



The Society of Cost Estimating and Analysis

The Dayton Coster Greater Dayton Chapter

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President's Message: Ross Jackson



It is a great honor and privilege to be able to serve as your President of the Dayton SCEA chapter for the 2008-2009 term. I am excited about the opportunities that abound, and humbled by the dedication and service of our members. Two members of our society helped me to transition into the role of President. First, Mr. Ed Weeks served with great distinction as our President for the 2007-2008 term. I learned a great deal from him as I worked as his Vice President. Second, Mr. Tom O'Hara is currently serving as our Vice President, and he has already provided me with great assistance and leadership. It is my great fortune to serve as President between the terms of these two dedicated leaders.

The major goal for this year is active engagement in our society (see The Dayton Coster, vol. IV, iss. I). For some, this active engagement will take the form of serving as a SCEA board member. For others their active engagement will take the form of participating in some of our local events (e.g., quarterly luncheons, social events, charity projects, etc.). This society is sustained and thrives on our individual and collective participation. However you decide to express your engagement, I hope

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Upcoming Chapter Events

Membership Social 11 December 2008
 Adopt-a-Family Charity Event Mid-December

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President's Message (continued)

that you find it to be both personally rewarding and beneficial to our organization.

One special and enduring way to be engaged in SCEA is to produce articles and presentations. Traditionally we have given a great deal of attention to the “what” and “how” of cost estimating. This focus has provided us with a foundation upon which to develop the technical acumen that aids us in the creation of increasingly more complex and robust estimates. We continue to welcome contributions with this focus. Within the somewhat related discipline of management there is an emerging field of study referred to as Critical Management Studies (CMS). One of the foci of CMS is to dig deeply into the field to find neglected aspects, presuppositions, and more fundamentally the “why” that lurks behind the more apparent “what” and “how” of management theory and praxis. It would be potentially interesting and relevant to develop a stream of research articles and presentations that leverage a critical perspective to understand the cost estimating project. Our goal is to be open to new ideas in cost estimating and pluralistic in our research methodologies and underlying epistemological perspectives. Please contact Ms. Amy Smith at Amy.Smith4@wpafb.af.mil with any of your contributions or ideas.

As President I will make every attempt to actively listen to the diverse voices within our society (see related article in this newsletter). I would very much like to hear from you. If you have ideas for presentations, articles, social activities, or any other suggestion on how we can make our SCEA chapter better please let me know. Please email me directly at ross.jackson@wpafb.af.mil. I will work closely with the local SCEA board members to address your suggestions and concerns.

I hope that you enjoy this newsletter and find something that calls you to an even deeper level of active engagement in our society. All the best in your estimating, and here is to a great year!

COMMITTEE UPDATES

SCEA Awards—2008

By
Linda Turner

SCEA offers a robust Awards program that recognizes excellence throughout the Cost career fields. Nominees can be submitted in the following categories: Lifetime Achievement, Management, Education, Technical Achievement, and Service to the Society.

In 2008, the Greater Dayton Chapter of SCEA recognized the following cost estimating professionals in the area of Technical Achievement:

Steve Gagen, F-22 Senior Modernization Cost Estimator was recognized for his work in cost estimating, schedule analysis and financial management support to the F-22 Raptor, both in support of POM builds and Milestone Reviews.

John Irvine, ASC/FMC, Cost and Schedule Analyst. John was recognized for his superb schedule and cost analysis supporting multiple Source Selections.

Scott Boyd, HQ AFMC/FMC, Cost Analyst. Scott provided keen and insightful analysis skills in developing the Depot Maintenance Cost and Benefit Reporting Tool.

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SCEA Awards—2008 (Continued)

For Contributions in the Field of Management, Ms. Debra Walter was selected as the SCEA National Award winner.

Debra works as the Cost Estimating Branch Chief for the F-22 Raptor—the Air Force’s (AF) premier 5th generation fighter, overseeing three senior and two junior cost analysts. She cultivates working relationships with other team leaders to seek integration and synergy of efforts, and to raise the bar of cost analysis proficiency. With her help her team has become one known primarily for their ability to consistently deliver timely, accurate, and comprehensive cost analysis.

AF adding 15 Costers to ASC staff

**By
Scott Boyd**

Cost estimating and analysis is a hot topic across the DoD right now, both the AF Comptroller and Armed Forces Comptroller (published by ASMC) focused on cost analysis and cost management in their summer 2008 issues. First, the AF Comptroller begins with an article written by Mr. Rich Hartley, the deputy assistant secretary for cost and economics and executive director of the Air Force cost analysis agency (AFCAA). He explains that the cost community in the AF is undergoing, ".its most significant overhaul in 20 years." The article synthesizes Congressional language that tells the services, and specifically the Air Force that we need to improve our ability to accurately estimate the cost of weapon systems. One take-away from all the Congressional language is that it has gotten stronger and more direct over the last few years. Mr. Hartley goes on to say that there are four main areas to focus on, they are: 1. It is essential to update estimates annually, 2. Independent estimates are needed to offset the natural optimism of program office estimates, 3. We can accomplish more together than apart (AFCAA established operating locations at each product center), and 4. Everyone should have access to the same data, cost estimators, program managers, and budgeteers. The article concludes that the AFCAA is hiring interns from top schools using the flexibilities provided by NSPS to bolster cost estimating in the AF.

The AF is adding government cost positions across the command over the next few years, with 15 being added right here in Dayton at ASC cost staff. These resources are vital to improving cost estimates and are a possible source of new SCEA members. Our SCEA chapter has a responsibility to reach-out to new members of the cost community and help ensure they feel accepted by our profession, are encouraged to attend the annual SCEA conference, and join the board. SCEA certification should be a goal of every professional cost estimator/analyst.

The summer 2008 edition of the Armed Forces Comptroller, published by ASMC, focused on Cost Management. The first article by Nelson Ford says that operational commanders must focus on relating costs to strategic, operational, and tactical measures. This article may be one of many we see that urge operational commanders to think more about the business side of military operations and perform in a more cost efficient way.

A couple articles in the publications focus on operating and support costs. The AF Comptroller publication contains two articles, one on the cost of operating the AF, and one on the AF total ownership cost (AFTOC) system. Today, AFTOC and the excel-based subset, AFCAP, are great tools. We no longer have to search for O&S data, it is all there and easier than ever to access. The database query tools that access AFTOC give us more insight than ever in what it costs to operate and support today's weapon systems. Gone are the days of collecting and normalizing O&S costs, AFTOC does a lot of the work for you freeing up time to do what we are best at - estimating and analysis.

SCEA National Board Meeting **By** **Linda Turner**

The National Board meeting was held on Saturday, October 25th, in Crystal City, Virginia. Several upcoming events were discussed, as well as the new CCE/A certification testing and attainment guidelines. The next Joint ISPA/SCEA Joint Annual Conference and Training Workshop will be held in St Louis, Missouri from 2-5 June, 2009. The SCEA board is working to put together a robust training schedule, and will have tracks to accommodate all levels of expertise from the junior analyst to the seasoned practitioner. If you are interested in presenting a paper or being an instructor for a training session, please contact either Michael Thompson at mthompson@mcri.com, or Andy Prince at andy.prince@nasa.gov.

The 2010 SCEA Annual Conference and Training Workshop will be held in San Diego, California.

SCEA CCE/A Certification testing is changing in the near future, and a beta test of the new test will be offered in the spring of 2009. SCEA is looking for volunteers to take the new test and provide feedback. Certification will now be attainable in two steps:

- Part 1 of the exam, the Professional Cost Estimator/Analyst, is available for the junior cost analyst. The target audience is a cost analyst with 2+ years of experience. Educational requirements are: a Bachelor's Degree in any field from an accredited college, or five years cost estimating experience.
- Parts 1 and 2 of the exam, to become a fully certified Cost Estimator/Analyst, are available to the cost estimator with 5 years or more of experience. Educational requirements are: a Bachelor's Degree in any field from an accredited college, or eight years cost estimating experience.
- The SCEA Board is looking for up to 30 individuals to take the PCEA exam, and up to 30 to take the CCE/A exam.
- Benefits to taking the Beta Test: No exam fee (free) – the only 'cost' is your time to prepare.
- The exam will be scored on a curve. If the tester passes the exam with a score of 70% or higher on the curve, they will be awarded the PCEA or CCE/A with all the honors and privileges afforded to each designation.
- If you are interested in this Beta Test opportunity, please send your name, phone number and e-mail address to Linda Turner by November 25th (e-mail Linda.Turner@wpafb.af.mil). Selected test candidates will then be notified to complete an exam application, which will be due to the SCEA board by 19 December. You will be provided with study materials after Jan 1 2009. The anticipated testing dates are between 15 March and 10 April 2009.

SCEA Dayton Membership Social **By** **Linda Turner**

Join your fellow cost estimators for stimulating conversation, refreshments, and holiday cheer on Thursday, December 11th, at Cadillac Jacks, by the Fairfield Commons Mall. The chapter will provide some drinks and snacks, and will host a drawing for a free SCEA membership. Come join in the fun!

Mr. Neil Albert Speaks at Greater Dayton SCEA Luncheon
By
Amy Smith

The SCEA Greater Dayton had an extremely successful turnout at its August 2008 luncheon. Over 50 financial management professionals gathered together to listen to Mr. Neil Albert, President and CEO of MCR, LLC. Mr. Albert gave a very insightful presentation about his involvement in the formulation of the recently developed Government Accountability Office (GAO) Cost Assessment Guide: Best Practices for Estimating and Managing Program Costs, which the GAO has already begun using to assess cost estimates on programs here at WPAFB. Highlights of Mr. Albert's presentation included the importance of the guide to numerous stakeholders, and its evolution as more than a cost estimating reference guide – it is also a best practices guide that will foster consistency in cost estimating practices across several agencies and industry. Critical to these best practices and the guide's development is the integration of cost estimating and Earned Value Management (EVM). To see Mr. Albert's presentation, please visit the SCEA Greater Dayton Chapter website at: <http://www.daytonscea.org/>.

Adopt-A-Family Charity Event
By
Eric Nardi

The SCEA Dayton Chapter will again be participating in an Adopt-a-Family event, which will occur during the month of December. Further details will follow via email later in the month. We are looking forward to the generous support we always receive as we lend a helping hand to our surrounding community during the Holiday celebration.

LESSONS LEARNED/BEST PRACTICES

Active Listening in Cost Estimating

By

Ross Jackson

Are you a good listener? Anything more than a simple reflex response to this question likely revolves around addressing at least three concerns. First, one would need to define what “good” means in this particular context. Second, one would need to determine some method for measuring listening performance. Third, one would need to select some metric to which to compare a given listening act. Behn (2008) noted that “all evaluations involve comparison” and that in the abstract any particular value is meaningless. For our purposes here, let us assume that many consider themselves “good” listeners. Such an assumption (as with assumptions in general - as cost estimators know well) carries with it consequences. This is relevant because assuming that one is a good listener can create negative impacts on the quality and utility of cost estimates as analysts discuss parameters with their interlocutors and brief estimates to senior leaders. It is possible to link some part of this concern to a lack of training.

It is a potentially interesting and revealing phenomenon that one often takes numerous classes related to reading, writing, and speaking, but few (if any) classes devoted to listening. This situation is so extreme that Kline (2001) called listening the “neglected communication skill” (p. 1). This neglect is potentially even more pronounced in technical disciplines like cost estimating. Through a self-selection process, it is possible that individuals who enjoy working with numbers tend not to take pleasure in aspects of linguistics and communication theory. While math may occupy a privileged position in cost estimating, it is possible that these math-acts become meaningful in a social context through communication (Jackson & Dafler, 2008). Therefore, both communication in general and listening in particular become not only relevant but also essential to effective cost estimating.

As previously mentioned, listening has the potential to be viewed as an important part of cost estimating. This is so in at least two distinct ways. First, the cost estimator benefits from actively listening to the subject matter expert when discussing various parameter inputs. Second, the organization benefits when the cost estimator is able to actively listen to the questions and concerns of the senior leaders receiving the briefing of results. In both cases, there are latent benefits that emerge through the dialectical moments that can be captured through active listening. To make these benefits manifest it is important to actively listen to both what is said and perhaps even more importantly to that which is not stated. In other words, part of active listening is being able to understand silence.

The phrase “listening to silence” is potentially problematic, at least from a literal perspective. What does it mean to listen to the absence of sound? Lakoff and Johnson (2003) provided interesting insight on how to deal with such concerns when they suggested that understanding is largely metaphorical rather than literal. In this way, the metaphor of listening vis-à-vis silence might contain the actual actions of (perceiving, acknowledging, interpreting, understanding, acting, etc.). While one might not be able to listen to silence (in a literal sense), it is possible for one to produce multiple interpretations as to what the silence might mean. It is possible to extend this view by analyzing it from a general system theory perspective.

The concern of actively listening to silence is perhaps even more pressing when viewed from a general system theory perspective. Hanson (1995) noted that, “action and inaction are equally causal in a system” (p. 44). This has direct implications for communication, as one can view the absence of a statement as being equally important as what is stated. Hanson, drawing on the work of Watzlawick, Bavelas, and Jackson, noted that, “there is no such thing as not communicating, because even lack of talk is communicating, as is the body language that accompanies this nontalk” (p. 46). It is this silence that is both ubiquitous and ambiguous that complicates our efforts as cost estimators. Listening is all the more pivotal in cost estimating, as it is the person who listens that ultimately decides the outcome. In the case of the cost estimator, that individual interprets how to treat the information obtained from the subject matter expert. In the case of the senior leader, that person decides what actions to take based on the information presented. Derrida (1988) stated that, “the signature becomes effective – performed and performing –

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Active Listening in Cost Estimating (Continued)

not at the moment it apparently takes place, but only later, when ears will have managed to receive the message. In some way the signature will take place on the addressee's side..." (p. 50). Derrida's construction is helpful in detailing the role of the other, and more precisely the listening other, in the dialectic of knowledge. In other words, one can view listening as an act that legitimates information. This legitimating act is more complicated in a diverse and multi-vocal environment.

Oliga (1996), citing Ashby's law of requisite variety, indicated that diversity is a potential source of strength within systems. Listening to the diverse voices (including the silence) of the SCEA members is one way to make sure that our society has the "requisite variety" needed to not only survive, but thrive in a complex and dynamic environment. As President I am committed to hearing from you. I encourage you as analysts to focus on active listening as one important part of cost estimating. This skill can be beneficially applied both in discussing parameter interpretations with subject matter experts, and when briefing senior leaders on the estimated results. It is important to appreciate that even the best estimate, if poorly communicated, serves very little pragmatic purpose. Active listening in cost estimating is one way to facilitate both the development of quality estimates and the effective communication of the results.

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Ross A. Jackson is the chief operations research analyst for acquisition in Headquarters Air Force Materiel Command, Studies and Analyses Division. He currently serves as President of the Dayton Chapter of the Society of Cost Estimating and Analysis (SCEA), and holds the economics and quantitative analysis Area Chair position at the University of Phoenix, Cincinnati Campus. He obtained his Ph.D. in applied management and decision sciences from Walden University. He holds professional cost estimating certifications from both SCEA and the International Society of Parametric Analysts. His current research interests deal with the application of Critical Management Studies approaches to cost estimating, and the application of communication theory to understand how cost estimates as texts are potentially misunderstood, co-opted, and distorted as estimates progress through organizational hierarchies.

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The Dayton Coster
Greater Dayton Chapter

If you have comments, ideas, or are interested in contributing an article to "The Dayton Coster", please direct them to Amy Smith at Amy.Smith4@wpafb.af.mil.