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CHAIRMAN'S ADDRESS



Happy New Year and welcome to our first newsletter in 2014!

I thought I would start this article with a review of 2013. This was another

wonderful year for the Society for Cost Analysis and Forecasting (SCAF) with four full workshops, an annual conference and the summer reception being organised by your committee. We started with a workshop in February considering Economics and Forecasting when we had seven speakers at RINA in London. This was followed by our SCAF Challenge in April on the topic of Investment Appraisals (IA) regarding a house move or renovation which inspired six novice teams to present a solution to an expert panel. In June the Society went to Preston and considered the theme of Quantitative Cost and Risk Analysis, the event was well



attended and we will be travelling north again soon. In September we had our annual conference and AGM in BAWA when seven speakers gave us their opinion on why Cost Matters. Our keynote speaker was Chris Boardman (Managing Director, MAI, BAE Systems) who set the event running with some stimulating thoughts. Finally, in November we had our Vender Day which provided an opportunity for tool and service providers to enlighten us about their products.

Don't forget to search on the SCAF library for copies of all presentations given throughout the year; it's a great source of knowledge and a valuable research resource.

I would like to thank the committee (Arthur Griffiths, Dave Headley, Neil Morrill, Paul Moseley, Dr Paul



Wood, Dr Paul Baguley, Karen Sparks and Andy Nicholls) for all their help and support over this year. A Society such as SCAF requires many people to

make the work easier. If you would like to volunteer to be on the committee, please let me know.

In 2013 we also introduced the concept of SCAF Corporate membership as a more flexible way for larger organisations to pay a group membership fee and reduce the administrative burden on the secretary and members. If you would like to learn more please feel free to contact our treasurer (dave.hedley@bmrcl.com).

Looking ahead to 2014 your committee has organised four great events including a workshop on the theme of Affordability, Value for Money and Decision Making in February, the return of the SCAF Challenge in April, a workshop in Preston and a joint OR Society workshop in November. I know that these will all be great events with stimulating discussion and the opportunity to disseminate knowledge. In September we will be holding the Annual Conference and for the first time we will be holding a summer reception and awards dinner in the Marriott hotel in Bristol in July. Details of all of these events are now available on a SCAF website (www.scaf.org.uk).

We look forward to seeing you all at the SCAF events throughout the year. Have a successful and prosperous New Year.

Dale Shermon SCAF Chairman

Next SCAF Workshop

“Affordability, Value for Money and Decision Making”

Tuesday 4th February 2014

Royal Institute of Naval Architects

Northumberland Street, London (new address)

Affordability and Value for Money are some of the key elements in today’s Decision Making process. Whether we are considering a new capital investment, transition programme or optimising in-service support services – the issues are the same. But do we understand what they mean? How do we do the assessments and evaluation? How do we make appropriate judgement? What are the key critical components to examine?

Recent announcements by the Government on cost growth on major capital projects have questioned the basis of not only cost control but on the whole judgement of the decision process.

Our speakers today include:

- **Dan Galorath**, Chief Executive Officer, Galorath Incorporated – *“Affordability Analysis: The Role of Process, Cost and ROI Modelling in Improved Programme Management and Performance”*.
 - **Ian Corder**, Life Cycle Cost Lead, Rolls-Royce – *“The Value of Capability: Links between military capability, strategic national objectives and non-market goods”*
 - **Brian Tanner**, Independent Consultant – *“Forecasting the cost of a future Ice Capable Ship”*.
 - **Nicky Painter**, Associate, Institute for Collaborative Working – *“How collaboration can add Value and facilitate sound decision making”*.
 - **Andy Nolan**, Engineering System Improvement Specialist, Rolls-Royce plc – *“7 +/- 2 uses for an estimation tool”*.
 - **John Moore**, Acquisition Services, QinetiQ – *“Utility Based Methods for Acquisition Decisions”*.
 - **Craig Clark and Sandra Lewis**, Principal Consultants, Decision Analysis Services Ltd – *“Reviewing the Affordability of the Canadian Joint Supply Ship”*.
-

Registration and Costs

Registration and coffee will be available from 09.00. The workshop will commence at 09.45. This event is free to members of the Society. Non-members are welcome to attend the workshop at a cost of £80.00 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 2014.

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**.

Vendor and Service Provider Day

19th November 2013

The BAWA Centre, Bristol

The event was opened with a warm welcome from **Dale Shermon**, SCAF Chairman. He encouraged the attendees to visit the exhibitor stands and to take the unique opportunity to see current innovations in the field of cost, risk and logistic modelling. It was also an excellent

chance to hear the lessons learned from experienced practitioners and analysts through a number of concurrent presentations that ran throughout the day. Our speakers for the day included:

Speaker	Presentation Theme
Andy Nicholls , PRICE Systems	Use of Parametrics in Portfolios
John Sharp , TFD Europe	Spares Investment Cost Modelling in the Real (no-steady state) World
Brian Glauser , Galorath Incorporated	Enterprise Project Estimation with SEER
Arthur Griffiths , Decision Analysis Services	Facts, Features and Reality in Cost Forecasting and Analysis
Richard Plumb , ACostE/TASC	Accreditation and Development in Project Controls
Simon Johnson , ARES Software	Case study on Project Management Controls for the 'Crossrail' project
Andy Mills & Andrew Hodges , Arke	Open Systems Architecture – the value for money choice?
Dr Paul Baguley , Cranfield University	Cost Model Development at Cranfield University
David Bangert , Polaris Consulting	UK Energy and Critical Materials: Cost and Vulnerability
Emma Price , riskHive	Delivering Quantified Benefits through Risk Management
Amanda Coleman , QinetiQ	Acquisition Services – an end-to-end capability
Heiko Großmann , 4Cost GmbH	Case study presentation on the DLR "Spaceliner" programme
Dr Essam Shehab , Cranfield University	The Cost of Long-Term Digital Preservation
Dr Stuart Wickes , Rolls-Royce	True Planning at Rolls-Royce Nuclear



We would to thank all the speakers for their excellent presentations.

During the day we held an exhibitor treasure hunt where attendees were invited to find the answers to a series of questions set by each of the exhibitors. The winner was **Heiko Großmann** from Germany pictured here (right) accepting the prize, donated by Gower Publishing from Arthur Griffiths, Deputy Chair of SCAF.

The exhibition stands were displayed in two large halls with plenty of room for discussion, viewing and networking. The Society would like extend their thanks to the following organisations for their support to the event. Each of the organisations had provided a stand manned by industry experts and offered one-to-one consultation sessions for attending delegates.



The “Vendor Day” was advertised as an event where the use and demonstration of cost estimating and forecasting, logistics, project control, risk management tools and services could be promoted to the interest of all members and attendees.

It was a **FREE** event to attend and gave the delegates tangible benefits including:

- Exposure to current costing and cost related products and services on offer
- Opportunity for one-to-one discussion during breakout sessions
- Group discussion during plenary sessions
- Hear case study demonstrations on lessons learned and benefits
- Network with other experienced cost analysts and other members of the costing community
- **FREE** buffet and refreshments.

The feedback received from attendees and exhibitors was extremely positive and it is intended to hold a similar event in 2015.

Letter from the Editor

By Arthur Griffiths, SCAF Newsletter Editor



Happy Anniversary – 2014 sees the Society's 30th anniversary and what a year is planned. This is a significant step forward from our humble beginnings in June 1984. I can remember being asked by my line manager many years ago if I would like to attend a 'costing seminar' in London and was enthralled to find some 15-20 people (many of my peers) who made me feel very welcome. These events were much smaller gatherings than today but we all learnt from the instructive presentations that were openly given and discussed. It was interesting to note that some of the regular speakers had been given a pseudo title of 'Cost Researchers' by the technical press and government media but what they brought to SCAF and shared with the members was the interpretation and use of the data. We were all encouraged to speak at these events and to feel free to communicate with each other irrespective of the managerial grade differences between us. This helped to deliver a form of collective understanding at a period when the development of cost analysis and forecasting techniques were rapidly growing. I am delighted to see that much of this communication still remains and the use of social media seems to have raised it to international proportions.

The SCAF organising committee have this year made a few changes with a new venue for the workshop in Preston and awards banquet in July and a planned an inaugural joint meeting with The Operational Research Society, Defence SIG for November. Details of all our events for 2014 can be found in the following pages.

Our 'Vendor and Service Provider' day last November proved to be a success and, once again, showed the need to demonstrate that the costing world is not standing still and that product vendors and specialist organisations are developing methods and techniques to address changes in legislation, control processes and utility.

The vendor day also showed the level of support the Society receives from organisations and individuals throughout the year. This is very much appreciated and particular thanks should go the SCAF committee for all their time and effort that makes the Society worthwhile.

There were a number of discussions last year on 'jointness'. Some of these have resulted in running joint events for mutual benefit to members whilst others have taken a longer term view with the possibility of having closer working arrangements with similar organisations with related cost estimating/forecasting objectives.

I would like to take this opportunity to wish everyone best wishes for 2014 and hope to see as many of you as possible at our future events.

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

Arthur Griffiths

Editor, SCAF Newsletter

Email: editor@scaf.org.uk

Correction: The real cost growth prediction in the article "The Cost of Ships – the influence of cost and time" (October Newsletter) was from an analysis based purely on date of ship delivery. It should have been a figure based on a multiple regression that gave a very good correlation coefficient. The corrected figure is 2.1% per annum. An analysis on naval survey ships - smaller data set - gives similar real cost growth, albeit with only reasonable correlation. **Ed**

2014 - The Year Ahead

04 February **SCAF Workshop Theme: “Affordability, Value for Money & Decision Making”, The Royal Institution of Naval Architects, 8-9 Northumberland Street (New Offices), London.**

Affordability and Value for Money are some of the key elements in today’s Decision Making process. Whether we are considering a new capital investment, transition programme or optimising in-service support services – the issues are the same. But do we understand what they mean? How do we do the assessments and evaluation? How do we make appropriate judgement? What are the key critical components to examine? Recent announcements by the Government on cost growth on major capital projects have questioned the basis of not only cost control but on the whole judgement of the decision process. Our speakers for this workshop will be discussing some these key issues which will also include a round-table debate on the topic.

01 April **SCAF Workshop Theme: “To provide a training session in cost estimating conducted by estimating teams from academia, industry, tool vendors and consulting with the added benefit of top-level critique by senior government and industry executives – the 2014 cost estimating challenge”, The BAWA Centre, Filton, Bristol**

*This year’s challenge is to assume that you are moving overseas as you have been offered an opportunity to work in a foreign country as a cost analyst. The job starts in 6 month time and, as a diligent member of staff, this will require a plan. You have been asked to submit your expenses claim for relocation in advance to enable your new employer to agree a budget. Using your planning and cost engineering skills you start to plan the tasks required over the next 6 months. At the same time you realise that the budget needs to be presented and agreed. Using risk management it is your intention to ensure that you are not short of funds or left to fund anything yourself. The challenge is to plan your move overseas using uncertainty and risk analysis and propose a budget for this project. **Please contact the Secretary if you would like to submit a team to participate in this event or require further information***

03 June **SCAF Workshop Theme: “Value Engineering and Value Analysis in the context of Austerity”, The Conference Centre, Ribby Hall Village, Wrea Green, Preston, Lancashire**

*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. 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? **Please contact the Secretary if you would like to present a paper.***

01-02 July **Joint International Meeting of the Space Systems Cost Analysis Group (SSCAG), European Aerospace Cost Engineering Working Group (EACE) and the Society for Cost Analysis and Forecasting (SCAF), Centre National d’Etudes Spatiales (CNES), Toulouse, France**

The instructions for authors requesting to present a paper at the meeting was published in the last SCAF newsletter. A brief on the topics and potential areas for roundtable/panel discussion is available on the SCAF

Website (www.scaf.org.uk). Abstracts should be forwarded to all 3 organisations using the following email addresses: dpine@cox.net, arthurgriffiths@das-ltd.co.uk, herve.joumier@esa.int and dave.lewis@costeng-solutions.com. This will be our seventh joint meeting and with your enthusiastic participation we are sure that it will be as successful as the previous six.

08 July SCAF Summer Reception and Awards Dinner, Marriott City Centre Hotel, Bristol

*This year we will be holding an evening banquet event at the Marriott City Centre Hotel in Bristol to celebrate our 30th anniversary. All members and their spouses/partners are invited to attend and accommodation is available at discount prices. **Further details will be published closer to the event but to avoid disappointment please contact the Secretary if you are planning to attend – this will also help with the planning for the evening.***

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. **Please contact the Secretary if you would like to present a paper.***

18 November Joint Workshop Theme: Affordability and Value for Money, 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.

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

10-13 June 2014 International Cost Estimating and Analysis Association (ICEAA) Professional Development and Training Workshop, Marriott Denver City Center, Denver, Colorado.

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

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 January 2014	QinetiQ offices, Bristol	SCAF Challenge and 2014 events content
11 th March 2014	BMT offices, Fareham	Society awards nominations and agreement
20 th May 2014	QinetiQ offices, Bristol	Annual Conference and final details for awards dinner, committee elections and AGM Notices
15 th July 2014	BMT offices, Fareham	Annual Conference final details and committee nominations
7 th October 2014	QinetiQ offices, Bristol	2015 events programme
12 th November 2014	BMT offices, Fareham	2015 workshops content
9 th December 2014	QinetiQ offices, Bristol	Finalise 2015 events programme and interim 2016 programme

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.



Society for Cost Analysis and Forecasting

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.

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