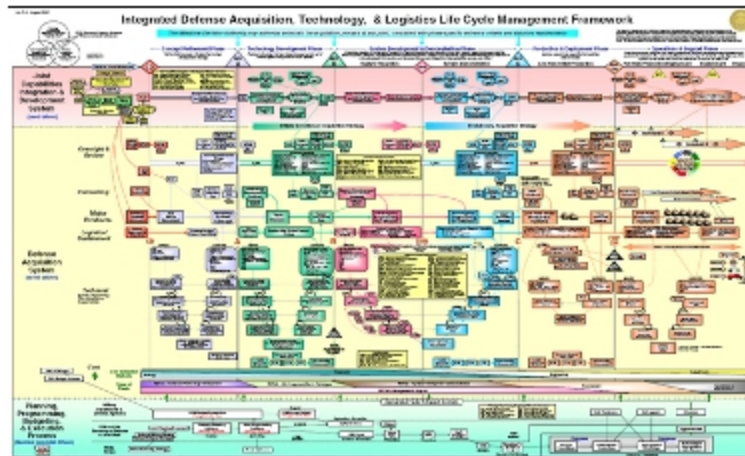


Welcome to Cost Estimating and PPBE

This module introduces the role of the Life Cycle Logistician (LCL) in cost estimating and PPBE. The LCL plays a key role in both activities and must be aware of various procedures and timeframes related to each.

Select the Play button to listen to the Strike Talon message from the Business Financial Manager.

Select the image to access the interactive wall chart website.



CC Text:

Closed Captioning

Business Financial Manager: Welcome to the Strike Talon budget office. My name is John Martin and I am the Strike Talon Business Financial Manager. I am glad you stopped by to talk about Logistics budgeting and funding. As you know, product support is one of the major cost drivers in any major acquisition program like Strike Talon. I will be counting on your input at various stages of the program development to provide me with realistic and accurate funding requirements.

To put it simply, my job is to make sure that Strike Talon cost estimates accurately portray the program costs and that the Program Objective Memorandum, better known as the POM, contains the necessary resources in the proper appropriation and timeframe to meet program objectives. It is also up to me to ensure that all spending is properly accounted for within the financial accounting systems. Lastly, I have to keep all resource decision-making information readily available. The Program Manager is constantly working "what if" drills and every one of those has a resource impact. It is my job to assist and advise the Program Manager on all financial matters.

The framework in which all financial resource decisions are made in the Department of Defense is called the Planning, Programming, Budgeting and Execution process, or PPBE. PPBE is DoD's primary resource allocation system, having the ultimate objective of providing Warfighters with the best mix of equipment, personnel, and support attainable within fiscal constraints.

It is important that all members of the Strike Talon program team understand the PPBE process and its relationship to successfully fielding a system on time and on budget. I want you to take this opportunity to learn more about PPBE and the role the Life Cycle Logistician plays in its execution. I think you will discover how important it is for you to provide timely cost estimates, with solid justification in order to successfully compete for limited resources. Logistics is one of the program's largest cost accounts and we need to make sure it is adequately funded.

Why Cost Estimating and PPBE?

The purpose of the PPBE process is to allocate financial resources within the Department of Defense. It is important for the Life Cycle Logistician (LCL) to be aware of the nature and timing of each of the events in the PPBE process, since they may be called upon to provide critical information that could be important to program funding and success. This lesson will provide a basic understanding of the four phases of PPBE and how the LCL interacts with the key participants in the process.

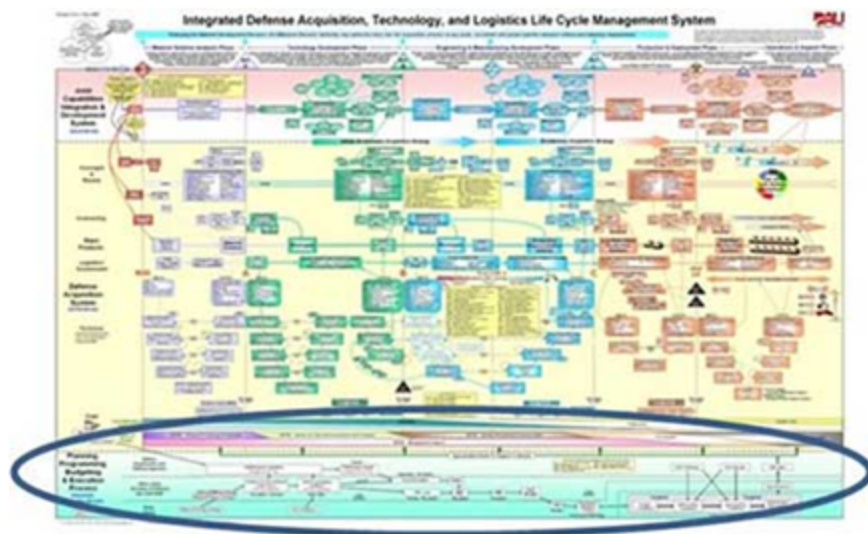
Cost estimates are necessary for governmental programs for many reasons. They can be used to develop annual budget requests, evaluate resource requirements at key decision points, and support decisions about whether to fund one program over another. The PPBE process is the resource allocation system in which these funding decisions are made and therefore, credible cost estimates are critical for successful execution of the PPBE process. The LCL will be called upon to provide life cycle cost estimates for all the elements of logistics support. These estimates will include acquisition and procurement costs, and all costs required to support the system throughout its life cycle until disposal.

Inputs / Outputs

Major components of Cost Estimating and the PPBE process:

- National strategic goals and security guidance
- Planning
- Programming
- Budgeting
- Execution

[Click here to see this image enlarged.](#)



Objectives

Upon completion of this module you should be able to:

- Identify the techniques available to the Life Cycle Logistician (LCL) in cost estimating for logistics funding requirements.
- Recognize the PPBE process as the source of financial resources for the LCL and the importance of PPBE in every phase of a project life cycle.
- Describe the Planning Phase of the PPBE process.
- Describe the Programming Phase of the PPBE process.
- Describe the Budgeting Phase of the PPBE process.
- Identify the kinds of PPBE issues an LCL may face with regards to budget funding.

Module Contents

This module consists of six lessons. Select each to review the main purpose of each lesson.

[Cost Estimating](#)

[PPBE Overview and Building Blocks](#)

[Planning Phase](#)

[Programming Phase](#)

[Budgeting Phase](#)

[PPBE Issues](#)

Popup Text:

Cost Estimating

This lesson addresses the LCL's responsibilities for providing the Program Manager with the cost estimates required to implement the product support strategy. The lesson discusses different cost estimating techniques that the LCL may use, and the various methods for managing and monitoring financial performance.

PPBE Overview and Building Blocks

This lesson explains how PPBE is the DoD's primary resource allocation system, having the ultimate objective of providing Warfighters with the best mix of equipment, personnel, and support attainable within established fiscal constraints.

Planning Phase

This lesson discusses the Planning Phase of PPBE. The lesson explains how the Planning Phase is used to evaluate DoD strategy, assess what capabilities are required to counter threats to national security, and how these capabilities are integrated within the Defense Planning and Programming Guidance (DPPG).

Programming Phase

This lesson explains the Programming Phase. The primary purpose of the Programming Phase is to develop affordable Component resource packages called Program Objective Memorandum (POM). POMs are prioritized in accordance with the Joint Planning Guidance, and describe the levels of forces, personnel, and money required to execute the DoD strategy developed in the Planning phase.

Budgeting Phase

This lesson discusses the Budgeting Phase. The primary purpose of the Budgeting Phase is to scrutinize the first one or two years of each Component's programs to ensure efficient use of resources and to

produce a DoD budget request that can be effectively defended before Congress.

PPBE Issues

This lesson presents financial issues that Life Cycle Logisticians are typically concerned with during program reviews, reasons that acquisition programs lose funding and advice on preparing quality reclaims or impact statements.

Lesson Completion

You have completed the content for this lesson.

To continue, select another lesson from the Table of Contents on the left.

If you have closed or hidden the Table of Contents, click the Show TOC button at the top in the Atlas navigation bar.