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CHAIRMAN'S ADDRESS



Welcome to the summer 2014 SCAF newsletter. It's been a busy few months since the last newsletter. We started by going to the Ribby Hall holiday village. SCAF has been

holding our summer meeting near Preston for a few years now, but this was a new venue for us. All the reports were favourable, so don't be surprised if we are there again next year. The Spa hotel was excellent and the motel was moderately priced. The conference facilities were the right size and the catering was great, although next year we will organise a dessert! If you missed the event there were some inspiring presentations and the question and answer session was very thought provoking. In



the grounds I found a treehouse which had a sign "looking for a meeting

room with an inspiring environment?" perhaps we will hold a SCAF committee meeting there next year!

The next noteworthy event was the International Cost Estimating and Analysis Association (ICEAA) conference in Denver. You will recall that SCAF has signed a MOU with ICEAA to work more closely in future. There was a good representation of Europeans at the event, but we were outnumbered by Americans with about 380 attendees in all. With multiple presentations and training tracks there was not a moment of boredom all week. In my opinion, the hot topic at the conference was integrated cost and schedule risk analysis. This is a challenge for us in Europe as well as in America, it would seem that

the schedule community think they have a lead in this area through the addition of resources to their schedule risk analysis (SRA), but I'm not totally convinced. I think that the cost community needs to enter the debate especially when integration costs are considered.



During my travel to Denver I was one of the first passengers to use the new Terminal 2 at London Heathrow. United Airlines had transferred its flights to the new terminal and was piloting the new systems. I have never had customer service like it in an airport, the security screening staff were waiting for customers, just to have something to do, the restaurants were empty and the duty free was abandoned!

It was the Farnborough International Airshow (FIA) this year and I was fortunate enough to attend. The A380 did a display like a fighter jet which was amazing to watch but unfortunately the star of the show, the F-35 Lightning II had to withdraw.

This year SCAF has had its first Awards dinner in Bristol at the Marriott, I was unable to attend, but I understand that a great time was had by everyone. Arthur Griffiths presented the awards to this year's winners and received a SCAF service award himself. If you are thinking of presenting, or offering an article to the SCAF newsletter here is the motivation that you need.

The future programme for this year is shown in the Newsletter. Enjoy the rest of the summer and put the dates in your diary now.

Dale Sherman SCAF Chairman

SCAF Annual Conference & AGM

“Benefits of Cost Engineering and Realistic Cost Forecasting”

Tuesday 16th September 2014

The BAWA Centre, Filton, Bristol

Cost engineering is the engineering practice devoted to project cost management, involving such activities as cost and control estimating, investment appraisal, and risk analysis. Cost Engineers budget, plan and monitor investment projects and seek the optimum balance between cost, quality and time requirements.

This conference will demonstrate the benefits and applications of using recognised cost engineering techniques. In particular, it will show how costs can be forecast more realistically.

Our speakers will include:

- **Nick Hopkins**, Strategy Lead for the Public Sector, KPMG – *Nick will provide the Keynote address for the Conference.*
- **Dr Stuart Wicks**, Head of Business Analysis, Rolls-Royce Submarines – *“The Affordability burden of poor Value Specification”*
- **Brian Sugden MBE**, Cost Engineering Technical Coach, Defence Equipment & Support Cost Assurance and Analysis Service - *“The Benefits of Cost Engineering over Time”*
- **Anil Ray**, Independent Consultant, Ray Consulting Ltd - *“Decision Making Method for Affordability: Design Using Shared Negotiation Space Concept”*
- **Sanathanan Rajagopal**, Defence Equipment & Support Cost Assurance and Analysis Service – *“Determination of Parametrics for Estimating Software Support Costs”*
- **Mark Lee**, Head of Profession, Programme Assurance, QinetiQ – *“Using a Risk Maturity Model to Audit and Benchmark Project Health”*
- **Other presentations to be confirmed**

Registration and Costs

Registration and coffee will be available from 09.15. The Conference will commence at 10.00. The cost of the conference is £160.00 per delegate. A 10% discount is available for group bookings of more than 4 delegates and a 15% discount is available for group bookings of more than 10 delegates. These costs include all refreshments, a buffet lunch and **FREE** membership and attendance to all future SCAF organised events until August 2015.

Further details can be found on the SCAF website (www.scaf.org.uk) or by contacting the Secretary Neil Morrill by email at: ndmorrill@dstl.gov.uk or call **030 6770 3450**.

SCAF Summer Reception and Awards Banquet

Tuesday 8th July 2014

The Marriott City Centre Hotel, Bristol



To celebrate the Society's 30th Anniversary SCAF organised a combined Summer Reception with an Awards Banquet which was held at the Marriott City Centre hotel, Bristol. It provided members and their partners with a chance to meet up with friends and colleagues and gave us the opportunity to recognise and award members for their contributions to the Society over the year. **Arthur Griffiths**, Deputy Chairman welcomed everyone to the event on behalf of the Society and presented the Awards.

Best Newsletter Article

The first award of the evening recognised the number of excellent articles written by knowledgeable authors that the Society had received over the last year. These included articles from **Ian Corder**, Rolls-Royce, **Brian Flynn and Peter Braxton** from Technomics Inc., **Brian Tanner**, an Independent Consultant and **Dr Mark Gilmour**, QinetiQ. This award was based on the consistently high quality of the subject and the ability of the author to attract many positive comments from our readers across the world. Our congratulations and presentation of the award went to **Brian Tanner**.



Best Quality Presentation

The Committee here were looking at content, style, structure and overall presentation skills. The winner of the award was **Martin Seasman**, Head of Profession, Ministry of Defence, Cost Assurance and Analysis Service for his paper on "*Improving Realism: Combining Cost and Schedule Risk Analysis*". A commendation was also made to **Joe Perkins** from the National Audit Office for his presentation on "*The impact of costing across Government*".



Best Technical Paper

This award is given for the presentation giving the best technical content regarding techniques that can be utilised and adopted by the wider costing community. The winner of the award was **Alan Jones and Frank Berry** of BAE Systems for their talk entitled *“Slipping and Sliding – a simplistic approach to Cost and Schedule Integration”*



This was a very close decision and the committee agreed that recognition and a commendation should be made to **Dave Kirby**, Persides Consulting for his presentation on *“Points for consideration when the results from simulation models are analysed”*.

Members Award

This Award was given in response to a members vote on who they thought was the best paper of the year. We were delighted to announce that this award was made to **Martin Seasman**, Ministry of Defence, Cost Assurance and Analysis Service.



The P G Pugh Award

This is the Society’s most prestigious award and was highly competed between a number of very innovative and thought provoking presentations given throughout the year. The winner of the award went to a person who came to us at the beginning of his research and, over time, has provided us with a story board of his innovative thoughts and applications to industry.

This work has resulted in the development of a manufacturing framework and model for Technology Maturity Cost Benefit Forecasting. The winner of the P G Pugh Award was **Mark Jones** an Industrial PhD Research Engineer who has been working in collaboration with Cranfield University and Airbus. Mark was unable to attend the event and his award will be presented at a later date. We also understand that, since the award, Mark has joined KPMG Management Consulting and we wish him well in his career.



The Society also gave a commendation to **Sanathanan Rajagopal** in recognition for the research work he is conducting with the Ministry of Defence, Cost Assurance and Analysis Service.



SCAF Long Service Award

The final Award of the evening was presented to **Arthur Griffiths** in recognition for his services to the Society. He served as Chairman for 8 years, Deputy Chairman for 6 years and a further 7 years as Secretary.



Our thanks go to all our Award Winners and to everyone who attended and made this a night to remember.

Letter from the Editor

By Arthur Griffiths, SCAF Newsletter Editor



We have come to the end of another successful year for the Society (the new Society year starts in September). Although the overall attendances for the year were slightly down on last year we saw several new organisations attend our events for the first time. This is encouraging and shows that we are reaching out to a wider costing community.

The 2014 SCAF Cost Estimating Challenge held in April was an excellent learning event for the young presenters and the mixed (experienced and novice) audience alike. It was good to see the enthusiasm and the support provided by their employer organisations and that this annual event is becoming a must attend workshop for the costing community.

We have had our frustrations this year through administration problems caused by matters outside of our control and some are ongoing but we are optimistic that these can be resolved in the next few months. We apologise to those members that have been affected by these changes.

The workshop in June (report later in the newsletter) and the Summer Reception and Awards banquet in July provided an excellent end to the 2013/14 Society year.

The organisation for the Annual Conference in September is complete and planning on the first joint workshop with the Operational Research Society (Defence Special Interest Group) well underway. A full list of future events is published in the newsletter. I look forward to the Annual Conference in September and hope to see you all there.

Please forward articles, letters or any other ideas for inclusion in the newsletter to:

Arthur Griffiths
Editor, SCAF Newsletter
Email: editor@scaf.org.uk

Where are we? – A new competition !!!!!

I have received many comments on the pictures shown on the front cover of previous newsletters – usually asking about location. Such has been the number of enquires that this has prompted the thought of having a friendly competition. The picture on the front of this newsletter was taken last June at

Please forward your answers to editor@scaf.org.uk. All the correct answers will be put in a barrel and the winner will be published in the next newsletter and provided with a small prize.



Value Engineering and Value Analysis in the context of Austerity

June 2014 Workshop, Preston

Value Engineering is defined as a systematic method to improve the 'value' of goods or products and services by using an examination of function. Value can therefore be increased by either improving the function or reducing the cost. It is sometimes taught within the project management or industrial engineering body of knowledge as a technique which identifies and removes unnecessary expenditure to increase the value for the manufacturer and/or their customers. In these times of austerity and defence cutbacks the systematic approach to value engineering could be an alternative to cancelling projects. However, can we now afford to undertake such studies or have we reached a point where the benefits realization no longer matches the effort necessary to achieve it?

Our workshop presenters addressed both the theory and practice of value engineering and value analysis, providing the audience with a diverse and interesting set of presentations on the topic.

Our opening speaker was **Massimo Pica**, President and Author, PMO4NoProfit. Massimo is a retired Brig. General (Italian Army) and a registered professional engineer in Rome, Italy. Over the last 20 years he has represented Italy in Project Management Teams for NATO programmes and specifically in (Life Cycle) Cost Estimation. He is now an independent professional consultant, providing specialist teaching and consulting in the Project Cost Management and Cost Engineering area, and a member of the European Committee of Construction Economists. Recently he has become President of the Association named PMO4NoProfit, which operates in the Project Management consulting services for No-Profit organisations.

His presentation entitled "*Value Management and Value Improving Practices (VIPs) in the life cycle of projects*" was the scene setter for the day introducing the audience to the topic. He introduced some definitions of the term 'value management' and the three steps in the feedback process of value planning, value engineering and value reviewing. He summarised the main VIPs in Life Cycle Cost and Value Management as: Facility Quality; Technology Selection; Process Simplification; Constructability; Predictive Maintenance; and Waste Minimisation. A discussion of each of these then followed, stressing the need to consider them over the lifecycle and to use them from the start with formal workshops to achieve best effect. Massimo provided a number of useful references during his talk and announced that he had a forthcoming book "*Project Lifecycle Economics*" with a chapter covering the material presented to SCAF.

Steve Webb, Owner, SW (Software) Estimation then spoke about "*Estimating Uncertainty using 3-pt estimation*". Steve has considerable experience in all aspects of software estimation. His previous role was the Head of Engineering Estimation for BAE Systems, where he wrote the corporate systems and software estimation handbooks.

Steve's presentation focused on the importance of sound estimation, highlighting how terms can often be misunderstood or wrongly used and the critical differences between most likely, mode, mean and 50% confidence. He drew the audience into the more detailed mathematical aspects of estimation including typical input distributions and their advantages and disadvantages, considerations when using Monte Carlo models, the importance and impact of correlation, and the problem of underestimation – all using worked examples in an

estimation workbook. Key messages taken away were: to be aware of bias in stakeholders; that different Monte Carlo simulations tools embed different calculations on correlation – and that some tools have defects; and that a lot of companies are at low levels of maturity and use single point estimates.

The morning was rounded off by a presentation entitled “*Value Engineering, Is That All We Need?*” given by **Frank Murphy**, Modelling and Analysis Group, Military Air & Information, BAE Systems.

Frank joined British Aerospace in 1995 as Finance Manager within the Aircraft build programme area. He then moved in 1998 to take up the role of Finance Manager for the Spares and Repairs business area. Whilst within this role he became involved in the rollout and implementation of Value Based Management. In 2002, he transferred to the military aircraft business taking on a Supply Chain development role but also reintroducing VBM to the military aircraft business. Successful VBM programmes have been undertaken on a number of “Availability” contracts. In 2006 this role was broadened to taking operational responsibility for the delivery of end to end Business and Solutions Modelling across the Air Sector. Frank now leads a capability of circa 40 modellers / analysts, many of whom are embedded within project teams.

Frank provided an industry perspective of the growing role and importance of business and solutions modelling as customer expectations on the transfer of risk increase, and on the practical application of ‘value’. Traditionally, performance and cost have been the two recognised measures; Frank drew the distinction that there are four important elements – performance, revenue, cost and risk – with modelling of these used in each phase of the project lifecycle from the bid phase. He introduced the concept of Key Value Drivers – broadly equivalent to the VIPs covered by the first speaker – and also emphasised the feedback loop and ‘learning’. The presentation covered practical aspects of intelligent Key Performance Indicators and case study analysis demonstrating that it is low cost items that are often the reason for unavailability and a reduction in the need to stock high value items.

Following lunch, **Helen Holden and Matthew Hemsley** from the National Audit Office (NAO) gave a presentation on their work on the affordability of the MOD’s Equipment Plan: “*Helping the nation spend wisely*”. Helen joined the NAO in 1999 and has worked both on financial audit and value for money studies. She has undertaken work on several government departments including the Department of Health, HM Revenue and Customs, the Home Office and most recently the Ministry of Defence, with a particular interest in financial management within the Department. She was responsible for managing the delivery of the first NAO review of the 2012-22 Equipment Plan and for the review of the 2013-23 Plan. Matt has a background in working on both financial audit and value for money studies and has also worked in the Home Office on strategic budgeting and forecasting, and managing major projects. He has been an auditor with the NAO for 8 years, and became involved in auditing the MOD in 2006 when working on the Major Projects Report. He specialises in auditing large projects and programmes, with a particular interest in cost forecasting and risk management. For the past three years he has worked on the Equipment Plan review, involving extensive work with the MOD’s Defence Equipment and Support organisation. In 2014, he is responsible for both the NAO’s review of the Equipment Plan and the Major Projects Report.

This presentation gave the attendees the opportunity to understand the Government’s approach to examining the affordability of the Defence Equipment Plan 2013 to 2023. Helen gave the background to the work and described how projects were categorised, risk allowed for and the process to maintain an affordable programme. Matt went on to explain how evidence was tested, with the NAO taking care to retain independence and not get involved in assumptions or costing the programme. The presenters made a number of interesting observations about how often costings were truly refreshed by projects, the need to examine costings and affordability at portfolio level and the potential problems with building in savings to the budgets.

Following this assessment of confidence in a plan’s affordability, **Tony Murphy**, a Senior Consultant with QinetiQ approached the ‘opposite end of the telescope’ in a presentation entitled “*Living with Austerity: Hints and tips on*

how to make a project affordable". Tony has had a long, 17 year, career with MOD – within the costing environment as well as tours within CDP's Whitehall office and a spell at the Embassy in Washington. During a career break in 2007, to look after his children whilst his wife continued her career as a medical doctor, he qualified and worked part-time as a maths teacher. He has since worked with Lynx, Northrop Grumman, the Met Police, and Air Commodities Team. He now works for QinetiQ and is currently battle modelling on behalf of AWE Aldermaston.

Tony started off by giving the audience an entertaining canter through history, taking us from the 'age of austerity' that followed WWII to the current emphasis on austerity in the UK, mapping out GDP and political and economic indicators through the growth of the 1950s and 1960s, the decline in the 1970s, the huge changes of the 1980s, New Labour in the 1990s to the recent recession and entry into a 'new age of austerity'. His key message from this is that recession is not new, but that with military spending declining in real terms, MOD projects need to deliver more for less like never before and understanding costs properly is critical. He went on to give a summary of classical costing techniques and their advantages and disadvantages, and then addressed the different issues for optimising the non-recurring (capital) costs and recurring (in-service) costs.

After the afternoon break, the audience reconvened to hear a presentation with an intriguing question in the title: "*Why politicians, optimists and gamblers hate me: A structured approach to estimating improvement £-benefits*" by **Andy Nolan**, Lead Consultant, Rolls-Royce. Andy joined Rolls-Royce in 1989 as a software engineer and has spent over 20 years managing and improving projects. He is a six sigma Black Belt and has used this to improve and develop Rolls-Royce's estimation capability.

Andy's focus was on improvement projects and the particular issues that an organisation faces when making decisions about taking improvement projects forward. With a strong improvement culture, management can be presented with a plethora of good ideas but must consider these in the context that organisations can suffer from 'death by initiative' and too much change. Equally, organisations cannot afford to implement all good ideas and must focus on what is important. Andy highlighted some of the problems specific to improvement projects, exacerbated by the fact that, whilst there is rigour in costing the implementation, there has often been less rigour on the quantification of the benefits. He then went on to describe a rigorous 5 step process he has introduced and the tool built to focus the data and analysis associated with benefits. An important aspect of the process is rule logs to guide people away from overclaiming benefits.

Our final presentation of the workshop was a case study on the development of a Value Engineering Method to a manufacturer in the power generation industry, given by **Dr Paul Baguley**, a Research Fellow at Cranfield University and a SCAF committee member.

Paul's presentation was based on a course prepared for the power generation manufacturer to give leaders insight to value engineering and value analysis. He began by noting that before the recession, 'value engineering' was not referred to and demonstrated through a show of hands how few people currently know about value engineering processes. He emphasised that 'value' is what the customer wants, and therefore must be involved, and that achieving value is not about deleting cost but about reducing cost whilst also improving. He then went on to explain how the training material was developed, presented to the company and the simplified methodology that was produced. The workshops used the assertions that value engineering helps both in the delivery of 'our mission' and to achieve 'our goals' and the attendees' role in those to gain buy-in, and introduced a structured process and a matrix relating cost to function value through functions and components. Paul emphasised the need to be abstract to encourage creative thinking for the improvement ideas.

Our thanks to all the presenters for their excellent and well-presented papers, making this a very successful workshop at a new venue. Copies of all the presentations can be seen on the SCAF website:

<http://www.scaf.org.uk>.

Affordability, Value for Money and Decision Making

Joint SCAF/OR Society (DSIG) Workshop,

Tuesday 18th November

The BAWA Centre, Filton, Bristol

We are delighted to announce a workshop being held jointly by SCAF and the Operational Research Society Defence Special Interest Group. The overall theme for the workshop is “Affordability, Value for Money and Decision Making”. The workshop will be free to attend for all members of SCAF or the OR Society.

We plan to have six speakers, three from each Society, covering two focused themes (one for the morning and one for the afternoon – to be set around the selected papers) with specific periods for open Question and Answer discussions. In addition, there will be a keynote address from a senior representative of the Ministry of Defence.

Affordability, and Value for Money are some of the key elements in today’s Decision Making process. Whether we are considering investment in a new capability, transition programme or optimising in-service support services – the issues remain the same.

But do we understand what they mean? How do we do the assessment and evaluation? How do you make an appropriate judgement? What are the key critical components to examine? Our speaker include:

- **Syd Morley**, Head of Scrutiny and Analysis, Ministry of Defence – *Syd will provide the Keynote Address that will set the scene for the day and frame the key issues for today’s decision makers.*
- **Dr Dave Exelby**, Managing Consultant, Decision Analysis Services Ltd – **“Strategic thinking – and the need for decision making tools without stovepipes”**

Strategy is a journey. At the outset, stakeholders need to be able to explore a wide range of potential options. Rightly, these still need to be assessed against benefits, costs and timeliness but precision is usually not the issue at the earliest stage – rather the need to be able to articulate, communicate, compare, debate and evolve these options rapidly. The types of strategy problems could be defence capability development challenges, long term budget forecasting, and equipment pipeline futures. Traditional stove piping of analysis (cost, OA, project management) to support these decisions does not work well at the start of the strategy process. DAS has spent many years supporting senior stakeholders to create novel toolsets that are cross disciplinary in nature – providing “right-sized” models to support the process above. We will show examples that incorporate a wide range of domains including decision sciences, simulation, cost forecasting, economics and systems thinking. These include a study that provided option cost and benefit analyses in near real time at the start of a defence equipment acquisition, alternative futures for national defence, and equipment portfolio management. Finally we will reflect on their success and provide our views on the challenges that remain.

- **Arjun Madahar**, Defence Science and Technology Laboratory – **“The use of cost data in support of whole Force analysis”**

The Ministry of Defence is responsible for planning a future Force Structure that balances UK foreign policy with financial realities. It is a complex issue involving interlinked capabilities, future predictions of the national security situation and UK industrial sustainment concerns. Senior Force and Capability Planners must therefore make decisions on adjusting the balance of funding between capability areas to reflect the requirements of an evolving and dynamic Defence and Security environment. This presentation discusses the uses of a suite of tools that provide differing but complementary insights on the capability, capacity and affordability of proposed Force Structures to meet UK Defence and Security policy and help identify Force Structures that are both affordable and offer value for money.

- **Andy Nicholls**, Principal Consultant, PRICE Systems – **“Factoring in the cost factors that are the least controllable”**

The high level costs normally associated with force mix studies and ‘capability’ modelling at a Strategic and occasionally Tactical level are often reduced to ‘single figures’ per hour or day of operating the individual systems concerned; this usage as a comparator may help in determining a particular option or force mix but for individual project or programme estimation where additional details is required, such high level numbers are inappropriate. If detail multi-year models are used as a basis to construct single figure high level numbers for Strategic modelling in association with Operational models the choice of escalation, currency exchange rates and purchasing power parity (PPP) factors assumes a much greater importance as future escalation and mixed nation supply may provide misleading results if not properly dealt with. This paper reviews how cost estimates for Platforms and/ or Systems that often have to cover many years of acquisition and in service life of may be influenced by choice of escalation, currency exchange rates and PPP factors and illustrates with some examples.

- **Andy Nolan**, Lead Engineer, Rolls-Royce – **“Requirements uncertainty analysis, defining, measuring, mitigating and optimising”**

In the development of complex systems the requirements for the system will almost always remain uncertain late into the development. In gas turbine engine control systems at Rolls-Royce, typically 50% of requirements will change between Critical Design Review and Entry into Service. Ignoring or not planning for requirements uncertainty will cause scrap and rework that will manifest later in the project. This presentation evaluates the impact of not managing these uncertainties and describes how Rolls-Royce uses Requirements Uncertainty Analysis to reduce this impact. The paper summarises the findings from an extensive Six Sigma study into requirements uncertainty and provides an overview of the technique now used to identify and monitor uncertainty through a project life. The return on investment of this technique has been between 100:1 and 500:1.

- **Steve Rowley**, QinetiQ – **“Management information toolset to support evidence-based decisions for Defence Evaluation Capabilities”**

UK defence programmes spends upwards of £1Bn a year on test and evaluation activities and facilities. In a rapidly changing world where defence must remain affordable and flexible it is important that timely and effective decisions are made on having the necessary evaluation capabilities, whether owned or available to defence. The MOD is sponsoring an activity to develop a software toolset that will contain Management Information to inform decisions for future investment and support of defence evaluation capabilities. This presentation describes the challenges associated with the development of a simple but powerful toolset to conduct analysis of the evaluation requirements and capabilities in terms of potential

gaps and future opportunities. The presentation examines how a very large input dataset can be reconciled using COTS software applications and how aspects such as data availability and data maturity can be represented in order to increase confidence to the decision maker.

- **Colin Sandall, QinetiQ – “Economic Value Chains: an innovative approach to analysing the cost impacts of decisions”**

QinetiQ have developed an approach, using influence diagrams, to explicitly represent and quantify the factors that contribute to the economic impact of particular activities. A pilot study for the Centre for Defence Enterprise considered the economic impact of adversaries exploiting certain potential cyber vulnerabilities in a set of defined contexts. The Economic Value Chain (EVC) approach has proved to be a useful way to explore and quantify cost-related issues, and work is currently underway to both develop the methodology and apply it in different areas. This presentation will describe the background to the development of the EVC approach, and will provide an illustrative, unclassified, example of its use. The strengths of the approach will be highlighted, as well as the practical issues involved in its use by analysts and decision-makers. Finally, its place in a portfolio of modelling and analysis approaches will be discussed.

- **Lucia Retter and Dan Jenkins, RAND Europe – “Communicating complex cost estimates to senior policy-makers”**

With limited time and a range of competing priorities to manage, policy-makers need evidence-based cost estimates to support their decisions. Policy-makers care about the big picture and want to understand the linkages between various projects. However, they are often prone to falling into a conspiracy of optimism and can be fixated on single point costs. Oblivious to the different biases and reluctant to account appropriately for risk and uncertainty, there is a risk that policy-makers misinterpret a cost estimate. Misinterpretation through poor presentation or misunderstanding may have significant consequences for projects schedule, or lead to cost growth later in the projects life or may influence decisions in a wider portfolio of projects. RAND Europe has long experience in preparation and presentation of complex cost estimates in naval, combat air and helicopters sectors to senior policy-makers in national Ministries of Defence in Europe and the US. Based on this experience, this presentation will provide a guide for both practitioners and senior decision-makers alike to both present and interpret complex estimates. More specifically, this presentation will outline the rationale for the need of good cost estimates in policy-making; sketch out and compare the different biases in cost estimation and in policy-making and present some good practice guidelines for an effective communication of cost estimates to senior decision-makers.

Registration and Costs

Registration and coffee will be available from 09.15. The Workshop will commence at 10.00. The workshop is FREE to ATTEND for members of SCAF and the OR Society. Non-members are welcome to attend at a cost of £120.00 per delegate. A 10% discount is available for group bookings of more than 4 delegates and a 15% discount is available for group bookings of more than 10 delegates. These costs include all refreshments, a buffet lunch and **FREE** membership to SCAF and attendance to all future SCAF organised events until August 2015.

Further details can be found on the SCAF website (www.scaf.org.uk) or by contacting the Secretary Neil Morrill by email Morrill by email at: ndmorrill@dstl.gov.uk or call **030 6770 3450**.

Later in 2014/15

2014

16 September SCAF Annual Conference “Benefits of Cost Engineering and Accurate Cost Forecasting”, The BAWA Centre, Filton, Bristol

The Annual Conference attracts many delegates and provides the opportunity to hear presentations from government and industry expert speakers on a range of cost related topics.

18 November Joint Workshop Theme: Affordability, Value for Money and Decision Making, The BAWA Centre, Filton, Bristol

We are delighted to announce our joint meeting with the Operational Research Society, Defence SIG. Several of our members have attended previous ISMOR conferences and there is no doubt that there is a great deal of synergy between the Operational Research and Costing community. We plan to change the format of the day slightly by having three speakers from both organizations covering two principal themes (one for the morning and one for the afternoon) with specific periods for open Question and Answer discussions.

2015

3 February SCAF Workshop Theme: Cost Analysis and SDSR 2015, The Royal Institution of Naval Architects, London. **Please contact the Secretary if you are interested in presenting a paper at this event**

14 April The SCAF 2015 Estimating Challenge and Learning Workshop, The BAWA Centre, Filton, Bristol. **Please contact the Secretary if you are interested in provide a Team for this event.**

2 June SCAF Workshop Theme: To Be Confirmed, Ribby Hall, Preston. **Please contact the Secretary if you are interested in presenting a paper at this event**

7 July SCAF Summer Reception and Awards Banquet, venue to be confirmed

15 September SCAF 2015 Annual Conference and AGM

For further details on any of the above events please contact the SCAF Secretary, Neil Morrill by telephone on 02392 537 271 or by email: ndmorrill@dstl.gov.uk

Other Related Events

18 Nov 2014

Project Controls Expo 2014 – Arsenal (Emirates) Stadium, London, UK

The largest international project control event featuring expert international speakers presenting Master Class sessions, case studies, workshops, technical presentations along with Partner showcase and a project controls job fair. Further details and registration can be obtained from www.projectcontrolsexpo.com

9-12 Jun 2015

International Cost Estimating and Analysis Association (ICEAA) Professional Development and Training Workshop, San Diego.

This Annual Conference has well-known Keynote Speakers and Innovative Panel Sessions, Integrated Training Tracks, Informative Workshops and Exciting Vendor Exhibits. Separate certification exams are offered at the conference for a separate fee. For further details and registration can be obtained from www.iceaaonline.org

Spring 2016

Planning is currently being undertaken to hold the next European ICEAA Professional Development and Training Workshop in Bristol, UK

**Networking
for the Cost
Estimating
and Analysis
Community**

SCAF is not responsible for the content of any external websites published in this Newsletter

SCAF Management Committee Meetings

Date	Venue	Focus
7 th October 2014	QinetiQ, Bristol	2015 events programme
11 th November 2014	BMT, Fareham	2015 workshops content & Challenge
9 th December 2014	QinetiQ, Bristol	Finalise 2015 events programme and interim 2016 programme
6 th January 2015	BMT, Fareham	Finalise challenge
10 th March 2015	QinetiQ, Bristol	Discuss awards nominations
19 th May 2015	BMT, Fareham	Annual Conference, final details for awards dinner and committee nominations
14 th July 2015	QinetiQ, Bristol	Annual Conference final details

The committee would welcome any suggestions on particular topics that can be developed for debating at future workshops or for round table/panel discussion. We would also welcome any comments on changes or otherwise you might like to see to the workshop structure and content.

Please forward your comments to editor@scaf.org.uk where they can be put on the agenda for committee discussion and action.

Please also remember that the committee works for the members and will do their utmost to address any issues raised to the benefit of the Society.

SCAF Committee Elections 2014/15

It is time to start thinking about who you would like to run our Society. The Elections Committee is responsible for soliciting a list of qualified candidates for a membership vote. The election for 2014/15 will be for four (4) members of the management committee who will serve a two-year term of office. The requirements for being on the committee include:

- Being a member in good standing (membership dues must be current at all times)
- Attending the committee meetings
- Supporting the Society by performing special activities as directed by the committee

In addition to meeting these requirements, qualified candidates must complete a completed submission form suitably supported by a proposer to the returns officer at the address shown on the form. The nominations form will be mailed to all members and will also be available on the SCAF website.



www.scaf.org.uk



Bridging relationships in cost estimating

For over 20 years the Society has sought to illuminate key issues in the analysis and forecasting of project costs—and to promote best practice within the cost forecasting community.

The Society provides a single point of contact for advice to those wishing to address key issues in the analysis and forecasting of costs and timescales of complex programmes.

Workshops and seminars are held at regular intervals throughout the year. A newsletter is published electronically 3 times a year.

Collaborative links with other societies has always been maintained and a library of relevant papers are available. A single annual payment at the Annual Conference entitles members to attend all the years' programme of SCAF events at no further cost. The Summer Reception is also provided free to SCAF members and their guests.

SCAF is committed to providing Continuing Professional Development (CPD) through the provision of its skills workshops and its support to Professional Development courses.

The Society is a Not-for-Profit organisation and continues to provide members with exceptional value for money.

SCAF 2013/14 Committee Members and Contact Details

- | | |
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