

SUBJECT: STRATEGIC PLANNING INITIATIVE

The purpose of this notice is to update policy provided in SEN-25-90. The revised policy is based on lessons learned during implementation of the FT-1993 Planning Cycle.

The Strategic Planning Initiative is a process that integrates planning, programming and budgeting in a functional manner. This notice specifies core activities to be accomplished and their timing relationships. Notably, the process results in six key products that collectively serve as the main factors underpinning the yearly planning process. The six products are: Strategic Plans, Guidance to the Field, Multi-Year Program Plans, Crosscut Plans (as assigned), Program Issues, and Program Planning Proposals, when appropriate. Upon completion of these inter-related products, the Spring Program Review begins the Department-wide decision-making process resulting in Secretarial Internal Review Budget (IRB) Guidance, and ultimately the final decisions that are made within the Headquarters Budget Process. Each of these activities and products are described in greater detail below.

Responsibility for the Strategic Planning Initiative is assigned to the Deputy Under Secretary for Policy, Planning and Analysis. The Chief Financial Officer will continue to be responsible for budget activities. Secretarial Officer responsibilities are as follows:

	Program Secretarial Officers	EH, IE, NS and IN
o Strategic Plans	X	X
o Field Guidance	X	
o Multi-Year Program Plans	X	
o Crosscut Plans	(as assigned)	
o Program Issues	X	X
o Program Planning Proposals	X	

Each Field Office Manager shall identify an individual within their organization to serve as the focal point for all planning matters and to facilitate communication on planning matters between Headquarters, Field Offices and field sites.

The following is a chronology for required core activities:

Core Activity	Timing
1. Secretarial Planning Guidance	September/October
2. Strategic Plans	Forwarded to PE by January 15. Revised when appropriate.
3. Approval of Strategic Plans	Revisions will be forwarded to the Secretary for approval.
4. Preliminary Program Guidance to the Field	November 15
5. Comprehensive Program Guidance to the Field	January 15
6. Multi-Year Program Plans	Provided to PE by January 15. Revised when, appropriate.
7. Crosscut Plans (as assigned)	February 15
8. Program Issues	Forwarded to PE by February 15

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| 9. Program Planning Proposals | Forwarded to PE by February 15. |
| (as required) | |
| 10. Spring Program Review | Late March/Early April. |
| 11. Secretarial IRB Guidance | Provided by May 1 |
| 12. HQ Budget Process | May - January |

Core Activity Descriptions:

Secretarial Planning Guidance

Planning Guidance from the Secretary for the FY 1994 Planning, Programming and Budgeting Cycle.

Strategic Plans

The Strategic Planning Initiative has resulted in a cultural change in the way planning is done in the Department of Energy. The purpose of strategic planning is to involve senior people in top-down strategic thinking and to drive operational planning and, budgeting activities with visions and strategic directions emanating from the top. An initial set of Strategic Plans were developed by program organizations during the FY 1993 planning cycle. Those Strategic Plans are to be brought up to date following issuance of FY 1994 Secretarial Planning Guidance and submitted for Secretarial approval. This should be done prior to the January 15 deadline for use in connection with the Spring Program Review. Appropriate field personnel are to be included during Headquarters strategic planning activities. A revised "Guideline for Strategic Planning" is available from PE to assist with updating Strategic Plans.

Approval of Strategic Plans

Revised Strategic Plans are to be forwarded for approval to the Secretary via the Office of Policy, Planning and Analysis (PE) and either the Deputy Secretary or Under Secretary, based on guidance in SEN-10E. The covering Summary Memorandum forwarding the revised plan must highlight changes from previous versions. The Secretary will determine if a meeting is required to discuss proposed changes in strategy prior to approval. After initial approval, Strategic Plans need only be revised when circumstances dictate (assumptions no longer valid, strategies obsolete, leadership changes, evolution of new technologies, new laws/regulations, new Administration initiatives, significant changes in resource availability, etc.). Approved Strategic Plans are to be distributed to appropriate Field Office and Headquarters organizations so that there will be a broad awareness of directions contemplated by program organizations.

Program Guidance to the Field

The purpose of program guidance is to provide information needed to improve the quality of field budgets. For the FY 1994 cycle, guidance to the field is required at two intervals. Preliminary guidance is to be provided by November 15 based on up-to-date Strategic Plans and IRB budgets submitted to OMB. Comprehensive guidance is to be provided by January 15 based on up-to-date Multi-Year Program Plans, OMB Passback and the President's budget to Congress. The Chief Financial Officer will provide fiscal guidance to the field in early January. Secretarial Officers are encouraged to include Field Office representatives in Multi-Year Program Planning activities as well as during formulation of program guidance to the field. In fact, where such cooperative planning activities are occurring, a copy of the Program's Multi-Year Program Plan can be provided in lieu of Comprehensive Guidance to the field as long as an up-to-date plan is available to appropriate Field Offices by January 15.

Multi-Year Program Plans

The purpose of the Multi-Year Program Plan (MYPP) is to provide a baseline for use by program and field personnel for the management of program activities and to permit evaluation of program performance against the established baseline. Program organizations have an ongoing responsibility to maintain up-to-date Multi-Year Program Plans. This is particularly true

following Strategic Plan revisions, OMB Passback, Presidential Budget decisions in the December/January time frame, and IRS decisions made during the summer. Participation by Field Office planners during this process is crucial to the development of realistic and workable MYPPs. An updated "Guideline for Multi-Year Program Plans" will be provided by PE in September 1991. Multi-Year Program Plans are approved by the cognizant Secretarial Officer. When MYPPs have been approved, they are to be provided to appropriate Headquarters and field organizations. Up-to-date Multi-Year Program Plans will be provided to PE on January 15 as input to the Spring Planning Review.

Crosscut Plans

Crosscut Plans will be prepared on an exception basis, when requested by a DOE Principal. When required, they are to be available by February 15 for use in analyses prepared in support of the Spring Program Review. Required Crosscut Plans will be designated in Secretarial Planning Guidance promulgated each September and/or in other tasking directives from DOE Principals that may occur during the planning cycle. Lead and participating responsibilities will be assigned in such directives. A "Guideline for Crosscut Plans" will be provided by PE in October 1991.

Program Issues

Significant issues are to be identified and tracked by program organizations during strategic planning and multi-year planning update cycles. They are to be documented and forwarded to the Office of Policy, Planning and Analysis by February 15. These issues are an important input to the Spring Program Review.

Program Planning Proposals (As appropriate)

Program Planning Proposals (PPPs) are the information base for Spring Program Reviews. To the degree that Multi-Year Program Plans meet the need for data structure and content required for the Spring Program Review, they may be provided to PE in lieu of a separate Program Planning Proposal. The Deputy Under Secretary for Policy, Planning and Analysis will determine the adequacy of MYPPs for this purpose. PPPs, when employed, are an extension of strategic planning and multi-year planning efforts. The relationship of the Program Planning Proposal structure to the program budget structure must be established through a crosswalking capability. Information provided in PPPs will normally be less detailed than data provided in budgets and is not expected to exhibit the same degree of precision as is required of budget submissions. Emphasis should be on providing proposals that focus on significant changes in direction or proposed new initiatives and should be designed to facilitate program planning reviews and decisions--not to make pricing decisions. Guidance for preparation of Program Planning Proposals will be developed by PE in coordination with the DOE Planning Council and promulgated as a Call to Secretarial Officers no later than November 1991. The Deputy Secretary will determine whether there is a need to convene the Executive Committee to review the draft Call prior to issuing it.

Spring Program Review

Spring Program Reviews will use up-to-date Strategic Plans, up-to-date Multi-Year Program Plans, the previous year's budget data, Program Planning Proposals (if appropriate), and Program Issues as inputs to the review and analysis process. Primary emphasis will be on analysis of benefits anticipated, life cycle costs projected, out-year funding profiles, performance against baselines and comparison against initiatives with similar goals/objectives in like time frames (short-, mid-, long-term). The Office of Policy, Planning and Analysis with the assistance of the Chief Financial Officer's staff, will provide "honest broker" analyses of alternative program mixes, constrained by fiscal limitations, and framed in a cross-functional manner to permit examination of program activities on a functional basis across program organization lines. The output of these reviews will be Secretarial IRB Guidance which will drive program budgets to be submitted in June of each year.

Secretarial IRB Guidance

Secretarial IRB Guidance based on the Spring Program Review will be provided

to appropriate Secretarial Officers by May 1st annually.

Headquarters Budget Process

The IRB, OMB Budget and Congressional Budget formulation processes will be conducted, as always, under the direction of the Chief Financial Officer.

I have directed the Under Secretary to establish, with the assistance of the Office of Policy, Planning and Analysis, a tracking system to monitor the accomplishment of milestones defined in this notice. The Under Secretary is to be apprised by PE when it becomes apparent that one of these milestones will not be met. The Under Secretary will keep me informed in such cases, and will advise me as to whether Secretarial action is needed to correct the problem.

The provisions in this notice are effective immediately. I am impressed with the progress achieved in the first year under the Strategic Planning Initiative. The DOE Planning Council has been a positive factor in the development of this process. It should continue to function as it has over the past cycle. I expect your continued support and dedication to the discipline of planning. Resource needs that are not solidly grounded in well constructed strategic and programmatic plans will not meet with favorable consideration by DOE Principals who have to make hard decisions on use of our resources. In this time of budget austerity it has never been more important to have a clear vision of where the Department is headed, to what end, and at what cost. Your personal commitment to this initiative is imperative for its success.

James D. Watkins
Admiral, U.S. Navy (Retired)