)	**HQ**	Liaise with PAN air agency and COAL ACC to ensure effective airspace plan established.				Liaise with PAN civil air authority.
	LCC				Ensure AD assets in PAN capable of full ROE	
	MCC					
	ACC	Establish an Airspace Control Plan.	Support PAN AD effort with availabe equipment as it arrives in theatre.	FBSqn 1 est at Lisieux. FBSqn 2 est at Larochelle. FBSqn 3 est at Kenoville. 36 sorties per day tasked for three defensive CAP's. 4xPAN AD fighters on ground at each of the 8 APOD's on immediate	Integrate CSG air assets into ATO. Ensure COAL fighters capable of full ROE.	Air superiority of PAN to assure freedom of movement. Full ATO execution. Focused monitoring of Zultar assets.
	SOF					
	LOG					
	RES					

Table 2. Example – Synchronization Matrix

For example, a DP for a unit annual operating plan could relate to a Battalion winter warfare exercise. An MOE could be the ability to deploy the Battalion and have companies patrol for five days in vicinity of the CF new arctic training center. A key task for the headquarters could include organizing service air to transport the Battalion and its equipment.

COA evaluation follows as the fourth step, in which COAs are compared against each other. COAs may be compared against each other in absolute terms; they may also be compared relative to the enemy threat, time, or risk. The Commander may also identify COA comparison criteria.[82] COA comparison criteria are for tactical plans that are often drawn from principles of war and other fundamentals, depending on the nature of the operation (e.g. fundamentals of the defence).[83] For tactical level planning, other factors can be considered, such as readiness level achieved and flexibility to adjust the plan. As discussed in the introduction, flexibility is a key planning factor at the tactical level due to competing tasks. Also a formation may be asked to identify if there is any slippage with planned training activities and in turn return funds late in the FY.

Step 5 is the COA decision briefing, where the Commander selects the COA from which the concept of operations is subsequently developed to support Stage 4.[84] This component of the planning process should not change for tactical level business planning, as the intent of decision briefing remains the same – to select a COA to be executed. The difference for an operating plan is the campaign will only last a FY and then the business planning process needs to be repeated. The final and sixth step involves the development and issuing of the concept of operations and the JSOR. As discussed earlier the requirement for the JSOR should be limited for tactical level planning as formations and units are generally expected to plan with integral resources.

Stage 4 – Plan Development. JOPP Stage 4 – Plan Development is the detailed development of the campaign plan, as shown in Figure 17. It consists of three steps, beginning the plan preparation in which the staff review and assess the concept of operations, JSOR, and other key directions that may have followed from the decision briefing.[85]

[82] *Ibid*., 17.
[83] *Ibid*, 17.
[84] *Ibid*.
[85] Canada, Department of National Defence, *CF OPP Flow Chart*, (Toronto: Canadian Forces College, 2013), 1.

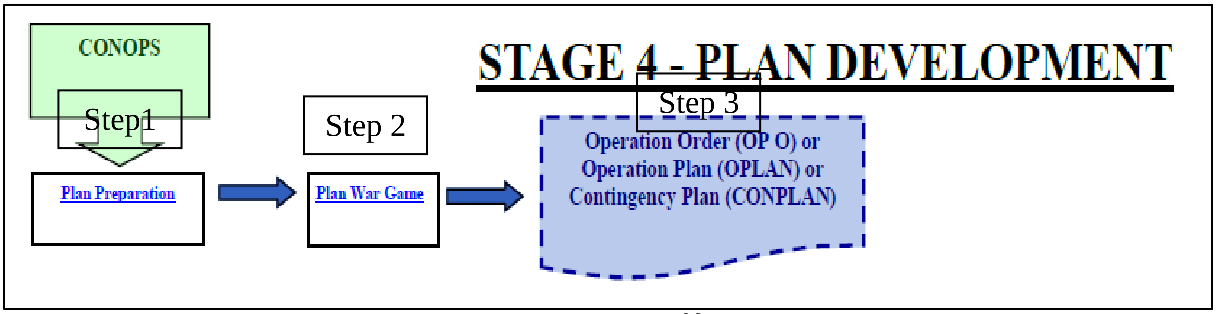

Figure 17. JOPP Stage 4 – Plan Development[86]

Significant staff effort is used to ensure all elements are accounted for within the plan, such as the sufficient allocation of ammunition, fuel, rations, and spare parts, in addition to supporting capabilities, such as maintainers, information technology systems for communications, etc. This detailed planning is considered the science in the JOPP, while the development of the operation design is more of an art. Again, this same degree of detail is required for tactical level business planning, particular for formation (e.g. Brigade Training Event) or unit activities (e.g. Battalion/Regimental Exercise). Once the campaign plan is developed in detail, it is normally war gamed again to refine the plan further; this step could be skipped for tactical business planning, as the enemy is inanimate and a war game was conducted earlier as part of COA development. The final step of Stage 4 is a developed and issued operational order. The final product of a business plan is a formation or unit annual operating plan.

Stage 5 – Plan Review. Stage 5 – Plan Review (Figure 18) may or may not occur with a campaign plan.[87] In the case where a plan is a contingency plan and several weeks have passed, a plan review is required.

[86] *Ibid*., 1.
[87] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 20.

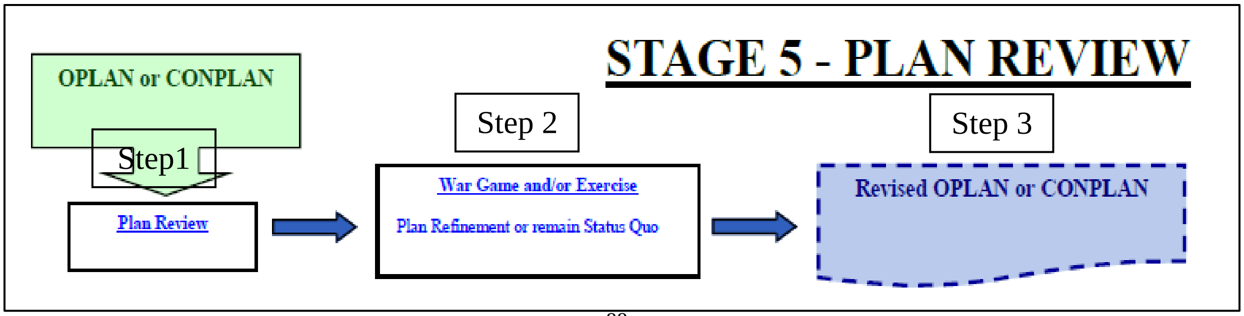

Figure 18. JOPP Stage 5 – Plan Review[88]

The first step of this stage is to review the existing plan and make any minor changes that are obvious. Plan review is predicated on the fact that the situation has not fundamentally changed. If the situation has in fact fundamentally changed, the planning process must be re-started from the beginning, as implementing the existing plan would be assuming significant risk.[89] The revised plan also needs to be war gamed again to identify any other areas of concern, such as a new decision point that the Commander needs to be aware of. In the case of tactical level business planning, this step may still be required, as GoC may change its financial allocation to the CF. Again the CFDS is a commitment to the CF to provide consistent funding to the CF; however, if small financial cut occurs the primary source of variable funds to the CCA is the O&M budget, which has already been business planned.

2.3. Conclusion

A review of the stages and steps in the JOPP reveals that it is very suitable to be modified to support the development of tactical level business planning. Key elements that make it suitable include the operational design that can be used to plan lines of operations for units and sub-units and the risk assessment. The risk assessment process can be used to identify the financial risks instead of tactical risks as outlined in the DND Resource Manager's Guide. Also,

---

[88] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

[89] Canada, Department of National Defence, *CF OPP Notes*, (Toronto, ON: Canadian Forces College, 2013), 20.

several components of the JOPP can be simplified such as the JIPOE, if the enemy is defined as the proposed budget, common training areas and common training equipment. Given none of these enemy elements are animate it reduces the requirement repeat the war game multiple times. A simplification of the planning process will enable junior staff to conduct it. In terms of simplifying the process, the CF EMS also provides factors to assess COA validity, such as accountability and affordability.[90] These and other factors such as financial flexibility can also be used for COA comparison. Finally, many of the same friendly force factors (e.g. CCs, CRs and CVs) need to be analyzed, just as they would if a campaign plan was being developed.

The next step (Part 2) is develop a standardized tactical level business planning process bused upon the JOPP that formation and unit staff can used to develop their annual operating plans.

[90] Canada, Department of National Defence, Resource Manager's Guide – 8th Edition (Ottawa: Assistant Deputy Minister (Finance and Corporate Services), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 39.

Part 2: Modifying the JOPP for a Tactical Level Business Planning Process

2.4. Introduction

Using the JOPP as the foundation, this part of Chapter 2 outlines a recommended planning process for tactical level business planning. The proposed process adds an additional stage (i.e. an impact assessment) to synchronize with the Army business planning process. Otherwise this proposed tactical business planning process retains all five stages of the JOPP: Initiation, Orientation, COA Development, Plan Development, and Plan Review. Several steps and sub-steps of the JOPP have been eliminated, as they were not relevant to the tactical level business planning process.

2.5 Stage 0 – Impact Assessment

Stage 0 represents the Formation Commander's impact assessment of the initial Army and Area operating plans. It seeks to identify of key tasks and risks with the draft plans (i.e. operating plan V1). Risks to readiness may be financial, available resources, timelines, etc. which should be relatively clear to identify. The impact assessment is fed back to the Areas and Army and discussed during the Army's governance mechanisms (e.g. Army business planning symposium), as shown in Figure 19. The impact assessment should be conducted by the Commander and his key staff. For a formation, key staff could include the COS, G5, G4, and G8.

In a standard JOPG, the G8 is not considered a member of the key staff.[91] For business planning, the G8 is critical as the proposed budget in the operating plan V1 is a key threat against a formation's readiness training. The G8 is the most aware of the financial implications of any proposed budget from higher headquarters. In effect, the G8 partially replaces the role of the J2 in business planning. G5 staff remains important as the availability of common training areas

[91] Canada, Department of National Defence, *CF OPP Notes*, (Toronto: Canadian Forces College, 2013), 1.

and Army common training equipment (e.g. Formations do not have sufficient Light Armoured Vehicles for all units to train concurrently) are also key threats to readiness training.

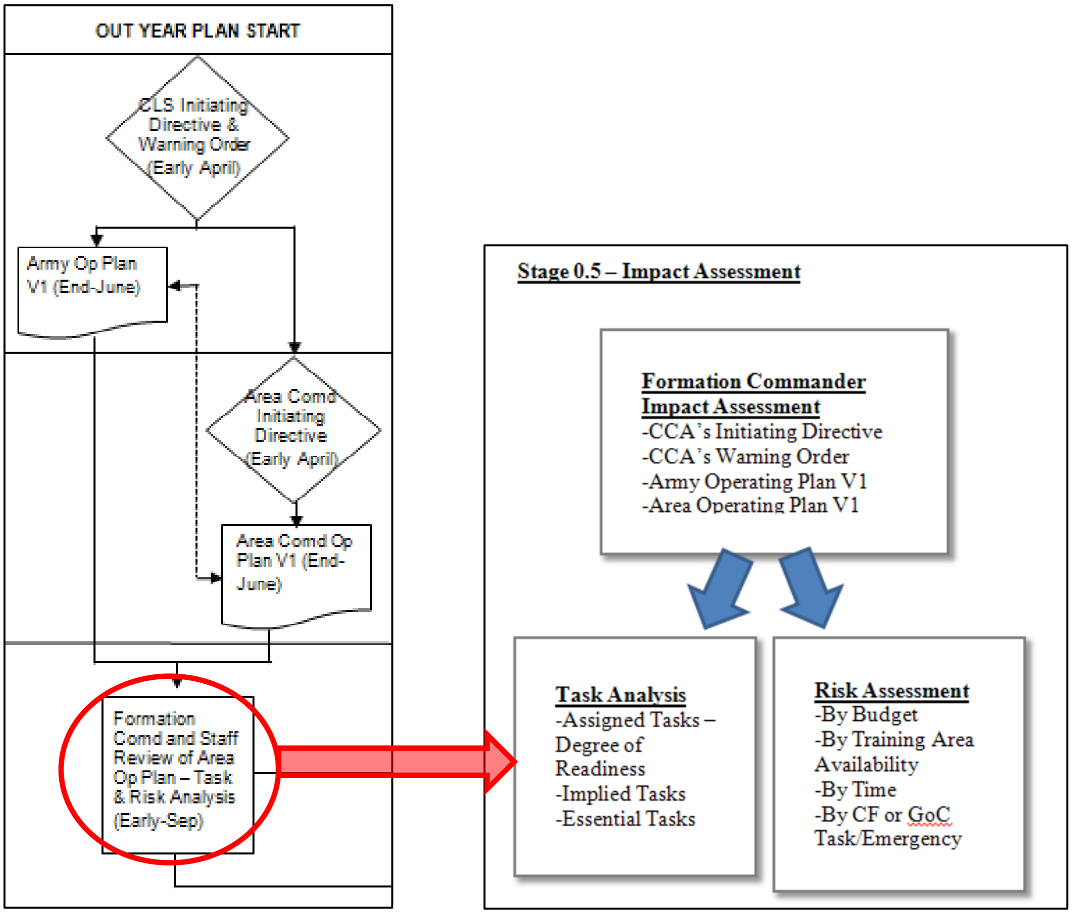

Figure 19. Proposed Army Business Planning Process – Link to Tactical Business Planning Process – Stage 5 Impact Assessment

2.5. Stage 1 – Initiation

Stage 1 still consists of the same four basic steps, thus mirroring the JOPP. Stage 1 is graphically shown in Figure 20.

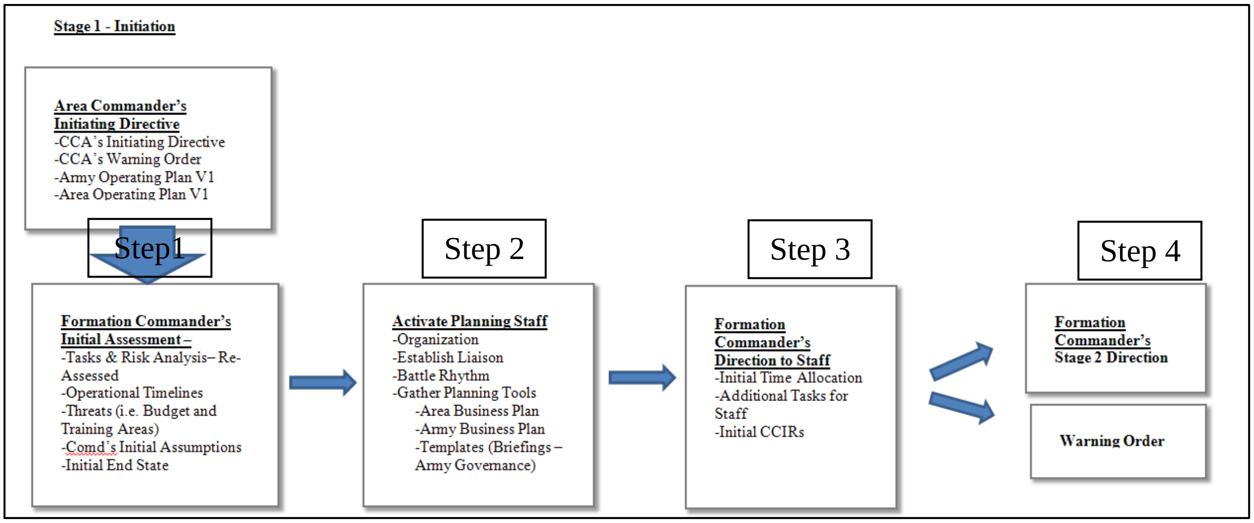

Figure 20. Proposed Tactical Business Planning Process – Stage 1 – Initiation

Step 1 – Commander's Initial Assessment. When developing a formation operating plan for the next FY, the CCA represents the superior commander and the Area Commander represents the higher commander. For units, the Area Commander represents the superior commander and the Formation Commander represents the higher commander. Although the JOPP does not identify the requirement to review direction from two levels up, it is recommended that formations review the Army operating plan for the CCA's intent and key tasks.[92] Similarly, the Area operating plan should be reviewed by Units for the superior commander's intent and key tasks.

When assessing a superior or higher commander's intent, assigned tasks, timelines, threats (e.g. proposed budget), assumptions and endstate it is important to recognize that operating plans represents only one source of direction. The Commander of LFDTS, who is also designated as the Army training authority, must also be considered as higher authority.[93] Commander LFDTS' guidance is critical for providing detail on individual battle task standards

[92] Major John Scott (former 2 Canadian Mechanized Brigade Group G4), Business Planning, *interview*, 22 January 2013, Toronto, Canada.
[93] Canada, Department of National Defence, *Land Staff SOP Army Strategic Decision Making Handbook* (Ottawa: Chief of Land Staff, 2004), 86.

(BTS), and more importantly, on collective training BTS that formations and units must complete.[94] Other direction from senior Army leadership may be derived from the Army's governance mechanisms (e.g. Army Council) or from a commander's strategic planning session. A key factor that the Army strategic leadership must consider is that its governance should be as transparent as possible (e.g. online records of decisions), to help formations and units assess the superior and higher commander's direction.

Step 2 – Activate Formation Planning Staff. A tactical business planning process should be led by a senior staff member within the formation, similar to a JOPP. Possible options for this staff member may include the COS, G5, or G4. Subordinate units should also be providing senior representatives, such as the unit DCO or Operations Officer. For formation level planning, liaisons should be established with the Area's Reserve Brigade and the Area Support Group. Liaison with the Reserve Brigade may reveal opportunities where training, and in turn resources, can be synchronized and shared.[95] Key planning tools that need to be gathered include: (1) standard templates for evaluating factors such as strengths and weaknesses, (2) training area schedules for the new FY should be extracted by the J5 staff, (3) staff data concerning the cost of previous courses need to be derived by the G8 staff, (4) the serviceability of common army equipment fleets should be identified by the G4 staff, and (5) historical timelines for individual and collective training BTS should be reviewed. Support can also be drawn from LFDTS.[96] Reviewing BTS is critical because the more advanced the BTS the more assets and financial

---

[94] One future challenge with seeking guidance from LFDTS is the fact that the management of collective training BTS has been devolved to the Canadian Manouevre Training Centre to manage.

[95] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

[96] If possible, the most recent iteration of the Army's funding model (i.e., Land Force Funding Model) should also be obtained from LFDTS, as this forms the basis for which the Areas, and in turn, the formations, are funded by the Army.

commitments required. For example, a Level 5 (i.e. combat team) live fire requires not only an infantry company but armoured, artillery, engineers, attack aviation and a higher headquarters.

Step 3 – Commander's Direction to Staff. The Commander's direction to staff starts the planning process as guidance on the key timings needs to be identified by the Commander. For example, the formation planning process may need to be synchronized with Army governance. As a minimum, timings should be selected for a mission analysis briefing to the Commander. If the Commander has specific guidance on any assigned tasks, this must be identified within the planning. Similar to a JOPP, any of the Commander's Critical Information Requirements (CCIRs) should be identified in Stage 1.[97] Subordinate Priority Information Requirements (PIRs) may include a confirmation of the initial proposed budget and dates for Army governance (e.g. Army Training Council). Friendly Force Information Requirements (FFIR) may include the status of a capability (e.g., the number of winter warfare qualified instructors in the formation). Essential Elements of Friendly Information (EEFI) are not relevant in business planning, as the enemy (e.g., the proposed budget) is not a living entity, and therefore there is nothing critical for a formation or unit to conceal from the enemy.

Step 4 – Commander's Stage 2 Direction and Warning Order. Step 4 is the formalization of the Stage 1 analysis, and should be issued as the Commander's Stage 2 direction to the planners and Warning Order to subordinate units. Both should incorporate significant detail on the strategic and operational situation, key tasks and timeliness, key messages from higher, proposed budget and an indication of supporting resources (e.g. support from LFDTS or another Area). For example, 2 Canadian Mechanized Brigade Group (2 CMBG) identifies exercises MAPLE RESOLVE, IRON MAN 30, SPARTAN BEAR 13, UNIFIED RESOLVE, Operation

[97] CCIRs consist of both Priority Information Requirements (PIRs) and Friendly Force Information Requirements (FFIRs) for tactical level business planning.

CONNECTION and VALLEY CONNECTION, and standing tasks (e.g. Disaster Assistance Response Team) as the major Brigade activities.[98] The proposed Army business planning process should see formations already having access to both the Army and Area operating plans V1 and feedback from the Army's governance, as shown in Figure 21.

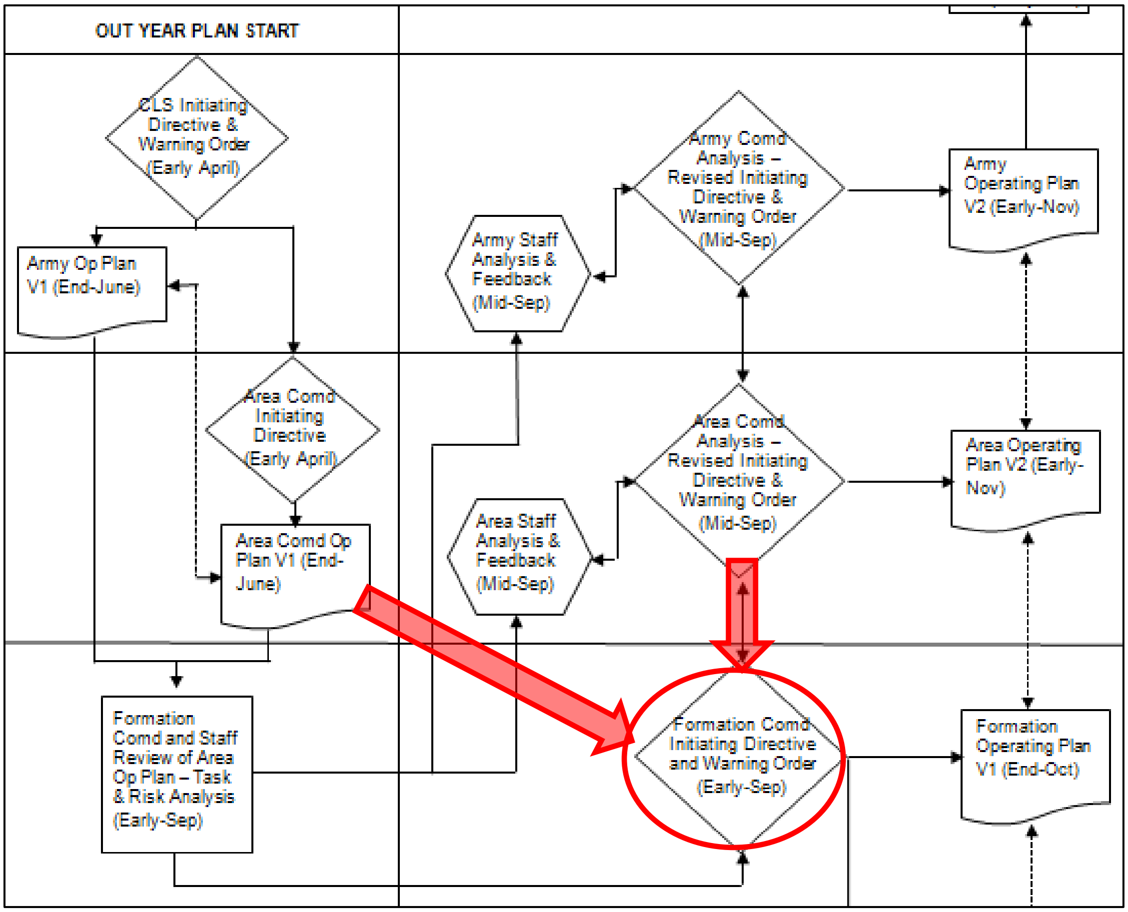

Figure 21. Proposed Army Business Planning Process – Army Operating Plan V1 Support to Level 3 Initiating Directive and Warning Order

If possible, clarification should be provided on funding based upon the LFFM and exercises that are centrally funded (i.e. exercises funded by the formations).

The direction will likely be drafted by a key member of the formation or unit's staff, such as the COS or DCO. The Warning Order should continue to be drafted by the G5 in business

[98] Canada, Department of National Defence, *2 Canadian Mechanized Brigade Group Operating Plan FY 2013/2014 V1*, (Petawawa, ON: 2012), 5.

planning because of the degree of complexity. When time is short, both the initiating directive and warning order can be verbally issued for a JOPP. However, for business planning, it is preferable to have them documented, as records give the formation and unit planners references to work with for future FYs.

2.6. Stage 2 – Orientation

Stage 2 is where a detailed analysis of key tasks and proposed budget takes place, as show in Figure 22. The analysis conducted in Stage 2 is critical as it forms the foundation for the annual operating plan. Stage 2 still consists of the same eight JOPP steps of intent analysis, task analysis, assessment of assumptions and limitations, evaluation of friendly forces, operational design, risk assessment, mission analysis briefing, and the Commander's planning guidance and initiating directive.

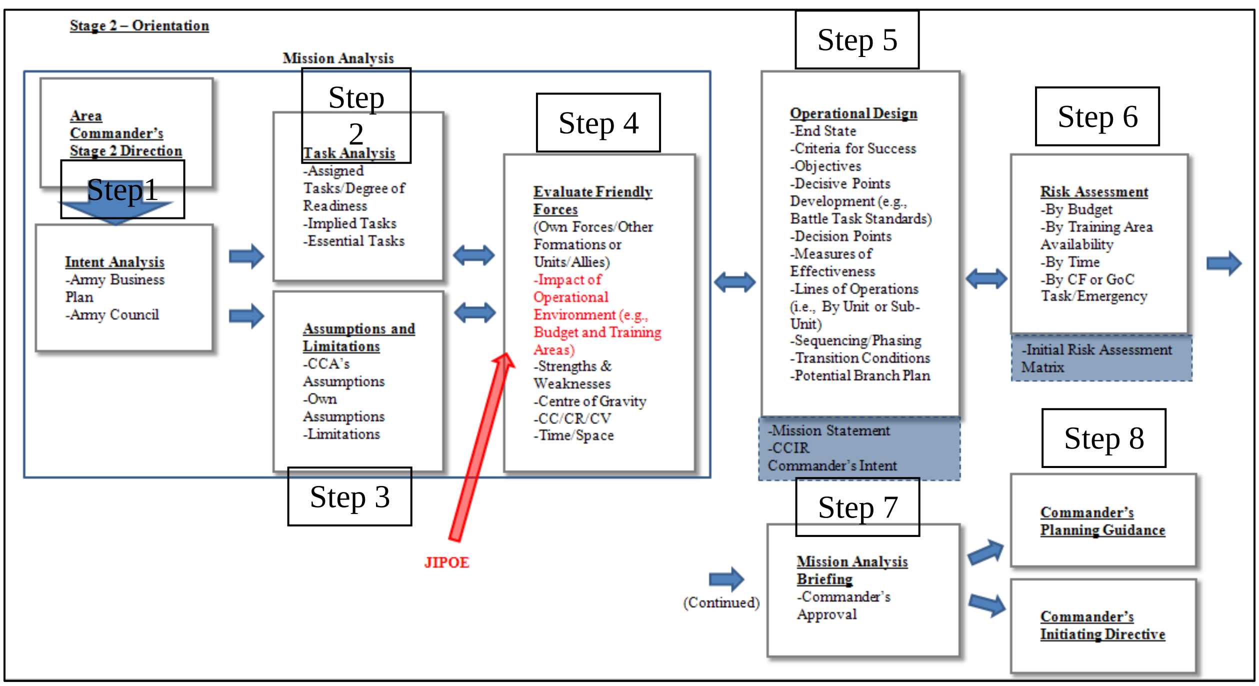

Figure 22. Proposed Tactical Business Planning Process – Stage 2 – Orientation

The one key difference is that the JIPOE is reduced to a single sub-step in the tactical business planning process.

Step 1 – Intent Analysis. Stage 2 – Step 1 commences with the formation planners analyzing the Commander's Stage 2 Direction. Step 1 - the intent analysis may require tactical planners to assess the source documents (e.g. Area operating plan V1, Army operating plan V, etc.). If the Formation Commander conducted a strategic planning session in which the annual operating plan was discussed, the results from this session should also be incorporated into the intent analysis.[99] Steps one to four continue to form the mission analysis, which remains consistent with the JOPP.[100]

Step 2 – Task Analysis. Similar to a JOPP, the task analysis seeks to identify assigned and implied tasks. From this list, the planners must identify the essential tasks. A significant number of tasks will have been identified by the Commander during Stage 1 – Initiation. Formations and units should also review historical BTS completed over the last couple of years to confirm their validity against assigned tasks. This may provide some guidance on where risk can be assumed with some tasks and in turn money saved. However, the planners must be aware that using historical operating plans as task guidance risks mission/task creep. Tactical business planners must be cognizant that the tactical business planning process is intended to be a zero-based budget[101] in that it is a new assessment of essential tasks, based upon assigned tasks.

Formation and unit level planners must be prepared for the list of assigned and implied tasks to be quite large and difficult to reduce to only the essential tasks.[102] Although the operational design is not conducted at this stage, essential tasks "should have a high correlation

---

[99] Lieutenant-Colonel Chris Rankin (Concepts Team Leader - Canadian Army Land Warfare Centre), Business Planning, *interview*, 15 February 2013, Kingston, Canada.

[100] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013).

[101] In management accounting a zero-based budget is a method of budgeting in which managers are required to justify all costs as if the programs involved were being proposed for the first time. This definition was drawn from R.H. Garrison et al. *Management Accounting: Eight Canadian Edition*. Toronto, ON: McGraw-Hill Ryerson, 2009, 375.

[102] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

with the operational objectives."[103] It is important to remember that the Army business planning process is heavily bottom-up influenced, and therefore formations and units need to be deliberate about what tasks they commit to. Figure 5 provides an example the essential tasks identified from one assigned task to 2 CMBG, support to Operation CONNECTION AND VALLEY CONNECTION.

Tasks	Effects
Assigned Tasks	**-** Operation CONNECTION and VALLEY CONNECTION
Implied Tasks	-Attendance and support to summer fairs -Attendance at Remembrance Day ceremonies -Armed Forces day open to the public -United way activities -Relay for life activities -Support to the Cadets
Essential Tasks	**-**Remembrance Day -Armed Forces Day

Table 3. Example Essential Task List based upon One Assigned Task to 2 CMBG

Step 3 – Assumptions and Limitations. As a general rule, the Superior and Higher Commanders' assumptions are taken as facts, unless they are proven to be false during the analysis. If any assumptions have been made concerning the proposed budget (e.g. centrally funded activities – for a unit an activity funded by the formation), training areas, or common training equipment, these must be reviewed when assessing the impact of the operational environment. Limitations should be specified as either restraints (i.e., something the formation must not do) or constraints (i.e., something that the formation must do), similar to a JOPP. A key recommendation for Army senior leadership is that issued operating plans provide guidance on any clearly known restraints (e.g. no purchasing office furniture at end FY, restricted temporary

[103] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 4.

duty budgets, BTS that can skipped in FY, etc.).[104] This guidance would be extremely helpful for formations and unit business planning in times of fiscal constraint.

Step 4 – Evaluate Friendly Forces. At the formation level, the evaluation of friendly forces is not isolated to the formation's units, but also considers organizations that the formation will partner with, such as the Area Support Group (ASG) or Base (ASB), and the Reserve Brigade within the Area. For units, this analysis will similarly extend to other units within the formation.[105] The formation planners may also consider neighbouring formations and allies in their analysis. The evaluation of friendly forces consists of gathering and evaluating five factors: impact of the operational environment, strengths and weaknesses, center of gravity and critical capabilities/critical requirement/critical vulnerabilities, time/force/space analysis, and a timeline comparison, similar to a JOPP.[106]

Impact of the Operational Environment. With a standard JOPP, the impact of the operational environment is developed as part of the JIPOE, concurrent with the friendly force analysis and analysis.[107] The JIPOE consists of four steps on its own: defining the battle space environment, describing the battle space environment, evaluating the adversary, and determining the adversary courses of action (COAs).[108] If the enemy is identified as the budget, the common training equipment, and the common training areas, the number of steps can be reduced to single sub-step and the need for concurrency can be eliminated, as graphically shown in Figure 23.

---

[104] Lieutenant-Colonel Cayle Oberwarth (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

[105] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

[106] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

[107] *Ibid*., 1.

[108] *Ibid*., 1.

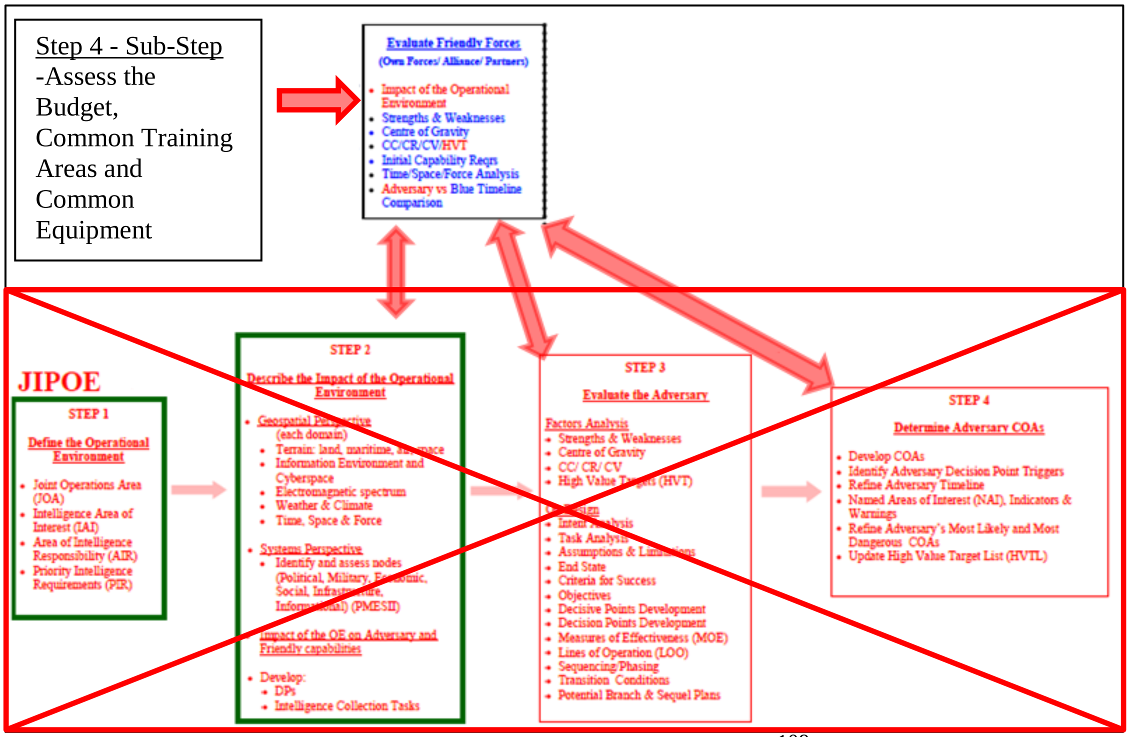

Figure 23. JOPP Stage 2 – Orientation – Simplify the JIPOE[109]

Another advantage of using the proposed budget, training area available, and common training equipment as enemy elements is there is no need to develop an enemy operational design or enemy COAs. The reason for this simplification is these enemy factors are inanimate and do not pose a dynamic threat. Therefore, a significant portion of the JIPOE is not applicable in tactical level business planning.

Given the above simplifications, the impact of the operational environment can be conducted sequentially as the first factor in the Evaluation of Friendly Forces. However, the planners must still recognize this step as an enemy force evaluation. One component of the JIPOE that persists with the tactical level business planning process is the need to identify the threat CoG, as this forms part of the operational design. Normally, to determine a CoG in a JOPP, a Strange or modified Strange analysis is conducted in which CCs, CRs and CVs are

[109] *Ibid*., 1.

assessed.[110] In the case of tactical level business planning, the threat CoG could relate to the most constrained enemy element, which is typically the proposed O&M budget for the formation or unit.

Impact of the Operational Environment – Proposed Budget. When assessing the impact of the operational environment, the proposed budget is the first enemy factor to assess. For a formation, the proposed budget should be easy to identify from the Area operating plan. If it is not clear, the Area G5 and G8 should be contacted for clarification. The business planners must identify whether any slippage or over-programming is authorized by the Commander, and, if so, for which activities. The planners should always consider if there is potential funding beyond the initial allotment from other sources. Again, discussions with the Area G5 and G8 will give a formation an idea of the Army's financial situation for the next FY, based upon their participation in the Army's governance (e.g. Army Council).[111] Business planners must consider the funding allocated to the different funding envelopes. For example, is it possible for the formation to leverage Vote 5 funding in support of Vote 1 activities, and vice versa? Normally, approval from the CCA or higher is required to transfer funds between envelopes. However, it may be possible for the formation to identify where portions of an activity can be charged to another envelope. For instance, can support to deployed or domestic operations funding be leveraged, and if so, when and for which activities? Can another formation's funding be leveraged? In times of fiscal constraint, all funding sources should be considered by the planners in order to maximize training, and in turn, maximize readiness.

Impact of the Operational Environment – Training Areas. Training area availability

---

[110] *Ibid*., 1.

[111] Major Ronald Balkaran (Land Force Central Area G5), Business Planning, *interview*, 25 November 2012, Toronto, Canada.

should be a second factor assessed in detail. A Base such as Canadian Forces Base (CFB) Petawawa has multiple formations (i.e., 2 Canadian Mechanized Brigade Group and 31 Canadian Brigade) competing for its use.[112] Although it could be argued that regular force training should have priority, reserve training concentrations have very little flexibility regarding when they can be programed,[113] limiting available training time. Bases also have demands to meet from Canadian Special Operations Forces Command (SOFCOM) units, such as the Canadian Special Operations Regiment (CSOR). Thus, tactical planners must consider the availability of all training areas within close proximity.

One approach to assessing common training area availability is completing a space/force/time analysis in which all Area training centers and their availability are assessed. For large block-booked periods, it may be possible to identify if the complete training area will be utilized (e.g., live fire training), or if it is possible to separate a portion of a training area so that other units can utilize it concurrently. The overall goal in this assessment is to go beyond a macro analysis, and identify as much free-space as possible in the common training area calendar for the next FY. Figure 24 provides an example of a time/space/force analysis of common training areas.

---

[112] Based upon the author’s personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.

[113] Major John Scott (former 2 Canadian Mechanized Brigade Group G4), Business Planning, *interview*, 22 January 2013, Toronto, Canada.

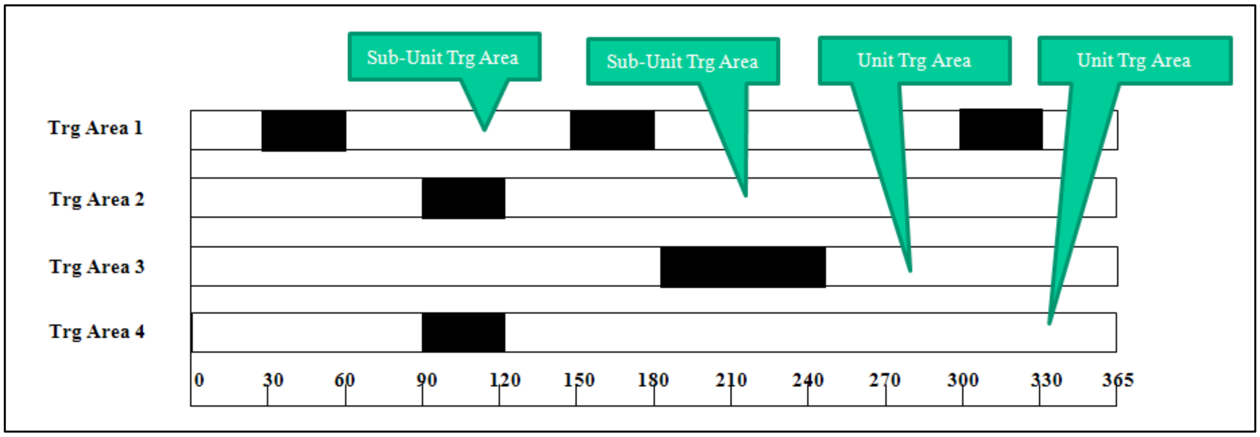

Figure 24. Example – Time/Space/Force Analysis – Common Training Areas

Impact of the Operational Environment – Common Training Equipment. Managing common training equipment is a reality and an obstacle for business planners.[114] Within the Army, this is known as whole-fleet management and it sees select capabilities, such as Light Armoured Vehicles (LAVs), rotated between formations and units. Many challenges persist with not assigning all equipment capabilities to one formation or unit. In particular, the serviceability of rotating common equipment is often lower than if it is held by only a single formation or unit.[115] Furthermore, accessories, known as the equipment issue scale (EIS), are often missing with common training equipment. An example of EIS for a LAV may be its driver's tool kit. Although the absence of EIS may not affect the serviceability of the equipment, it does make it more challenging for tactical commanders to train.[116] Consequently, when tactical business planners are assessing the availability of common equipment, they also need to consider serviceability of common equipment. To enable units to maximize their assigned training period, it may be necessary to over-program equipment allocations; planners must consider time for units to receive the equipment, account for it and all the associated EIS, and issue it to their sub-

[114] Based upon the author's personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.
[115] *Ibid.*
[116] *Ibid.*

units.[117] Similarly, when units are done with the allotted common equipment, time needs to be allocated for units to clean it, account for it (i.e., identify lost and damaged equipment if applicable), and hand it over to the next unit to whom it is assigned.[118]

Strengths and Weaknesses. The analysis of formation or unit strengths and weaknesses should be relatively simple for tactical business planners, unless the formation structure has changed from the previous year. The operational functions of command, act, sense, shield, and sustain still provide an effective framework with which to evaluate friendly forces. The operational function "command" speaks to the command and control framework/organization that a formation will need to put in place for major tasks, and to manage common equipment, common training areas, and the budget. The function "act" speaks to the major tasks and collective BTS that need to be conducted. The "sense" function involves the communication and network needed to support the other operational functions. "Shield" defines the safety measures that need to be put in place for major tasks. Finally, "sustain" refers to the logistics required to ensure that all essential tasks are properly supported. Table 4 provides an example of a simple analysis of some strengths and weaknesses that a tactical business planner may need consider when planning a Sovereignty operation.

	Factor	**Deduction**	**Conclusion**
Command	-Regiment mandated to conduct Sovereignty Operation Weakness -Regimental fall exercise may have budgetary slippage that will limit Regimental commitment	-Branch plan is required for different levels of Regimental commitment (i.e. Level 4 versus 5 operation) -Q3 analysis required to confirm available budget -Can the Regiment assume risk with end FY funds	-Plan winter warfare exercise in Q4 based upon slippage allotted from Formation Commander -Contact Canadian Joint Operations Command for funding support

117 *Ibid*.
118 *Ibid*.

		available? -Any degree of slippage allowed? -Can the exercise be paid for by other sources?	
Act	<u>Weakness</u> -Insufficient Light over snow vehicles (LOSV)	-Confirm if additional LOSVs be acquired from other units and other formations. -Confirm if rental LOSVs be obtained.	-Rental of LOSVs needs to be accounted for in the exercise budget along with insurance for damage.
Sense	<u>Weakness</u> -Insufficient communications network to support the exercise	-Satellite phones required -Satellite phones required for all dispersed elements, plus back-ups	-Satellite rental, network time needs to be budgeted for. -Policy needs to be devised on usage, if hours allotted are limited or charged at a premium.
Shield	<u>Strength</u> -Base camp identified and available that is accessible for airlift support in case there are any accidents	-Ideal airlift support can access base camp but weather may not allow. Therefore integral medical detachment required	-Additional rations and temporary duty funding needs to be budgeted.
Sustain	<u>Weakness</u> -Multiple systems require different fuels – LOSVs – gasoline, BV-206 – Diesel, Coleman lamps and stoves – Naphtha and limited local logistic support available	-What different types of fuel can be purchased locally? -Air transport plan must account for fuel stores	-Fuel required beyond the planned allotment will be charged a premium from local suppliers. -Better to over-plan fuel support requirements.

Table 4. Example – Operational Analysis – Strengths & Weaknesses

CoG and CC/CR/CV. Determining a formation's CoG is challenging enough with a standard JOPP where there exists an animate enemy element attacking friendly forces. With a business plan, a formation CoG may not exist, as components such as the proposed budget, training area, facility availability, and common equipment are assessed as threat elements. For example, it could be argued that ending the FY on budget is a form of defeating the threat, as would having a sustainable training area plan, and having a high serviceability rate of common training equipment. These threat elements certainly can stop a formation from achieving its objectives and end state. The key point is that tactical planners should not get hung up on the development of a formation CoG, as there is no enemy campaign design that is focused on attacking the formation or unit's operating plan.

This being said, it is possible for budgets to change and common training area schedules to change.[119] Consequently, some potential formation and/or unit CoGs may include the operational readiness status, time availability to achieve training milestones, synchronization of essential tasks, transformation activities, and sustainment capabilities. Although a formation CoG may not be clear, conducting a modified-Strange analysis is critical for the tactical planners in identifying CCs, CRs and CVs, which are essential for development potential decisive points and areas of risk.[120]

Time/Force/Space Analysis. A time/force/space analysis of friendly forces assesses the time that a formation and its units need to conduct their essential tasks and collective BTS and the training area requirements. Figure 25 provides a simple example of a time/force/space analysis that graphically identifies the training time required for a unit and the formation collective BTS. This analysis can help identify tasks and BTS that should be sequenced. It also helps identify future synchronization and phasing requirements for the formation or unit.

[119] Major Eric Fortin (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview,* 22 January 2012, Toronto, Canada.

[120] Canada, Department of National Defence, *CF OPP Note*, (Toronto: Canadian Forces College, 2013), 7-8.

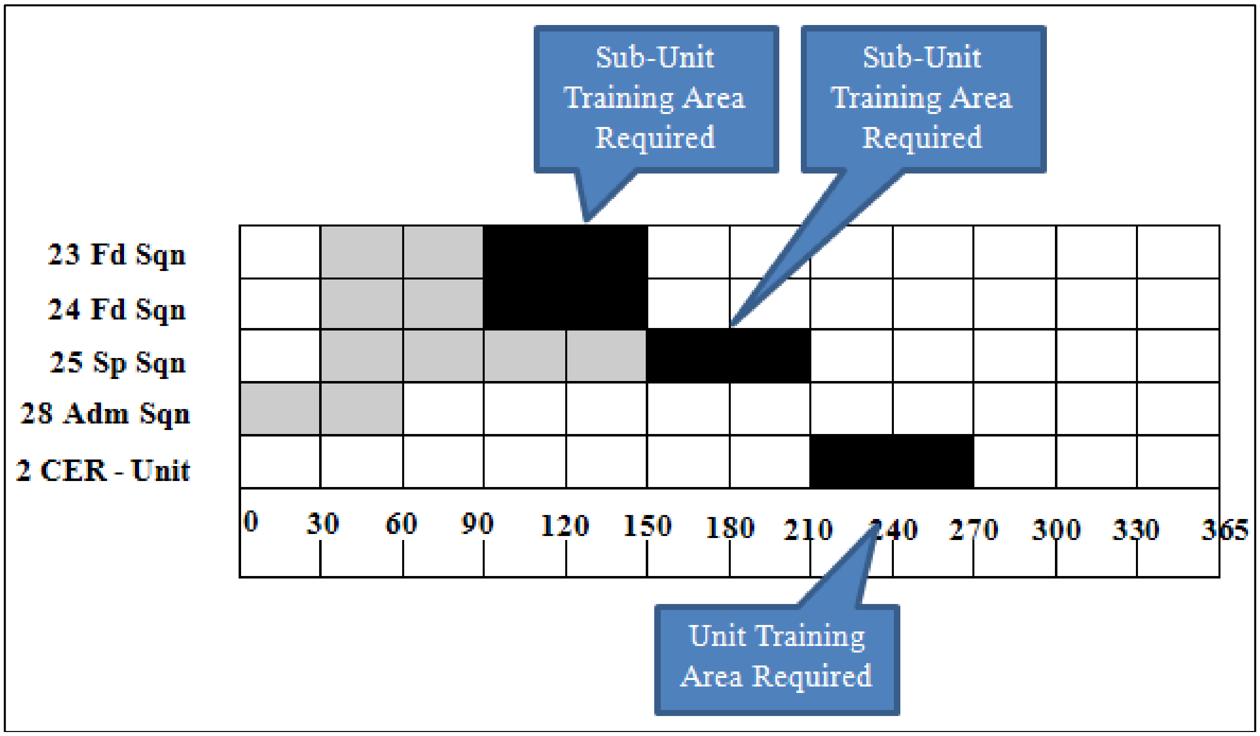

Figure 25. Example – Time/Force/Space Analysis

Timeline Comparison. The timeline comparison puts both the enemy and friendly timelines against each other to identify potential time periods where financial milestones need to be reached (e.g., end FY or end of financial quarter), training area de-confliction is required or additional training areas need to be scheduled, and common training equipment must be released. The comparison will help identify the feasibility of an operating plan. In particular, it may identify that tasks need to be grouped or sequenced. It may also identify that all the Area training centers are insufficient to support the formation or unit's demands requiring training activities to be deconflicted or exported.

Figure 26 is a simple example that compares Regimental activities against financial timelines for part of year, which reveals several conclusions. For example, the formation comptroller's first and second quarter reports of the in-year budget are not synchronized with Regimental Schools. Therefore, it may be more appropriate to request that Regimental Schools be completed before reporting on any slippage or over-commitment. The timeline also reveals that the Army's trimestral review is well synchronized to indicate the unit's budgetary position; however the unit must plan to ensure all expenses are entered into FMAS before block leave. Finally, the timeline shows that Unit planners must have detailed budget for the fall exercise completed within 30 days from returning from the Level 7 exercise.

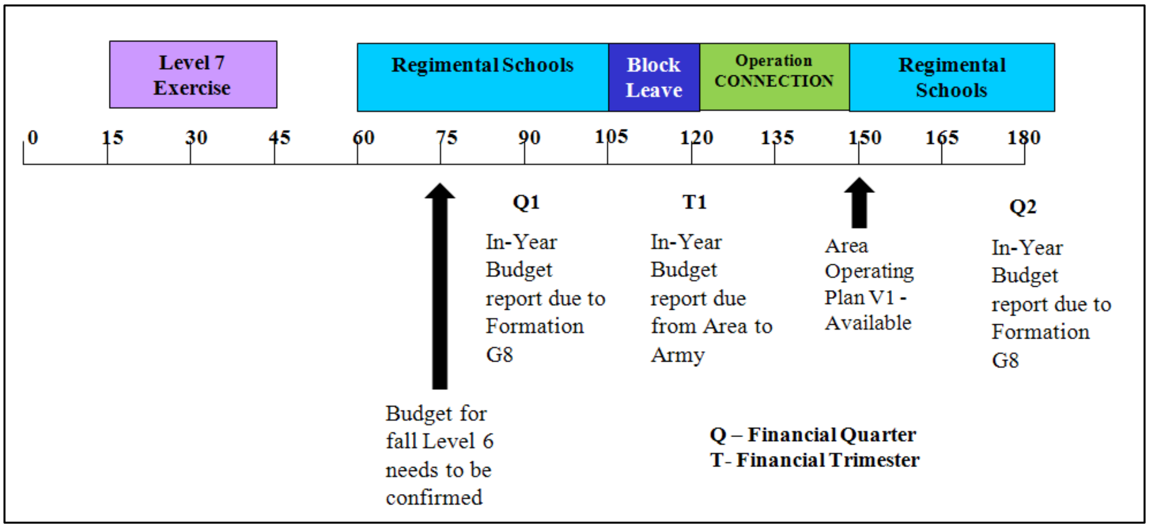

Figure 26. Example – Timeline Analysis

Step 5 – Operational Design. The operational design involves assessing nine factors: the end state, criteria for success, objectives, lines of operation, decisive points, decisions points, measures of effectiveness, date the decisive points are to be completed by, sequencing/phasing, and branch plans.[121] Sequel plans are not considered when developing an annual operating plan, as the completion of the FY should see the business planning process restart in the new FY. The operational design framework for a tactical business plan should be relatively easy to construct as lines of operation are based upon the formation's units – meaning that each unit has its own dedicated line of operation. Similarly, for a unit, lines of operation should be based upon sub-units. A line of operation should be dedicated to the formation and unit itself for collective tasks

[121] *Ibid*., 7-9.

and collective BTS. A reason for utilizing subordinate elements is that budgets, training areas, and collective equipment are typically allocated on an organizational basis.[122] Furthermore, the primary training objectives for one unit cannot be considered the same as another (e.g., an Artillery Unit versus an Infantry Unit) and when operational design objectives are broad in nature, they are difficult to define against success. Although this approach reflects no creativity and it also does not match the Army's operational design,[123] it enables clearer decisive points, measures of effectiveness, and operational objectives. Figure 27 is an example of a potential basic operational design for 3 Royal Canadian Regiment.

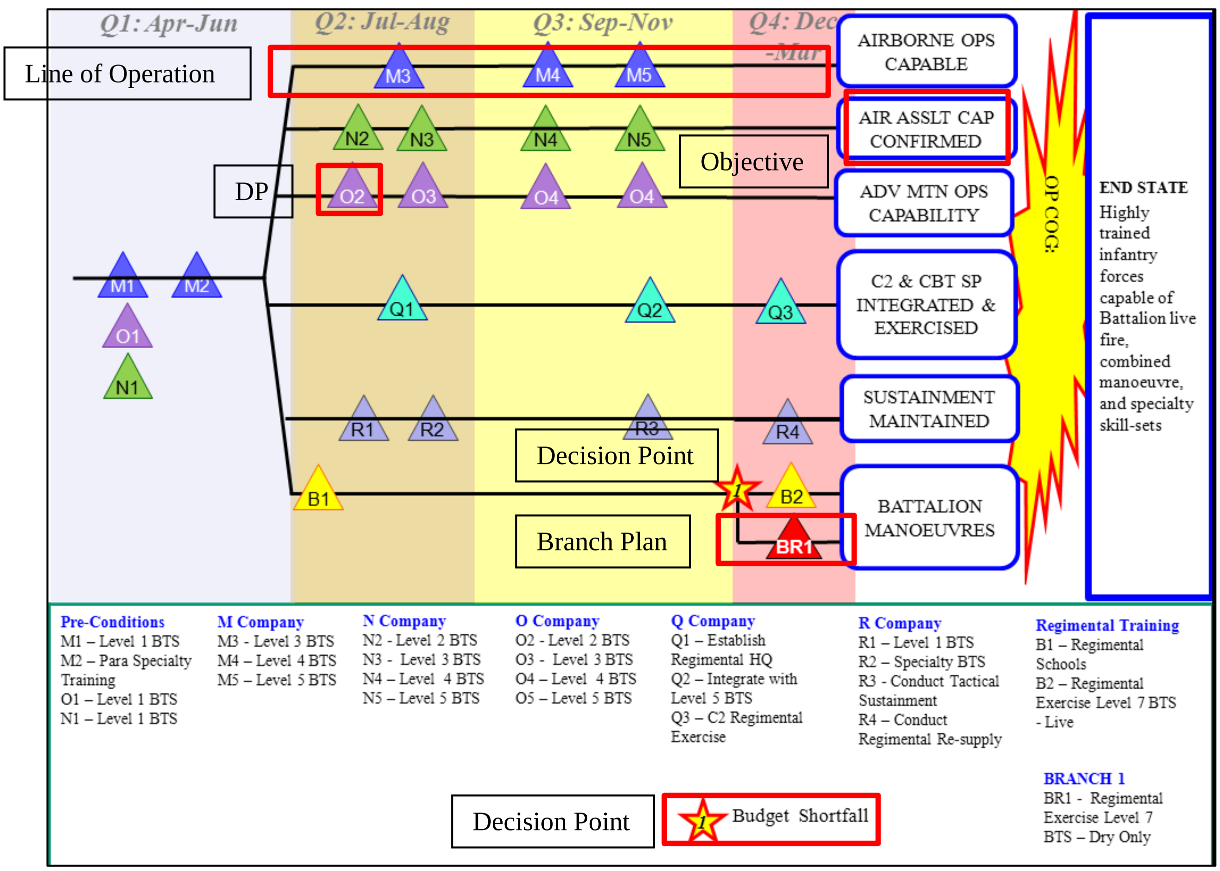

Figure 27. Example - Proposed Tactical Business Planning Process – Operational Design

[122] Major Balkaran (25 Nov 12), Major Scott (22 Jan 13), and Major Fortin (22 Jan 13), *interviews*.

[123] The Army's operational design for FY 2012/2013 is based upon the lines of operation: generate, sustain, build, and transform.

*Operational Design Framework.*When developing an operational design, the first factor assessed should be the end-state, similar to a JOPP. This should be developed from assessing the superior and higher commander's key tasks and endstate (e.g. 2 CMBG endstate for FY 2013/14 is Task Forces 1-14 and 2-14 declared op ready for deployment, foundation training completed and transformation of the institutional support foundation in LFCA is underway[124]). The second step is the identification of key objectives, which are normally drawn from the list of essential tasks.[125] Given that the lines of operation for tactical business planning are already defined by the units (e.g. 2 Combat Engineer Regiment, Royal Canadian Dragoons, 1 and 3 Royal Canadian Regiment and 2 Service Battalion for 2 CMBG) at the formation level and sub units at the unit level, the objectives will be shaped heavily by the organizations roles that are associated with the line of operation. For example, the objective for 2 Combat Engineer Regiment could be to train technically skilled combat engineers that can tactical integrate within 2 CMBG. This approach simplifies the operational design process, as the identification of objectives normally precedes the development of lines of operation when conducting a JOPP.[126] The third step for tactical level business planners to address in the operation design is the development of criteria for success. Criteria for success are measurable factors that indicate a formation or unit's end state was achieved.[127] An example for tactical business planners could be that unit high-readiness training complete (e.g. Level 6 live BTS complete) or readiness training was complete within allocated budget.

Operational Design – Detailed Factors. Once the operation design framework is

[124] Canada, Department of National Defence, *2 Canadian Mechanized Brigade Group Operating Plan FY 2013/2014 V1*. Petawawa, ON: 2012, 2.
[125] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 9.
[126] *Ibid.*, 7.
[127] *Ibid*., 7.

established, a number detailed factors need to be determined including DPs, measures of effectiveness (MoE) for the DPs, key timelines, decision points. Similar to a JOPP, DPs should be drawn from essential tasks, CVs, and other major deductions from the time/force/space analysis.[128] For example a DP for a unit within 2 CMBG could be to participate in exercise SPARTAN BEAR 13. MoE are similar to criteria for success in that they are measureable factors used to relate the achievement of a DP. For example, the percentage of personnel trained on an identified BTS. Decision points are "a point in space and time when the Commander anticipates making a key decision concerning a specific course of action."[129] For example a unit's budget may be decision point whether a training plan is conducted, scaled down or cancelled. Similar to a JOPP, decision points should correspond with a DP. Once DPs, their corresponding MoEs and timelines, and decision points are identified, tactical business planners need to sequence the DPs. JOPP planners normally identify phasing of the operational design; however, tactical business planning phases should be based upon financial timelines, such as financial quarters or the Army's governance mechanisms.

The next key factor with tactical business planning is the development branch plans. Branch plans provide Commander's flexibility in case priorities change or there is slippage or over commitment from already conducted training activities. Utilizing the operational design framework formalizes branch plans, as the Army is often reluctant to recognize over-programming. For example, the 2 CMBG operating plan clearly states under service support – funding that "over-programming of financial resources is not authorized."[130] In a standard operational design, sequel plans are also required. For tactical business planning sequel plans are

---

[128] Canada, Department of National Defence, *CF OPP Notes* (Toronto: Canadian Forces College, 2013), 8.
[129] *Ibid*., 9.
[130] Canada, Department of National Defence, *2 Canadian Mechanized Brigade Group Operating Plan FY 2013/2014 V1*. Petawawa, ON: 2012, 7.

not relevant because the end FY sees a new business planning cycle start.

The last elements of the operational design are a mission statement, CCIRs, Commander's Intent, and initial task organization.[131] These elements are required for any major formation or unit training activities. For example, the Commander's mission statement and intent will focus the training activities. The CCIRs will help the Commander identify decision points, such as what is the budget after Q2, or what is serviceability status of the Brigades LAV III fleet. Both factors could be critical to determining if a level 6 live fire is conducted. Elements not required for tactical level business planning include the preliminary C2 concept and initial force estimate, as tactical business planning is based upon already established organizations (i.e. formations, units and sub-units).

Step 6 – Risk Assessment. For tactical business planning, the risk assessment step seeks to develop COAs and controls to mitigate risk avoidance, reduce risk, share or transfer risk, and retain a low level of risk, as shown in Figure 28. If the mitigation measures are deemed insufficient, then further mitigation measures need to be assessed. Where further mitigation measures are not applied, residual risk needs to be accepted by the Commander. Risk assessment consists of five steps: (1) identifying the threat, (2) assessing the risk level, (3) determining the controls to reduce the risk level, (4) identifying the mitigation measures, and (5) assessing the residual risk.[132]

[131] Canada, Department of National Defence, *CF OPP Flow Chart* (Toronto: Canadian Forces College, 2013), 1.

[132] Canada, Department of National Defence, *CF OPP Note*, (Toronto: Canadian Forces College, 2013), 12.

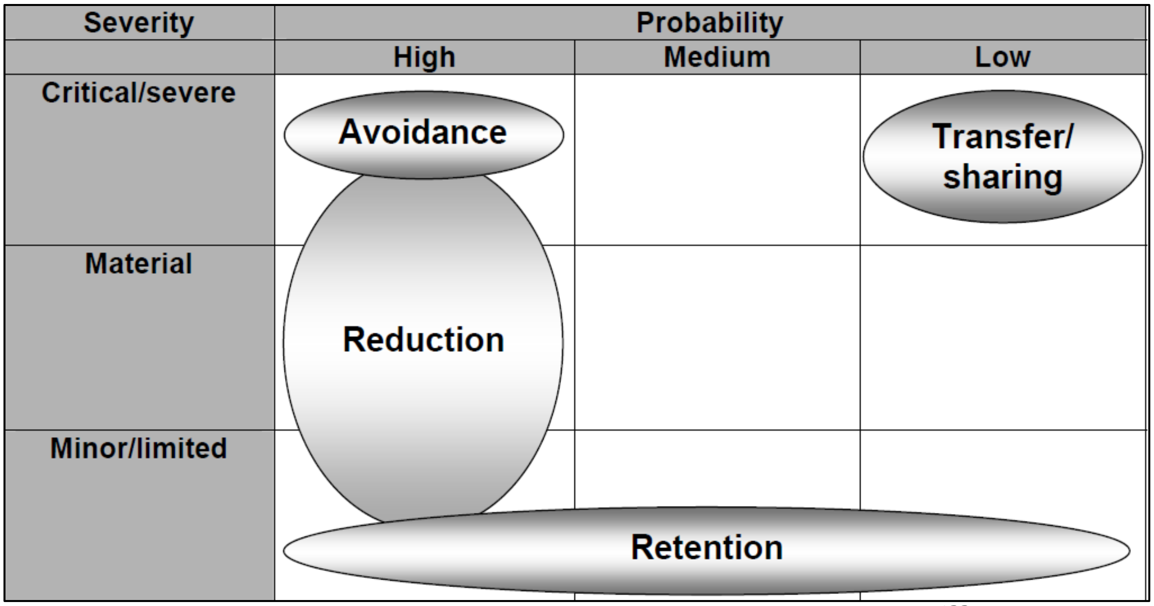

Figure 28. DND Resource Manager's Guide – Risk Assessment Analysis[133]

Identification of the Threat. The primary threats for a tactical business planning have been identified as the proposed budget, common training areas, and Army common training equipment. When the proposed budget is assessed, it should be assessed against the probability and severity of exceeding or under-utilizing the budget. Training areas should be assessed against any unforeseen allocation change and the risk of environmental damage. Army common training equipment needs to be assessed for any unforeseen allocation change and serviceability. Other threats may need to be considered depending on the training plan, including weather, allocation of rations, allocation of ammunition and explosives, and so on. A guide for tactical business planners to identifying risk assessment factors is to consider those factors for which the formation or unit has minimal control.

Assessing the Risk Level. The assessment of risk is no different for tactical business

[133] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services, 2003), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 101.

planning than for the JOPP, in that both the probability and severity of a factor are considered.[134] Probability is typically assessed on a scale of likelihood that a threat will occur, and the severity is the "expected consequence" of a threat.[135] Staff will need to develop scales for all factors. For example, a budgetary slippage of +/- 0.5% is acceptable, +/- 1% is negligible, +/- 3% is critical, and +/- 5% is catastrophic. For common training equipment, a scale could be based upon a serviceability rate, such as one that assesses 90% as acceptable, 88% as negligible, 85% as critical, and 80% as catastrophic. In this example, a catastrophic assessment would have a severe impact on the operation design, such as a formation or unit exercise line of operation.

Determining Risk Controls and Mitigation Measures. A number of standard controls are established by the CF for financial management, such as Sections 32, 33, and 34 of the FAA.[136] FMAS also records all expenditures, which enables units to monitor their budget. However, these controls provide only the minimum protection, as formations and units need to identify additional mitigation measures, such as deadlines for end-year expenditures. Other financial risk controls may include financial off-ramps, which allow a commander to cancel or reduce involvement in an activity. For common training areas, liaison can be conducted with competing formations to ensure there are no last minute schedule changes. Environmental assessments can also be conducted, which may identify a number of simple procedures that can be put into place to mitigate environmental damage.[137] For example, a formation exercise may require engineer elements to be tasked in order to support potential remediation activities. For common training

---

[134] Canada, Department of National Defence, *B-GJ-005-502/FP-000 Risk Management for Canadian Forces Operations*, (Ottawa, 2008).

[135] *Ibid*.

[136] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services, 2003), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 60.

[137] Based upon the author's personal experience as Officer Commanding 28 Administration Squadron at 2 Combat Engineer Regiment.

equipment, it may be necessary to incorporate maintenance time into a schedule or to request a technical assistance visit from additional maintenance staff.

Assessing the Residual Risk. The final product of a risk assessment is a risk matrix that plots probability (i.e., very likely, likely, somewhat likely, and unlikely) versus severity (i.e., catastrophic, critical, marginal, and negligible) to identify levels of risk from extremely high, high, moderate, and low, as shown earlier in Figure 30.[138] The residual risk level is what remains from identified controls and the applied mitigation effort. For clarity, multiple risk assessment matrixes can be produced. If possible, tactical business planners should consider all significant threat factors against the operational design. The end result clearly shows if additional resources or control measures need assessing.

Step 7 – Mission Analysis Briefing and Step 8 – Commander's Planning Guidance and Commander's Initiating Directive. Both Steps 7 and 8 are fundamentally the same as a JOPP as the annual operating plan is the Commander's plan and therefore he must be satisfied with the mission statement and supporting analysis. A mission analysis briefing should see the ground christened, threats identified, background to the analysis, outline of the operational design along with the risk assessment completed, proposed CCIRs, and a proposed Commander's intent and mission statement.[139] The final step of Stage 2, the Commander's planning guidance, remains "a formal, written document intended [to support the] staff for further planning and the Superior Commander's situational awareness."[140]

---

[138] Canada, Department of National Defence, B-GL-361-117/FP-001, Mobility Support – Route and Area Clearance, (Kingston, ON: 2012), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 3-1 to -3-6. Note: Chapter 3 is a Risk Management – General Chapter.

[139] Canada, Department of National Defence, *CF OPP Notes*, (Toronto, ON: Canadian Forces College, 2013), 13.

[140] *Ibid.*, 13.

2.7. Stage 3 – COA Development

Stage 3 – COA development (Figure 29) still consists of six steps for tactical level business planning: COA development, an information brief, COA war game, COA evaluation, a decision briefing, and the issuing of a concept of operations and a JSOR to higher.[141]

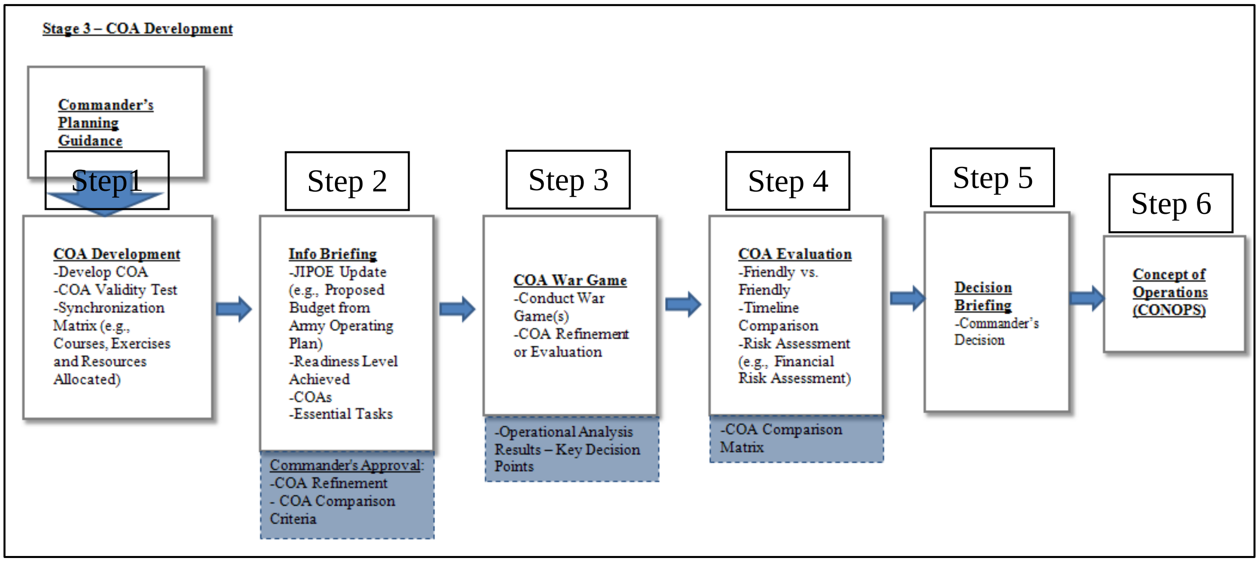

Figure 29. Proposed Tactical Business Planning Process – Stage 3 – COA Development

Step 1 – COA Development. COA development consists of three sub-steps. The first is the development of multiple COAs for which the approved operational design provides a framework. The Commander may provide some guidance on COAs during the mission analysis briefing. This step should see no fundamental changes for tactical business planning, except the evaluation of COA validity factors. The synchronization matrix continues to expand upon the analysis started during the operational design (i.e. development of DPs, MoEs, timeline and decision points), such as the identification of key tasks to subordinate organizations.

When it comes time to evaluate COA validity, the CF EMS identifies four COA validity factors – accountability, affordability, achievability, and strategic fit – which they define as

[141] Canada, Department of National Defence, *CF OPP Flow Chart*, (Toronto, ON: Canadian Forces College, 2013), 1.

follows:

> (a) accountability – 'Does the plan clearly link resources and responsibilities and describe a framework for monitoring performance?' (b) affordability – 'Is the plan funded/can it be funded in a manner consistent with department priorities?' (c) achievability: 'Is the plan achievable/realistic and does it reflect departmental timelines and priorities?' and (d) strategic fit: 'Is the plan consistent with strategic direction provided and is the fit clear?'[142]

For tactical business planning the EMS defined factors replace the established JOPP COA validity factors (i.e. suitability, feasibility, acceptability, completeness and exclusivity). The two sets of factor are similar in nature, less exclusivity, which is an implied requirement of developing two different COAs. For example, affordability and achievably are synonymous with feasibility and strategic fit relates to acceptability and suitability.

Step 2 – Information Briefing. Step 2 – Information Briefing consists of updating the Commander on the threat, operational design, and developed COAs. In the case of tactical level business planning, the Commander may also need to update the staff based on feedback from Army governance.[143] The information briefing should seek to refine the COAs and obtain COA comparison criteria from the Commander. For tactical business planning, the following COA comparison criteria could be considered, instead of factors drawn from the principles of war or fundamentals of the offence or defence:

> Readiness. The degree of readiness achieved. Does it satisfy direction issued in the Area operating plan?
>
> Flexibility. The ability to implement a financial off-ramp. The ability to cease or minimize expenditures.
>
> Financial Controls. Does this COA have sufficient financial controls to minimize a serious financial slippage or over commitment?

[142] Canada, Department of National Defence, *Resources Manager's Guide – 8th Edition* (Ottawa: Assistant Deputy Minister (Finance and Corporate) Services), http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf, 39.

[143] Lieutenant-Colonel Chris Rankin (Concepts Team Leader - Canadian Army Land Warfare Centre), Business Planning, *interview*, 15 February 2013, Kingston, Canada.

Synchronization. Does this COA leverage and synchronize common training equipment and training areas?

Risk. Which COA best avoids risk, reduces risk, share or transfer risk, and retain a low level of risk from key threats?

These factors are the key to ensuring a formation or unit maximizes its training time and allocated budget. Figure 30 is an example of tactical level business planning COA.

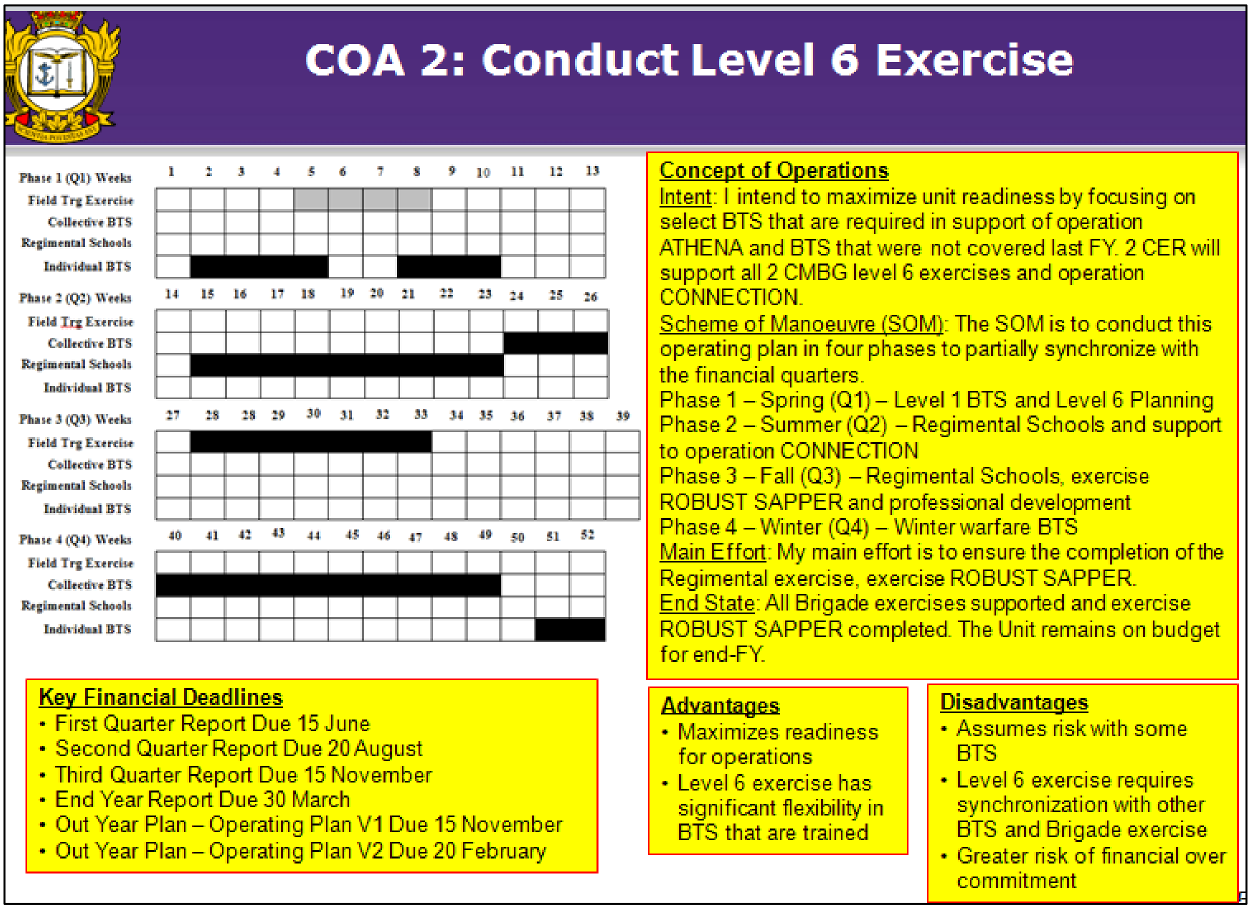

Figure 30. Example – Tactical Business Planning COA

Step 3 – COA War Game. The COA war game seeks to compare COAs against the threats. This is critical when outside agencies are supporting or participating in a formation or unit's training activities. Given that the threat elements are inanimate, a threat level can be selected based on the severity scales from the risk assessment. For example, the business planners can COA war game the plans against the formation's common equipment allocation being 80% serviceable and the budget having a 3% slippage. The idea is not to war game against optimal conditions, but to account for a most likely scenario.

In a standard JOPP, the COA war game produces a decision support template, high payoff target, and refined JSOR. For tactical level business planning, the key decision points, such as a significant budget change, should still be clarified, and the JSOR for external support to formation and unit training activities should be refined. The primary goal in tactical business planning is to ensure the sequencing of training activities and the synchronization of limited resources.[144] This is critical for managing common training equipment and confirming training area availability. It may also help address common requirements, such as C2 and sustainment, which can be mutually supported between organizations.

Step 4 – COA Evaluation. There are a number of methods for comparing COAs. COAs can be assessed against each other with select COA comparison criteria. They can also be compared against the threat elements to determine advantages and disadvantages. The fundamentals of COA comparison are the same for business planning as they are for operational planning. This is shown in Figure 31 in which a COA comparison table, used on the Joint Command and Staff Program planning exercise (i.e. top), is compared against an example of tactical business planning COA comparison (i.e. bottom).

[144] Major Krista Dunlop (former Artillery School – Senior Instructor Air Defence), Business Planning, *interview*, 18 March 2013, Toronto, Canada.

Figure 31. Examples – COA Comparison

Step 5 – Decision Briefing, and Step 6 – Concept of Operations and JSOR. The remaining steps of Stage 3 are fundamentally the same for tactical level business planning, as a decision briefing still seeks a decision from the Commander on the selected COA and proposed CCIRs, and to "confirm [the Commander's] operational design."[145] The concept of operations is still used in tactical business planning to guide the detailed planning conducted in Stage 4 – Plan Development. A tactical business plan concept of operations informs subordinate commanders

---

[145] Canada, Department of National Defence, *CF OPP Notes*, (Toronto, ON: Canadian Forces College, 2013), 19.

and advises the higher commander of the Commander's intentions, priority training tasks, timelines, and so on.[146]

2.8. Stages 4 and 5 – Plan Development and Review

For a JOPP, the last two stages (i.e. Stages 4 and 5) each consist of three steps, as shown in Figures 32 and 33, respectively.

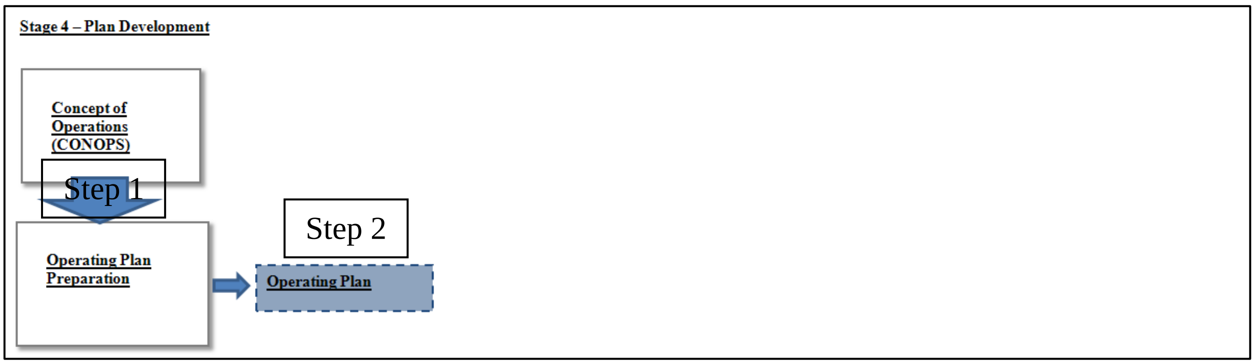

Figure 32. Proposed Tactical Business Planning Process – Stage 4 – Plan Development

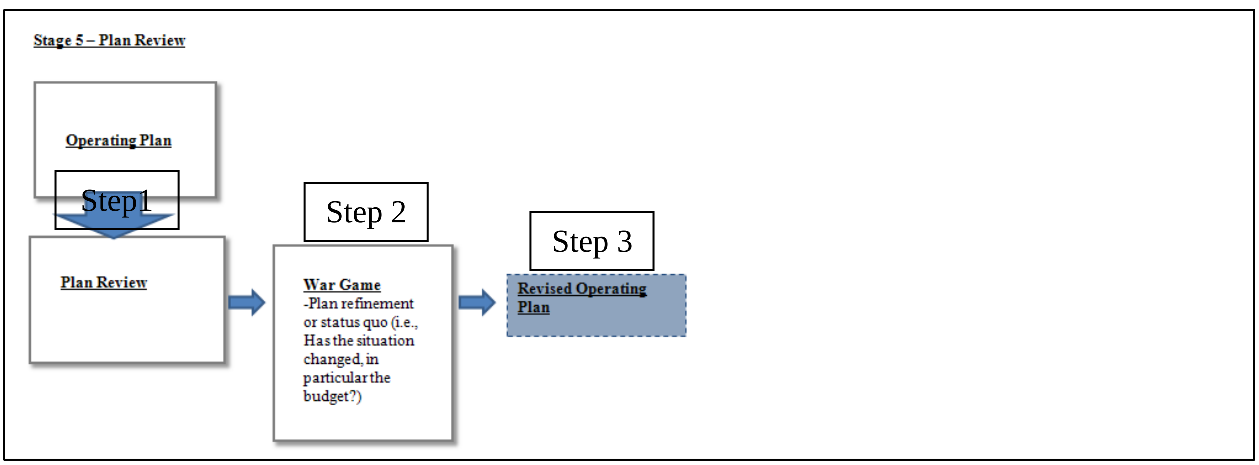

Figure 33. Proposed Tactical Business Planning Process – Stage 5 – Plan Review

Stage 4 is the completion of the annual operating plan and ideally the end of the business planning cycle for a formation or unit. The requirement to conduct a Stage 5 – Plan Review is dependent on whether the proposed budget and other limited resources (e.g. common training equipment allocation) were confirmed. If these components, in particular the proposed budget is

146 *Ibid.*, 19.

confirmed, Stage 5 – Plan Review can be skipped.

In Stage 5, the second step is a war game is retained, although one was conducted earlier in Stage 3. For a tactical level business plan, the requirement to conduct a second war game is dependent on how much the proposed budget and/or other limited resources (e.g. common training equipment allocation) have changed. For example the allocated O&M budget was cut by a small percentage (e.g. 2 percent). However, if the situation has fundamentally changed (e.g. 10 percent cut) this will require the tactical business planning process to be re-started. It will be a commander's decision whether to conduct Stage 5 or re-start the planning process.

2.9. Conclusion

This analysis shows that the JOPP can be used as the doctrinal foundation for a tactical level business planning process. Key elements to the process are that all five stages of the planning process must be retained. An analysis of Stage 1 - Initiation showed that all four supporting steps remain valid and that most of the key plans staff should remain the same as a JOPP. The two exceptions are that the role of the G2 diminishes and the role of the G8 substantially increases. A key factor that a formation and unit business planning staff must recognize is that the Area operating plan represents only one source of higher commander direction. The Commander LFDTS is critical for providing BTS guidance for formation and unit business plans. The analysis also identified that an enemy element is required to utilize the JOPP as a foundation for a tactical level business planning process. The most logical factors to fill this capacity are the proposed budget, common training equipment, and common training areas and facilities. A number of planning elements are simplified with this approach, such as the lack of relevancy of EEFIs.

An analysis of Stage 2 showed that the eight steps from the friendly force analysis should remain the same. By defining the enemy as inanimate elements, the process is simplified, as the

JIPOE can be reduced to a single step and analyzed sequentially. Elements such as the enemy operational design can be skipped in the planning process. However, by identifying the budget, common training equipment, and common training areas as the enemy, they are analyzed in detail by the staff, and not just by staff principles such as the G8. Planning tools such as a time/space/force analysis can reveal sequencing and capacity issues. The formation and unit business planning process also does not restrict or limit staff from using previously conducted operating plans to help with the identification of implied tasks. Staff must be cognizant of the risk of mission/task creep, as the tactical business planning process is supposed be a zero based budget.

The flexibility of the JOPP was readily apparent, as the analysis of strengths and weaknesses easily translated to a formation and unit business planning process. Factors were identified that could be categorized under the operational functions of command, act, sense, shield, and sustain. The analysis of CCs, CRs, and CVs also translated well to a formation and unit business planning process. The one exception to this was potentially a friendly force CoG, as the budget, common training equipment, and common training equipment were identified as threats. The time/space/force analysis and timeline comparison also remain valid factors to analyze for a tactical level business planning process.

The operational design remains an excellent framework for developing a concept of operations for an annual operating plan. The end state, objectives, lines of operation, decisive points, and decision points all translated well for a tactical level business planning process. In fact, the process simplified as much of the "art" of the operational design was eliminated, with lines of operations based upon subordinate units for formations and sub-units for unit business planning. Given that most of the formation and unit senior staffs are not JCSP qualified, the training gap for junior officers and SNCOs is minimized. Risk assessment was another component of the JOPP that translated extremely well. All five steps in the process remain valid and the DND Resource Manager's Guide provides significant doctrine to support this analysis.

Stage 3 – COA Development revealed that many of the factors from the GoC's EMS translate down to the tactical level, in particular the COA validity factors. The GoC's EMS identifies COA validity factors of accountability, affordability, achievability, and strategic fit, which remain consistent with the JOPP validity factors. Furthermore, an analysis of COA comparison criteria revealed that factors such as readiness, flexibility, financial controls, synchronization, and risk can be used in place of principles of war to support the analysis of COAs. The utility of a COA war game also proved to be extremely beneficial to ensure synchronization of training, management of common training equipment, confirming training area availability, and economy of effort.

The analysis of Stages 4 and 5 revealed that a tactical level business planning process should follow the foundation of the JOPP, less the requirement for a plan war game. An annual operating plan is similar to campaign plan, except the enemy is not animate, and therefore a COA war game can be cut in Stage 4 – Plan Development. The requirement for State 5 – Plan Review and its war game are dependent on whether the proposed budget and other limited resources (e.g. common training equipment allocation) were confirmed. Similar to a JOPP, if the situation has fundamentally changed, it will be necessary for tactical business planners to re-start the planning process.

CONCLUSION

Business planning was initially developed from the private sector as a process to (1) analyze the external environment, (2) analyze the internal environment, (3) define the business and mission, (4) formulate strategies, (5) make tactical plans, and (6) build procedures for monitoring and controlling revenues and expenses. A brief analysis confirms its application to the CF and in turn the Army; however, there are several divergent issues at the tactical level that make its implementation challenging. Challenges include the fact that the Army does not generate a profit, therefore, financial accounting procedures of ROI and IRR can not be readily applied. There are challenges implementing management accounting procedures including ABC, which conflicts with the fact that many of the expenses for running the Army are centrally managed.

In the 1990s, business planning was introduced into the CF and defined by the GoC as a part of its EMS. It was supposed to help the Army define its objectives and strategies, as well as performance and progress measurements to support accountability. In short, business planning is a process that the Army that would help it develop its annual operating plans at all levels. Again, the established doctrinal process used by the Army translated well for Level 1 and 2 planning but presented several challenges for Level 3 and 4 planners. Most notably, the current process does not incorporate an internal unit business planning process within the larger Army business planning process. Other concerns include a lack of training, experience and standardized planning process for tactical business planners to utilize.

A proposed Army business planning process was produced that recognizes the Army's governance and its influence in the planning process. It also better delineates the staff and command influence in the process and shows the iterative nature with respect to how each level of the annual operating plan influences the other. Although the macro process can be relatively easily clarified, the challenge remains that there is no standardized process that AOC-qualified personnel can use. The process referred to as a tactical business planning process must be easily understood and provide sufficient flexibility to support multiple planning cycles and enable integration with the Army's business planning process.

A quick review of the CF's established planning process revealed the JOPP may provide a planning framework within which Army personnel can operate to develop their annual operating plans. The JOPP proved ideal, as key elements such as the operational design lend themselves well to assigned budgets and allocations of limited common training equipment and training areas. The DND Resource Manager's Guide outlines a number of factors including COA validity factors and risk assessment that can be substituted in place of standard JOPP factors. A subsequent detailed analysis walked the reader through a planning process, which is flexible and simple enough for formations and units to produce their annual operating plans and merge with the Army's process and governance.

Bibliography

Australia. Government of Western Australia. *Regulatory Impact Assessment Guide Note.* http://www.treasury.wa.gov.au/cm/content.aspx?id=3673.

Balkaran, Major (25 Nov 12), Major Scott (22 Jan 13), and Major Fortin (22 Jan 13), *interviews*.

Berry, Tim. "A Standard Business Plan Outline." Accessed 12 January 2013, http://articles.bplans.com/writing-a-business-plan/a-standard-business-plan-outline/29.

Carvallo, Major Luis (DCO 2 CER), Unit Business Planning, phone interview by author, 10 February 2013.

Canada. The Minister of Justice. *Financial Administration Act*. Ottawa, ON: 1985. http://laws.justice.gc.ca/en/F-11/index.html.

Canada. Treasury Board of Canada Secretariat. *The Expenditure Management System of the Government of Canada*. Ottawa, ON: 1995.

Canada. Department of National Defence. *A-AD-125-000/FP-001 Defense Management System Manual*. Ottawa, ON: Director Force Planning and Program Coordination, 1998.

———. *Resources Manager's Guide – 8th Edition*. Ottawa, ON: Assistant Deputy Minister (Finance and Corporate) Services, 2003. http://admfincs.mil.ca/organiz/dma/guide/resman_e.pdf.

———. *Financial Management Accountability Framework*. Ottawa, ON: Assistant Deputy Minister (Finance and Corporate) Services, 1998.

———. *A-FN-100-001/AG-006 Delegation of Authorities for Financial Administration for DND and the CF*. Ottawa, ON: Assistant Deputy Minister (Finance and Corporate) Services, 2012.

———. *A-FN-007-000/AF-001 DND Costing Handbook – Second Edition*. Ottawa, ON: Assistant Deputy Minister (Finance and Corporate) Services, 2006.

———. *Army Operating Plan FY 2012/2013 V2*. Ottawa, ON: Chief of Land Staff, 2011.

———. *Land Force Central Area – Joint Task Force Central Operating Plan FY 2013/2014 V2*. Toronto, ON: 2012.

———. *2 Canadian Mechanized Brigade Group Operating Plan FY 2013/2014 V2*. Petawawa, ON: 2012.

———. *Canada First Defence Strategy*. Ottawa, ON: 2008. http://www.forces.gc.ca/site/pri/first-premier/June18_0910_CFDS_english_low-res.pdf.

———. *Land Staff SOP Army Strategic Decision Making Handbook*. Ottawa, ON: Chief of Land

Staff, 2004.

———. *CF OPP Notes*. Toronto, ON: Canadian Forces College, 2013.

———. *CF OPP Flow Chart*. Toronto, ON: Canadian Forces College, 2013.

———. *Designing Canada's Army of Tomorrow*. Kingston, ON: Directorate of Land Concepts and Designs, 2011.

———. *Integrated Management Environment and Accountability at Land Force Quebec Area/Joint Task Force (East)*. Quebec, QC: 2009.

———. *Canadian Forces Operational Planning Process (CF OPP)*. Toronto, ON: 2013.

———. *Canadian Forces Joint Publication 3.0 Operations*. Ottawa, ON: 2011.

———. *Canadian Forces Joint Publication 5.0 The Canadian Force Operational Planning Process (OPP)*. Ottawa, ON: 2008.

———. *Canadian Forces Joint Publication 2.0 Intelligence*. Ottawa, ON: 2011.

———. *B-GL-300-001/FP-001, Land Operations*. Kingston, ON: 2008.

———. *B-GJ-005-502/FP-000 Risk Management for Canadian Forces Operations*. Ottawa, ON: 2008.

———. B-GL-361-117/FP-001, Mobility Support – Route and Area Clearance. Kingston, ON: 2012.

———. *Department Financial Statements – 2011-2012 (Unaudited)*. Ottawa, ON: 2012.

Dace, Chris. "Strategic Planning." *Engineering Management* 14 (4) (2004): 42-45.

Foreman, C. W. and F. P. Mertes. "The Business Side of Defense Planning." *Business Horizons* 9 (2) (1966): 27.

Fortin, Major Eric (former Deputy Commanding Officer 5 Combat Engineer Regiment), Unit Business Planning, *interview*, 22 January 2012, Toronto, Canada.

Garrison, R.H. et al. *Management Accounting: Eight Canadian Edition*. Toronto, ON: McGraw-Hill Ryerson, 2009.

Gosselin, Major-General Daniel. "Helley's Ghosts: Unification of the Canadian Forces is 40 Years Old - Part Two." *Canadian Military Journal*, Vol 9, No. 3, March 2009.

Gilbert, Clark, Matthew Eyring, and Richard N. Foster. "Two Routes to Resilience." *Harvard Business Review* 90 (12) (2012): 65-73.

Kem, Dr. Jack D. *Campaign Planning: Tools of the Trade – Second Edition*. Department of Joint and Multi-national Operations. Fort Leavenworth, Kansas: US Army Command and General Staff College, 2006.

Land Forces Central Area. "Op Plan FY 13/14." Presentation to Canadian Army Business Planning Symposium, 2012.

———. "LFCA Impact Assessment FY 13/14." Presentation to Canadian Army Business Planning Symposium, 2012.

Libby, R. et al. *Financial Accounting: Third Canadian Edition*. Toronto, ON: McGraw-Hill Ryerson, 2008.

Margolis, Daniel. "In Practice: The Army You have." *Chief Learning Officer* 6 (9) (2007): 48-48.

Oberwarth, Lieutenant-Colonel Cayle (Army Business Planner), Business Planning, *interview*, 18 January 2013, Ottawa, Canada.

Parker, Jay M. "Battlefield Lessons." *Fast Company* (71) (2003): 35-40.

Petre, Peter. *General H. Norman Schwarzkopf - The Autobiography: It Doesn't Take a Hero*. New York, USA: Bantam Books, October 1993.

Pyle, Richard. *Schwarzkopf – In His Own Words: The Man, The Mission, The Triumph*. New York, USA: Penguin Books, 1991.

Rankin, Lieutenant-Colonel Chris (Concepts Team Leader - Canadian Army Land Warfare Centre), Business Planning, *interview*, 15 February 2013, Kingston, Canada.

Scott, Major John (former 2 Canadian Mechanized Brigade Group G4), Business Planning, *interview*, 22 January 2013, Toronto, Canada.

Sledge Nathaniel. H. Jr. "Defense Spending: Today's 'Broken' Budgeting Process Must Change." *National Defense Magazine*. November, 2010.

United States. Department of Defence. *Joint Publication 5-0 Joint Operational Planning*. Washington, DC: 2011.

———. *Joint Publication 2-01.3 Joint Tactics, Techniques and Procedures for Joint Intelligence Preparation of the Battlespace*. Washington, DC: 2000.

Walton-Simm, C.M. "Business Planning in the Department of National Defence/Canadian Forces – The Need for Transformation." Master of Defence Studies, Canadian Forces College, 2004.