

Chairman's Column

Welcome to our new look newsletter and a particular welcome back to Mike Storey who returns as Communications Officer for the Society.

We have had an excellent year with the introduction of our new format workshops and a wonderful summer reception to celebrate our 20th birthday. These have got everyone talking and have led to some oversubscription to the events. Larger venues are planned for next year !!!!!

We have already planned to hold more workshops with interactive tutorials sessions in 2005 and the dates are

given in the diary of events. Put them in your diaries **NOW**.

A big welcome to the new committee for 2004/05 and particularly to Dr Rajkumar Roy who will strengthen our links with academia and with the cost engineering community as a whole.

On Page 3 you will note the comment about the Society's web site. This is an area we are currently studying with a view to future investment. Any comments would be gratefully received.

Finally, it may appear premature but as this is the last newsletter of the year may I take the opportunity to give everyone my best wishes for the forthcoming festive season and look forward to seeing you all at our future events.

Arthur Griffiths

Chairman



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New Committee

Annual Conference Ratifies Committee Appointments

In accordance with the Society's Constitution the membership was asked to ratify the new appointments to the committee.

The executive members serve for two years and these are:

Chairman;
Vice Chairman;
Secretary; and
Treasurer

The committee members represent the Public, Private and Academia Sectors, these members serve for as long as they are able and at the pleasure of the membership.

Your new committee for 2004/5

Chairman: Arthur Griffiths.
Arthur is Capability Leader for Cost Analysis and Forecasting Group at HVR Consulting Services Ltd, Alton, Hants.

Vice Chairman: Joe Harland
Joe is almost retired and an independent consultant with the HVR Consulting Services Ltd, Alton, Hants.

Secretary: Max Murray Brooks
Max is a member of the cost cell within Dstl Policy and Capability Studies department at Farnborough

Treasurer: Heather Benwood
Heather is a Senior Consultant with HVR Consulting Services Ltd, Alton Hants and heads up the SCAF Software Special Interest Group.

Member: Professor David Kirkpatrick
David is Professor of Defence Analysis at the University College London and is a founder

member of SCAF.

Member: Dr Rajkumar Roy
Rajkumar is the Course Director for MSc in 'IT for Product Realisation' at the Department of Enterprise Integration, School of Industrial and Manufacturing Science, Cranfield University and also the Director of Industrial Masters Programme with Ford Motor Company and Ministry of Defence (MoD), specialising in Cost Engineering.

Member : Dale Shermon
Dale is employed by PRICE Systems based at Hook and has a great wealth of experience in cost forecasting, and parametrics.

Member : Ken Young
Ken is Team Leader of Cost Forecasting Land section, Pricing and Forecasting Group at MoD Abbey Wood

New Member - Communications Officer:
Mike Storey
Mike is well known to members having been Secretary for some 3 years. Mike was Team Leader of Cost Forecasting Land section, Pricing and Forecasting Group at MoD Abbey Wood. Mike is now a self employed consultant.

Communications

Communications Are The Key To Success

Communications for the Society are a challenge. The Committee members are volunteers and juggle the demands of the society with the day job. During my tenure as secretary the E-Mail dispatch of routine correspondence was pioneered.

This had limited success, the problem being the tracing and recording of all the members E-Mail addresses. I remember phoning literally hundreds of members, it might surprise you that a large number did not know their address.

A second stage was to design a web site, this task was done by Dave Burgin and he has done exceptionally well for the society. This has recently been updated so why not let Dave Have your reaction to his latest effort. I think it looks clean and fresh, it work well, but does it meet the requirements of the members? Let us know what you think and what you want.

Best Regards
Mike

*Please send your E-Mail
Address to Max who will
ensure the membership
database is up to date.
This will get our
correspondence to you*

*Visit the Web Site at
WWW.SCAF.org.uk
Why not fill in a feed back
page and let Dave know his
efforts or not in vain*

Dairy of Events

SCAF Workshop and Seminar

Date : Tuesday 23rd November 2004 – 1030 start

Title: *The Impact of Software on Major Defence Programmes*

“Has the Software Problem been solved?”

Venue Defence Scientific and Technology Laboratory (DSTL) Farnborough

Date: Tuesday 23rd February 2005 – 1030 start

Title: *Cost Forecasting for the Uninitiated*

Venue: Defence Procurement Agency Abbey Wood Bristol

Date: Tuesday 17th May 2005 – 1030 start

Title: *Who’s Savings - Contracting for the 21st Century*

Venue: Defence Procurement Agency Abbey Wood Bristol *Who’s cost?*

Date: Tuesday 24th May 2005

Title: *Summer Reception*

Venue: SS Great Britain (subject to confirmation) Bristol

Date: Tuesday 20th September 2005 - Title: *Annual Conference & AGM*

Theme: *Managing Project Costs*

Venue: Defence Procurement Agency Abbey Wood Bristol

SCAF Newsround

As you will by now be aware HVR Consulting Services Limited has been acquired by QinetiQ. The following is an extract from the official announcement:

ACQUISITION OF HVR BY QINETIQ

QinetiQ's strategy, described in the 5 Year Strategy booklet earlier this year, highlighted the opportunity provided by our strong financial performance since vesting in 2001 to make tactical acquisitions where a good quality company has complementary skills, market or geographical footprint.

We are pleased that, as part of that strategy, we can announce that QinetiQ has acquired the UK-based consulting organisation, HVR. The company fits the criteria for our acquisitions, being both profitable and successful in its own right, having a strong management team and complementary technical skills.

HVR will retain its separate identity, office locations and operating model and will work largely at arms length from QinetiQ, reflecting its current place in the market. Nonetheless, we will be looking for synergies from the aggregate skill set and market knowledge of the two organisations, which will benefit HVR and current QinetiQ businesses. HVR will be free to work with any of the QinetiQ divisions and group companies, including the US-based companies.

Mike Goodfellow

SCAF 20th Anniversary Summer Reception aboard HMS Warrior in Portsmouth Harbour

This year the Society held a special summer reception to celebrate our 20th anniversary. The ship gave us a fantastic setting and the sunny evening and lively harbour backdrop made it an occasion to remember.

HMS Warrior 1860 is one of the world's most significant historic warships. The last surviving member of Queen Victoria's Black Battlefleet, HMS Warrior was Britain's first ocean-going, iron hulled warship – the largest, fastest and most powerful of her day. So revolutionary was her design that she made all existing warships obsolete. The ship provided a superb maritime setting and was a unique historical venue for our reception. Our guests had the opportunity to tour the ship and talk to knowledgeable Quartermasters and guides who were on hand to answer questions.

Our guest speaker for the evening was Mr Philip Pugh. Philip took as his title 'Technology, Innovation, Procurement and Anglo-French relations'. The Anglo-French part was Philip's addition and was prompted by reflecting on the origins of the ship. His talk was a brief historical survey beginning with the advent of the Cannon and transitioning to modern warfare and war as

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an industrial process. It was light hearted and introduced a number of lessons learned for future consideration.

Philip (left) was later presented with a limited edition print of the ship in recognition for his many years support to the Society. The Society's Chairman, Mr Arthur Griffiths made the presentation.

Philip's paper will be published in full in a special edition newsletter in early 2005.



Why are Whole Life costs so unpopular in the MoD ?

The following is a paper on this Whole Life Costs by Professor David Kirkpatrick.

In 1998 the Ministry of Defence (MoD) adopted a set of Smart Acquisition policies, one of which recommended a through life approach to project management, reiterating earlier recommendations from the House of Commons Defence Committee, the Treasury and the National Audit Office (NAO). This approach, based on forecasts of Whole Life Costs (WLC), is required for balance of investment studies, budgetary planning, contractor selection, project management and logistic support, but MoD has found it difficult to implement the through life approach. Some Integrated Project Teams (IPT) have not yet applied the MoD's new 'Cost of Ownership' methodology for the derivation of WLC, and in other cases the data presented has been judged by the NAO to be immature and unable to support decisions. No WLC have yet appeared in the NAO's annual review on the costs and timescales of major defence equipment projects, and most politicians and project managers still cite the procurement costs of projects rather than their WLC. A senior DPA official of the Defence Procurement Agency has described WLC as 'too difficult'.

WLC may be unpopular partly because they are even more difficult to forecast than procurement costs. Often relevant data from earlier projects has not been collected or is inaccessible. Furthermore through life plans for the development, production, operation, support and disposal of a defence equipment project are inevitably subject to multiple risks and uncertainties (not least disposal which is subject to future environmental constraints), and hence WLC forecasts are subject to inaccuracy, represented by confidence limits far above and below the most-likely outcome.

WLC may also be unpopular because they are not widely known or understood. Current MoD policies on delegated responsibility and on the confidentiality of costs mean that few managers are aware of the costs of activities beyond their own areas. Where WLC are actually formulated most managers below the topmost level are unaware of them and hence are not influenced by them. Also the inherent inaccuracy of WLC forecasts makes it difficult for engi-

neers and accountants (both of whom are accustomed to precision, unlike social scientists and economists) to take such forecasts seriously and to accept them as a valid basis for decision-making.

Another reason for the unpopularity of WLC may be that MoD decision makers (Ministers, officers and officials) are on short-term posting of 2-5 years, with temporary responsibilities in a project which might have a life span of half a century. Some of them will instinctively give greater attention to matters affecting their immediate reputations and prospects, and less attention to matters which are far in the future and are largely beyond their own control. Short-term attitudes are of course prevalent in many other areas of human activity, but in defence equipment acquisition the rapid turnover of staff relative to the typical duration of projects tends to exacerbate this problem.

These comments do not claim to be comprehensive or definitive, but are intended only to illuminate some of the practical and cultural difficulties obstructing MoD's implementation of a through-life approach and to stimulate ideas to overcome them. As an opening suggestion, perhaps the WLC of a defence equipment project should appear (in bold type?) on all key documentation and should be cited in all project reviews.

David Kirkpatrick

This is an extract from the House of Commons Defence Committee sixth Report of Session 2003-04 :

“Accurate forecasts are best generated by a group which is independent of both the MoD customer and the industrial supplier, which has expertise in all the technologies and activities involved, which can exploit effectively the appropriate models and databases, which is large enough to provide critical mass, and which has scope for preparatory analysis as well as customer-driven tasks. MoD must ensure that its policies (on organisation, recruitment and career management) can sustain an effective forecasting group with these characteristics.”

OTHER EVENTS OF INTEREST

16 - 18 February 2005
Department Of Defense Cost Analysis Symposium (DoDCAS)
Williamsburg, Virginia, USA

13-17 June 2005
Joint ISPA/SCEA Conference
Denver, Colorado, USA

Puzzle Corner

SCAF Codeword

1	6	3	1	6	6	1	3	16	1	6	6	7		D	14		
4	█							16	█			1	6	1		2	15
1	3	16	4			12	4	26	16	6	1		16		3	16	
	4		3					25			7		6		F	17	
	4		4												5	18	
		4	6	9	7	8	7				4				6	19	
1	3	3	1		3				6	12	16	4			7	20	
3	7	8	4	4	16	8	3				25				8	21	
16	7	7	3	7	7										9	22	
4	3	3	8						1	6	6	4			10	23	
3	13	8	3	6	7	4	12	3					4		11	24	
6	█											8		12	25		
7	6	9	16	7	4	6	16	1	4	3	8	7			13	26	
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z																	

These puzzles are additive. The rules are simple, in the table on the right hand side two of the numbers have been decoded. Fill these in the puzzle and then using your knowledge of the language fill in the rest - Enjoy

Lateral Thinking

As a analyst you are consulted by a Chocolate factory who have a problem with one of their 10 automatic chocolate bar machines. The machines are calibrated to produce 16 ounce bars but one machine is out of calibration and measuring out only 15 ounce bars. The problem is they do not want to shut down the line so, using a platform type weighing machine, design a methodology to isolate the faulty machine by weighing the bars. How many times must the scales be used.

Secretary
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