

### CHAIRMAN'S COLUMN

Welcome to the first newsletter of 2004. Firstly, I hope everyone had a wonderful Christmas and, on behalf of the Society, I would like to wish you all a very prosperous and healthy New Year.

2003 was an exciting and rewarding year for the Society. We held three seminars and a very successful Annual Conference. My thanks to all the speakers, organisers and the attendees for making these events work. We are often told that there is no other organisation providing such quality speakers and a debating forum on cost analysis issues - long may it continue.

In addition to our normal schedule of events, I was asked to represent the Society at the NATO Studies, Analysis and Simulation Exploratory Panel examining methods and models for life cycle costing. This took the form of a series of meetings in Brussels to establish the terms of reference for a more detailed study to commence in 2004. We have been asked to participate in the full study and will advise members of its progress.

With the new calendar it is time to consider what the year may hold. Well, the SCAF year is full as usual as you can see from the events calendar inside. Something to interest everyone we hope. Please remember, if you have an idea for a seminar or you would like to present a paper, let us know.

We have been asked to consider providing training to members and non-members and this has been the subject of much debate over the years. In response to this, we have decided that the next few seminars will be of a workshop style (ie Training Modules, Case Studies and discussion). These will be of interest to everyone involved in costing issues. The first of these will be held on February 24<sup>th</sup> at MoD Abbey Wood.

I have been honoured to be elected again as Chairman and see SCAF as invaluable both as a forum for open discussion, to listen and learn as people expounded their theories and practices and, later, to present my thoughts and ideas to an open and educated audience. I look forward to seeing you all at our future events that provide help and support to the costing community.

*Arthur Griffiths*  
Chairman

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Editors:  
Arthur Griffiths &  
Joe Harland.

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# A Review of the Seminars and Papers presented during 2003

## **February 2003: Is Cost Forecasting Really Helping the Decision Process?**

Whole Life Costing and Cost of Ownership are now firmly embedded within the MoD's Business Case requirement. As one report recently stated "we have developed techniques to analyse and manage the cost and risk and tell ourselves that these have made the problem go away - they have not." The speakers were:

**Are we helping the decision makers or is it time to revisit the cost forecasting process ?** Arthur Griffiths, Vice Chairman, SCAF

**A view on the applicability and use of Confidence Limits,** Philip Pugh, HVR Consulting Services Ltd

**The determination of three point estimating in DPA's Pricing and Forecasting Group,** Terry Proffitt, Team Leader, PFG/Cost Forecasting

## **May 2003: Data Measurement and Analysis**

The seminar addressed the viability and use of historical data to predict future costs to meet the requirements of the MoD's SMART Acquisition process. The speakers were:

**If a little bit of knowledge is dangerous! what is a lot of knowledge ?,** Andy Nicholls, DPA Pricing and Forecasting Group and Dale Shermon, PRICE Systems. [Congratulations to Andy and Dale as this paper won a "best paper" award by the International Society of Parametric Analysts]

**Should we use Price or Cost to determine trend patterns ?,** Arthur Griffiths, Vice Chairman, SCAF

**An approach to measuring the benefits of Smart Acquisition,** Professor David Kirkpatrick, Defence Engineering Group, University College London

## **November 2003: Technology Insertion/Improvement – Why? When? & How?**

The seminar addressed the viability on the use of increased and improving technology and how best to implement this in defence programmes. The speakers covered both the technology issues and assessment processes that can be adopted to measure the benefits in proceeding with defence project considerations. The speakers were:

Dr David Oxenham, Defence Scientific and Technology Laboratory & Rick Atkinson, HVR Consulting Services Ltd

Many thanks to all the speakers whose experience ensured that these were excellent seminars.

# 20<sup>th</sup> Annual Conference

## September 2003

The Society's 20<sup>th</sup> Annual Conference was the sixth to be held at MoD Abbey Wood, Bristol and again proved to be a great success. The theme for this year was the effectiveness of the MoD's SMART Acquisition process. Managing the introduction of a new capability involves the coordination of a wide range of interested parties. It also requires a major change in culture for the MoD and those doing business with it. The speakers discussed how the process can be measured and audited together with a view of how industry could help to reduce the costs and timescale pressures.

Following the Chairman's welcome and introduction the Keynote Address was given by **Sir Jeremy Blackham KCB**, former Deputy Chief of the Defence Staff and Director Equipment Capability. Sir Jeremy's theme was based on what lessons we had learned (or otherwise) since the introduction of the new procurement process and how it was actually working in practice. Other speakers and papers presented during the day included:

**Professor David Kirkpatrick**, Defence Engineering Group, University College London – *Measuring the benefits of Smart Acquisition.*

**Tim Banfield**, Director Defence Acquisition, National Audit Office – *Auditing Smart Acquisition*

**Bob Barton**, Managing Director, Future Business, BAESYSTEMS – *Smart Acquisition, is it Value for Money? – a view from Industry*

**Kevin Douglas**, Managing Director, Douglas CS Ltd – *Experiences with the Procurement and Build of modern cruise liners – is it different and how?*

All of the papers presented are available on our web site: [www:scaf.org.uk](http://www.scaf.org.uk) Should you have any difficulty obtaining a copy then please e-mail me at [arthur.griffiths@hvr-csl.co.uk](mailto:arthur.griffiths@hvr-csl.co.uk) and I will arrange for a CD transfer.

Many thanks to all our speakers for making this a great day and we look forward to seeing you all at our future seminars.

# New Format for February and May Seminars

**F**or a few years now the committee has discussed whether the Society should provide training as well as organising seminars and conferences. This no small consideration as the effort involved in developing the training modules would be significant. At the time it was also felt that the majority of our seminar attendees were experienced estimators and forecasters who worked for organisations where good in-house training was already provided. Therefore the development effort involved outweighed the perceived benefit to the members.

However, more recently, new recruits, retirements, increasing staff turnover, etc. has meant that several organisations are now a little short of experience. In response to this and following discussions with members of the costing community we are introducing workshop style events that will provide training in specific areas of costing through the use case studies, training modules and discussion.

The first of these new style events will take place on February 24<sup>th</sup> and will be held at MoD Abbey Wood, Bristol. The theme for the workshop is Costing Defence Concepts and we have a number of speakers who will illustrate the problems facing Cost Forecasters and Decision Makers and how these problems may be resolved. The day will comprise:

A briefing from the MoD on how defence concepts are defined and options identified followed by a discussion on the relative merits of cost estimating approaches for concept costing. This will then be supported by a number a case studies each adopting a different approach but attempting to achieve a common goal – that of presenting good quality cost information to the Decision Maker and Project Manager.

The workshop has been set up to be of interest to everyone involved with understanding the development of cost estimates and how they can be interpreted for subsequent analysis.

A second workshop is planned to be held in May 2004 and will focus on the development of the Whole Life Costs of a project. This will address areas such as: system reliability, logistics and sustainability together with associated cost elements to form an estimated whole life cost for the programme.

# SCAF Future Events

<b>Tues 24<sup>th</sup> Feb 2004</b> <b>MoD Abbey Wood</b> <b>Bristol</b>	<b>Theme: Concept Costing Workshop and Seminar</b>  <b>Speakers:</b> <ul style="list-style-type: none"><li>• MoD (tbc)</li><li>• Arthur Griffiths, Chairman, SCAF</li><li>• Eric Phillips, HVR Consulting Services Ltd</li><li>• Brian Tanner, PFG/Cost Forecasting</li></ul>
<b>Tues 18<sup>th</sup> May 2004</b> <b>MoD Abbey Wood</b> <b>Bristol</b>	<b>Theme: Whole Life Costing Workshop and Seminar</b>  <b>Speakers:</b> To be Confirmed
<b>Tues 8<sup>th</sup> June 2004</b> <b>Venue (tbc)</b>	<b>Summer Reception with Guest Speaker</b>
<b>Tues 21<sup>st</sup> Sept 2004</b> <b>Venue (tbc)</b>	<b>21<sup>st</sup> Annual Conference</b>

**Events by Associated Societies**

**See below**

## Other events by Associated Societies

<b>May 10<sup>th</sup> – 14<sup>th</sup> 2004</b> <b>Frascati, Rome, Italy</b>	26 <sup>th</sup> Annual Conference of the International Society of Parametric Analysts. This year's conference is held in conjunction with EACE (European Aerospace Cost Engineering) and SSCAG (Space Systems Cost Analysis Group).
<b>June 15<sup>th</sup> – 18<sup>th</sup> 2004</b> <b>Manhattan Beach</b> <b>Los Angeles, USA</b>	SCEA's 2004 National Conference and Educational Workshop.
<b>Oct/Nov 2004</b> <b>Athens, Greece</b>	PRICE European Symposium

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

Arthur Griffiths  
Chairman & Editor, SCAF  
C/O HVR Consulting Services Ltd  
Selborne House  
Mill Lane  
Alton  
Hants  
GU34 2QJ

Tel: 01420-87977  
Fax: 01420-89819  
email: [arthur.griffiths@hvr-csl.co.uk](mailto:arthur.griffiths@hvr-csl.co.uk)