Agenda

- Why needed?
- What is a BCA?
- BCA contents
- Sample/issues
Why Do We Do Them?

- To support decision making by leadership
- Can be used for all resource decisions to include:
  - Facility construction/renovation
  - Lease vs. buy
  - Investment decisions
  - Program changes

Helping leadership make the most efficient investment decisions is a critical part of your job
Mandatory Requirements:

- Investment Description
- Justification
- Performance Goals and Measures
- Project Management
- Alternatives Analysis
- Risk Inventory and Assessment
- Acquisition Strategy
- Project Investment and Funding Plan

The requirement for developing defendable BCAs is not new—OMB policy dictates a comprehensive analytical approach for acquisitions
# How does this differ from Other Analyses

<table>
<thead>
<tr>
<th>AoA</th>
<th>EA</th>
<th>BCA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision Basis</strong></td>
<td><strong>Value of the System Solution</strong></td>
<td><strong>Value to Organization</strong></td>
</tr>
<tr>
<td>• Cost</td>
<td>• NPV (Required) + non-monetary benefits</td>
<td>• Alignment with organizational strategy</td>
</tr>
<tr>
<td>• Capability</td>
<td>• ROI / IRR / Payback Period (Secondary)</td>
<td>• Costs/Benefits/Risks…</td>
</tr>
<tr>
<td><strong>Scope/Focus</strong></td>
<td><strong>Value to the Unit</strong></td>
<td><strong>Value to Organization</strong></td>
</tr>
<tr>
<td>• Analytical focus</td>
<td>• Monetary focus</td>
<td>• Enterprise/Strategic focus</td>
</tr>
<tr>
<td>(operational</td>
<td>• Limited scope (in practice)</td>
<td>• Broad scope – considers far reaching implications</td>
</tr>
<tr>
<td>effectiveness vs cost</td>
<td></td>
<td>(e.g. Industrial Base considerations)</td>
</tr>
<tr>
<td>• Identifies minimum set of alternatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Threshold</strong></td>
<td><strong>Decision Basis</strong></td>
<td><strong>Scope/Focus</strong></td>
</tr>
<tr>
<td>• ACAT I MS decisions</td>
<td>• Initial investment &gt; $1M</td>
<td>• TBD (Threshold criteria might include operational,</td>
</tr>
<tr>
<td>• ACAT II and III (as directed)</td>
<td>• Rec. investment &gt; $250K</td>
<td>policy &amp; financial consequences)</td>
</tr>
</tbody>
</table>

**Value of the System Solution**
- Cost
- Capability

**Value to the Unit**
- NPV (Required) + non-monetary benefits
- ROI / IRR / Payback Period (Secondary)

**Value to Organization**
- Alignment with organizational strategy
- Costs/Benefits/Risks…

**Decision Basis**
- Analytical focus (operational effectiveness vs cost)
- Identifies minimum set of alternatives

**Scope/Focus**
- Monetary focus
- Limited scope (in practice)

**Threshold**
- ACAT I MS decisions
- ACAT II and III (as directed)
References and Assistance

- OMB Circular A-94, Discount rates
- DoD Product Support Business Case Analysis Guidebook
- AFI 65-509, Business Case Analysis
- AFI 65-509, Business Case Analysis Procedures
- Army Cost Benefit Analysis Guide
- Army Cost Analysis Manual
- Multiple DoD references on an Economic Analysis

https://www.cape.osd.mil/costguidance/
There is a very structured approach to determining which situations warrant a certified economic analysis.

**Thresholds**
- Investment greater than $2M
- Military Construction greater than $2M
- Recurring costs greater than $500K for at least 4 years

**Other requirements**
- Housing or Utilities privatization
- Major Automated Information System (MAIS)
- As directed/special situations

In general, serious look at the economics of a decision.
Elements Of An Economic Analysis

- Executive Summary
- Certificate of Satisfactory Economic Analysis
- Objective
- Assumptions
- Alternatives
- Life Cycle Cost Analysis
- Life Cycle Benefit Analysis
- Sensitivity Analysis
- Recommendation

Economic analysis (EA) is a method of making rational decisions among alternatives
Agenda

- Why needed?
- What is a BCA?
- BCA contents
- Sample/issues
What Is A BCA?

- Multi-objective framework for defining and assessing investment opportunities
- Standardized format for decision making
- Mechanism to monitor project status and accountability … post-implementation review

Example: How can we best accomplish strategic airlift?
Is a proposed investment:

**Financially Viable?** – Does it make economic/financial sense to pursue, given competing priorities?

**Optimal?** – Are resources being used in the best possible way?

**Feasible?** – Can proposal work given all relevant factors and constraints?

**Implementable?** – What are the associated risks and consequences of acquiring? (direct and derivative effects)
Characteristics of a good BCA

- Improves decision support to customer or reduces cost
- Employs comprehensive methodology
  - Diagnosis
  - Redesign
  - Pilot/implementation
- Benefits outweigh costs of preparation
- Key risks identified and mitigated
- Assumptions clearly defined
- Addresses all change management issues
Contents/Attachments

- Basic package to be read by decision maker
  - Limited to 20-40 pages

- Include details as attachments
  - Provide information to recreate the study
  - Data and data sources
  - Cost derivation methodology
  - Change management details
  - Other relevant studies
Agenda

- Why needed?
- What is a BCA?
- BCA contents
- Sample/issues
Standard Framework for a BCA

<table>
<thead>
<tr>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Executive Summary</td>
</tr>
<tr>
<td>- Introduction</td>
</tr>
<tr>
<td>- Life Cycle Cost (LCC) Analysis</td>
</tr>
<tr>
<td>- Benefits Analysis</td>
</tr>
<tr>
<td>- Risk Assessment</td>
</tr>
<tr>
<td>- Stakeholder Assessment</td>
</tr>
<tr>
<td>- Conclusion</td>
</tr>
<tr>
<td>- Change Management Plan</td>
</tr>
</tbody>
</table>
BCA Framework Details
Executive Summary

- Summary of analysis and RECOMMENDATION
- Focus on key highlights of the larger analysis
- OPR, recipient or customer, date, subject, project location, objective statement, and project year
- List feasible alternatives and key financial information (Investment, NPV, ROI, CBR)
- Identify key assumptions
- Summarize how the recommended course of action will bring value to the organization or solve the problem
BCA Framework Details

Objective Statement

- Concisely defines the purpose/goal of the analysis
- Provides framework of the analysis to be performed
- Do not assume specific means of achieving desired result (i.e., not biased toward any one alternative)
- Review objective statement with organization or senior leader to ensure intent of analysis is clear
BCA Framework Details

Background

- Describe the current process or state of operations the decision will impact
- Describe the root cause(s) of the problem
- Identify the key performance indicators

The decision should be evaluated in the context of the current environment
BCA Framework Details

Assumptions

- Beliefs about what is “assumed” to be true with some degree of uncertainty

- Each major assumption should be evaluated for its impact on the analysis if it is significantly changed

Examples

- Rates of inflation and discounting – based on AF & OMB rates
- Efficiencies gained through technology, etc
- Requirements, other than those explicitly stated in the analysis, will remain unchanged
Hidden Assumptions

- Mission will remain
- General economy will be stable
- Political interest
- What is real benefit
  - Aesthetics
  - Mission performance
  - Counter a threat
- Funding will be available
BCA Framework Details

Alternatives

- **Status Quo Alternative**
  - Represents current state
  - While often not desirable, it typically remains a viable option
  - Reiterate or expand upon details provided in background

- **Non Status Quo Alternatives**
  - Describe alternatives and the expected effect on the deficiencies of the current state
  - Do not discuss costs, benefits, or risks in this section
  - Explain if and why alternative is infeasible
BCA Framework Details
Methodology

- Describes the approach of the analysis – how it was performed
- Describes what regulations and requirements were followed and met
- Briefly describes data, sources, tools, and analytical practices
BCA Framework Details
Life Cycle Cost Analysis

- Identify cost categories and to which alternative each category applies
- Include all relevant resources required to achieve the stated objective throughout the alternative’s useful life
  - Pilot costs
  - Implementation and investment costs
  - Operational, maintenance, and sustainment costs
- Include indirect and opportunity costs
- Compute life-cycle costs for each alternative
- Calculate the net present value for all alternatives
## Life Cycle Cost Report

- All costs in Base Year dollars
- Computes a Net Present Value for the alternative

<table>
<thead>
<tr>
<th>Analysis Year</th>
<th>Fiscal Year</th>
<th>Investment</th>
<th>TOTAL Non-Recurring Costs</th>
<th>Annual_Maint.</th>
<th>Periodic_Maint.</th>
<th>Utilities</th>
<th>TOTAL Recurring Costs</th>
<th>Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2010</td>
<td>$</td>
<td>$</td>
<td>$ 26,660</td>
<td>$ 678,383</td>
<td>$ 82,328</td>
<td>$ 776,952</td>
<td></td>
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<tr>
<td>2</td>
<td>2011</td>
<td>$</td>
<td>$</td>
<td>$ 26,660</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 104,718</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2012</td>
<td>$</td>
<td>$</td>
<td>$ 26,660</td>
<td>$ 39,614</td>
<td>$ 82,328</td>
<td>$ 139,026</td>
<td></td>
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<tr>
<td>4</td>
<td>2013</td>
<td>$</td>
<td>$</td>
<td>$ 29,326</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 101,713</td>
<td></td>
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<tr>
<td>5</td>
<td>2014</td>
<td>$</td>
<td>$</td>
<td>$ 29,326</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 99,039</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>2015</td>
<td>$</td>
<td>$</td>
<td>$ 29,326</td>
<td>$ 24,759</td>
<td>$ 82,328</td>
<td>$ 117,819</td>
<td></td>
</tr>
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<td>33</td>
<td>2042</td>
<td>$</td>
<td>$</td>
<td>$ 47,230</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 54,504</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>2043</td>
<td>$</td>
<td>$</td>
<td>$ 51,954</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 55,005</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>2044</td>
<td>$</td>
<td>$</td>
<td>$ 51,954</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 53,559</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>2045</td>
<td>$</td>
<td>$</td>
<td>$ 51,954</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 52,151</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>2046</td>
<td>$</td>
<td>$</td>
<td>$ 51,954</td>
<td>-</td>
<td>$ 82,328</td>
<td>$ 50,780</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$</td>
<td>$</td>
<td>$ 1,419,150</td>
<td>$ 2,735,321</td>
<td>$ 3,046,123</td>
<td>$ 7,200,595</td>
<td>$ 4,746,389</td>
</tr>
</tbody>
</table>
Qualitative factors impacted by alternatives – such as mission accomplishment, safety, security, and morale

Weight each non-monetary benefit to represent its importance in the analysis

Score alternatives on how well they achieve benefits
## Benefits Presentation

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Percent</th>
<th>Score</th>
<th>Percent</th>
<th>Score</th>
<th>Percent</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Efficiency</td>
<td>10</td>
<td>50%</td>
<td>5.0</td>
<td>90%</td>
<td>9.0</td>
<td>100%</td>
<td>10.0</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>9</td>
<td>30%</td>
<td>2.7</td>
<td>80%</td>
<td>7.2</td>
<td>100%</td>
<td>9.0</td>
</tr>
<tr>
<td>Meeting AF Standards</td>
<td>5</td>
<td>50%</td>
<td>2.5</td>
<td>50%</td>
<td>2.5</td>
<td>100%</td>
<td>5.0</td>
</tr>
<tr>
<td>Morale</td>
<td>4</td>
<td>25%</td>
<td>1.0</td>
<td>75%</td>
<td>3.0</td>
<td>100%</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Benefits Score</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11.2</td>
<td></td>
<td>21.7</td>
<td></td>
<td>28.0</td>
<td></td>
</tr>
<tr>
<td>NPV</td>
<td></td>
<td>$11,987,497</td>
<td></td>
<td>$24,099,140</td>
<td></td>
<td>$30,108,087</td>
<td></td>
</tr>
<tr>
<td>Cost-Benefit Ratio</td>
<td></td>
<td>$1,070,312</td>
<td></td>
<td>$1,110,559</td>
<td></td>
<td>$1,075,289</td>
<td></td>
</tr>
</tbody>
</table>
Risk may be financial and non-financial, and quantitatively or qualitatively analyzed.

Discuss risk to each alternative’s successful outcome prior to making recommendation.

Assess the likelihood of risk occurring and potential impact on each alternative.

Risks are more easily assessed and managed in the planning stages.

Many ways to conduct and discuss analysis.
How confident are you in the numbers collected?
- How old is the data?
- Are the projects being compared analogous?

How stable are significant numbers in the analysis?
- What if usage rates change?
- What if asbestos is discovered?
- What if a project takes significantly more work to complete?

Sensitivity analysis
- How will varying the numbers +/- your confidence level affect the results of the study?
- Can only analyze variables individually

Sensitivity is not the only method, others discussed later
## Risk Development Qualitative

### Risk Probability Matrix

<table>
<thead>
<tr>
<th></th>
<th>Status Quo</th>
<th>Renovation</th>
<th>New Construction</th>
<th>Off Base</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Residents</strong></td>
<td><strong>Prob</strong></td>
<td><strong>Sever</strong></td>
<td><strong>Prob</strong></td>
<td><strong>Sever</strong></td>
</tr>
<tr>
<td>Low</td>
<td>D 3</td>
<td>D 3</td>
<td>D 3</td>
<td>D 3</td>
</tr>
<tr>
<td>Moderate</td>
<td>C 3</td>
<td>B 2</td>
<td>A 1</td>
<td>E 4</td>
</tr>
<tr>
<td>High</td>
<td>Moderate</td>
<td>High</td>
<td>Extreme</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Probability
- **A** - Frequent
- **B** - Likely
- **C** - Occasional
- **D** - Seldom
- **E** - Unlikely

### Severity
- 1 – Catastrophic
- 2 - Critical
- 3 - Marginal
- 4 - Negligible

### Risk Level
- Extremely High
- High
- Moderate
- Low

### Tell risk story
Ways of Reporting Risk

- **Paragraph Narrative**
  - Option 2 is risky because ___. Can’t reduce

- **Sensitivity Analysis**
  - Vary input Parameters – discuss results

- **Scenario Analysis**
  - If X happens it will cause Y

- **Probabilistic**
  - Risk distribution charts

- **Tabular**

  Some risks can be mitigated or passed to others
Stakeholders have vested interest in and/or the means of affecting outcomes

What are their interests in the analysis?

Which alternatives may they prefer and why?

What is their ability to impact the implementation of each alternative?

What are any concerns they may have about each alternative?
## Stakeholder Analysis Example

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Preferred Alternative(s)</th>
<th>Unfavorable Alternative(s)</th>
<th>Ability to Impact Decision (H,M,L)</th>
<th>Key Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>Off Base/NC</td>
<td>SQ</td>
<td>L</td>
<td>Nice quarters/Flexibility</td>
</tr>
<tr>
<td>CE</td>
<td>NC</td>
<td>SQ</td>
<td>M</td>
<td>Easy maintenance</td>
</tr>
<tr>
<td>Base Leadership</td>
<td>NC</td>
<td>SQ/Off Base</td>
<td>H</td>
<td>QOL/Accountability</td>
</tr>
<tr>
<td>Senior Enlisted Personnel</td>
<td>NC/Ren</td>
<td>SQ/Off Base</td>
<td>M</td>
<td>Blueing of new members</td>
</tr>
<tr>
<td>Services</td>
<td>Ren/NC</td>
<td>Off Base</td>
<td>L</td>
<td>Use of facilities</td>
</tr>
<tr>
<td>Security Forces</td>
<td>On Base</td>
<td>Off Base</td>
<td>L</td>
<td>Traffic/Accountability</td>
</tr>
<tr>
<td>FM</td>
<td>Off Base/NC</td>
<td>SQ/Ren</td>
<td>L</td>
<td>Source of funding</td>
</tr>
<tr>
<td>On Base Facilities</td>
<td>On Base</td>
<td>Off Base</td>
<td>L</td>
<td>Use of facilities</td>
</tr>
<tr>
<td>Local Community</td>
<td>Off Base/NC</td>
<td>SQ/Ren</td>
<td>L</td>
<td>Jobs/Rent</td>
</tr>
</tbody>
</table>
BCA Framework Details Comparison

- Compare/contrast the costs, benefits, risks and stakeholders of each alternative, to include cost-benefit ratios

- Discuss how varying key inputs affect results of analysis (sensitivity analysis)

- Highlight relative strengths and weaknesses of each alternative
BCA Framework Details

Conclusion/Recommendation

- Provide a summary of analysis results
  - Every BCA must make a recommendation

- Compare/contrast key factors of analysis
  - Costs, benefits, risks, and stakeholders

- Explain the recommended alternative and how it will meet the objective
  - Are follow-on projects necessary to resolve remaining issues
## BCA Change Management

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Mitigation Plan</td>
<td>Counter risks that present greatest threat</td>
</tr>
<tr>
<td>Stakeholder Management Plan</td>
<td>Gain the support of stakeholders</td>
</tr>
<tr>
<td>Communications Plan</td>
<td>Inform key stakeholders of change</td>
</tr>
<tr>
<td>Training Plan</td>
<td>Identify process for training individuals</td>
</tr>
<tr>
<td>Funding Plan</td>
<td>Who is funding costs, what color of money</td>
</tr>
<tr>
<td>Implementation Plan</td>
<td>Communicate tasks necessary for success</td>
</tr>
<tr>
<td>Performance Metrics</td>
<td>Track progress and performance</td>
</tr>
</tbody>
</table>

Implementation should be basic part of analysis
## Risk Mitigation Plan

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact (H,M,L)</th>
<th>Probability (H,M,L)</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial demand exceeds manpower capability</td>
<td>H</td>
<td>M</td>
<td>Implement a phased approach with respect to services provided</td>
</tr>
<tr>
<td>Failure to attract business</td>
<td>M</td>
<td>M</td>
<td>Robust communication and marketing plan</td>
</tr>
<tr>
<td>Inadequate resources – manpower availability</td>
<td>H</td>
<td>H</td>
<td>Develop innovative Manning plan to bridge FST gap</td>
</tr>
<tr>
<td>Inadequate resources – financial</td>
<td>H</td>
<td>H</td>
<td>Develop detailed BCA to support organizational stand-up</td>
</tr>
<tr>
<td>Inadequate training to support analytical efforts</td>
<td>H</td>
<td>M</td>
<td>Ensure coordination between CoE and training team</td>
</tr>
<tr>
<td>Change in leadership (program support)</td>
<td>M</td>
<td>M</td>
<td>Ensure milestones are met for an on-time launch</td>
</tr>
</tbody>
</table>
Making the Most of Our Dollars and Sense

Stakeholder Management Plan

- Must identify and monitor all stakeholders
- Gains buy-in and commitment
- Establishes sponsorship and support
- Prepares for change
- Analyze each stakeholder individually
  - Impact
  - Reaction to change
  - Plan of action
## Stakeholder Management Plan

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Reaction (+,0,-)</th>
<th>Impact (H,M,L)</th>
<th>Key Issues</th>
<th>Engagement Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base FM</td>
<td>+</td>
<td>L</td>
<td>Ensure senior leader buy-in &amp; engagement</td>
<td>Continuous communication through CoE</td>
</tr>
<tr>
<td>MAJCOM FM</td>
<td>+</td>
<td>H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional Units (Base/MAJCOM)</td>
<td>+</td>
<td>M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commanders/ Senior Leaders</td>
<td>+</td>
<td>M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AETC</td>
<td>+/-</td>
<td>H</td>
<td>P: Enhance FM training to include CoE</td>
<td>Open communication on required levels of training for financial managers and CoE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N: Ability to provide hands-on training</td>
<td></td>
</tr>
</tbody>
</table>
Communications Plan

- Based on stakeholder analysis
- Segments target audience
- Identifies and maps communication channels
- Identifies responsibility

<table>
<thead>
<tr>
<th>Audience</th>
<th>Message(s)</th>
<th>Media/Vehicle</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Finance               | - High return
- Provides better response times
- Quick wins             | - Newsletter         | Quarterly | Finance representative and project manager             |
| IT Managers           | - Demands high IT support
- Your role              | - Presentation
- Workshop (kick-off)  | Monthly              | IT representative with line manager                  |
| Warehouse Personnel   | - Some automation will make life easier
- Job redeployment
- Who will be affected | - Team briefing      | One-off    | Warehouse manager and direct reports                   |
## Training Plan

- How to move from “old” way to “new” future state
- Tailor training to individual audiences
- May drive additional costs

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Course</th>
<th>Training Goal</th>
<th>Deliverable</th>
<th>Dependencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base FM Offices</td>
<td>DCOs or Telecoms</td>
<td>Knowledge of mission and utility of CoE</td>
<td>None</td>
<td>Voluntary participation in briefings</td>
</tr>
<tr>
<td>CoE Personnel</td>
<td>Life Cycle Cost Analysis</td>
<td>Understand and application of complex analysis methods</td>
<td>Certificate of completion and auditable analysis</td>
<td>Part of initial training</td>
</tr>
<tr>
<td>CoE Personnel</td>
<td>Advanced Risk Course</td>
<td>Development of advanced analysis methodologies</td>
<td>Certificate of completion and ability to work more customer requests</td>
<td>Worked at CoE for 12 months</td>
</tr>
</tbody>
</table>

All changes require some level of re-training
Funding Plan

- Identifies what funding changes are needed
  - One time costs
  - Sustainment costs

- Differentiate between “hard” and “soft” costs

- Who is sourcing the funding

- What colors of money are needed
### Funding Plan – CoE

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Source</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian Manpower</td>
<td>$500,000</td>
<td>O&amp;M</td>
<td>Air Force</td>
</tr>
<tr>
<td>Contractor Support</td>
<td>$250,000</td>
<td>O&amp;M</td>
<td>Direct</td>
</tr>
<tr>
<td>Military Manpower</td>
<td>$300,000</td>
<td>Military Pay</td>
<td>Air Force</td>
</tr>
<tr>
<td>Office Furniture</td>
<td>$250,000</td>
<td>O&amp;M</td>
<td>Direct</td>
</tr>
<tr>
<td>Administrative support</td>
<td>$55,000</td>
<td>O&amp;M (Pentagon)</td>
<td>Air Force</td>
</tr>
<tr>
<td>Travel</td>
<td>$40,000</td>
<td>O&amp;M</td>
<td>Direct</td>
</tr>
</tbody>
</table>
Implementation Plan

- Translates recommendation into required actions
- Provides a roadmap for change
- Contains specific and measurable events
- Assigns accountability
Implementation Plan
Contents

- Timeline of events
- Resources
  - Funding
  - Personnel
  - Time
- Structure can vary
  - Narrative
  - Action plans
  - Gantt charts

**Gantt Chart**

<table>
<thead>
<tr>
<th>Task</th>
<th>When</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Jan</td>
<td>Jim</td>
</tr>
<tr>
<td>B</td>
<td>Feb</td>
<td>Sue</td>
</tr>
<tr>
<td>C</td>
<td>Mar</td>
<td>Lynn</td>
</tr>
<tr>
<td>D</td>
<td>Apr</td>
<td>Bill/Jim</td>
</tr>
</tbody>
</table>

**Action Chart**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Responsible</th>
<th>Start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertise openings</td>
<td>AFPC</td>
<td>Immediately</td>
</tr>
<tr>
<td>Secure location</td>
<td>SAF/FMC</td>
<td>July</td>
</tr>
<tr>
<td>RFP for contract support</td>
<td>SAF/FMC</td>
<td>Immediately</td>
</tr>
</tbody>
</table>
Key Performance Measures

- Must collect a variety of metrics (balanced scorecard)
  - Financial
  - Internal Process
  - Customer Focus
  - Learning and Growth
- Watch for unintended consequences
- Not everything important can be quantified
- Can only track a few metrics

*What is measured gets done!!*
Key Performance Measures Example

Measure # 2.2.M1
- Availability of standardized cost data for each program (historic and current)

Purpose
- Measures progress toward Strategic Objective 2.2: Provide improved cost visibility and financial analysis for decision making to commanders and managers.

Definition
- Equation:
  \[
  \text{Availability of standardized cost data} = \frac{\text{Total number of programs with standardized cost data}}{\text{Total number of programs without standardized cost data}} \times 100
  \]
- Definition of “standardized cost data”
  - List

Inputs
- List
- List
- List

Data Source
- List

Reporting Frequency
- Monthly

Reporting Data Available
- List

Baseline Year
- List

Target
- 75% by FY05
- 100% by FY07

Data Display
- Run Chart

Strategic Objective Owner
- Mr. Jones

Data Collection and Reporting Point of Contact
- List

Reporting Levels – Responsibility
- List

Related Measure
- 2.2.M2: Use of earned value analysis (EVA) for all major weapon system programs

FMC Strategic Objective Workbook Example
Agenda

- Why needed?
- What is a BCA?
- BCA contents
- Sample/issues
Sample BCA Outline
Establish FM CoE

1. Executive Summary 1
2. Assumptions 2
3. Status Quo Description 2
   3.1. Background 2
   3.2. CoE Base Level Survey 3
   3.3. Current State 5
4. Establish CoE 7
   4.1. Establishing a FM Center of Expertise 7
   4.2. CoE Customers 8
   4.3. Analytical Services 10
   4.4. CoE Structure 14
   4.5. Geographic Location 16
   4.6. Manpower Requirements 20
5. Cost/Benefit Analysis 22
   5.1. Projected CoE Costs 22
   5.2. Benefits 22
   5.3. Cost/Benefit Analysis 24
6. Risk Assessment and Mitigation Plan 26
7. Change Management Plan 28
   7.1. Stakeholder Management Plan 28
   7.2. Communications/Marketing Plan 30
   7.3. Training Plan 33
8. Implementation Plan 33
9. Performance Metrics 34
10. Recommendation Summary 35
### Description of Initiative

**Initiative Type:**

**Brief Description:** (one or two lines)

**Sponsor:**

### Estimated Savings/Investments (TY$M)

<table>
<thead>
<tr>
<th></th>
<th>Prior</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>Total</th>
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<tr>
<td><strong>Investment</strong></td>
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<td></td>
<td></td>
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<td><strong>Net</strong></td>
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<tr>
<td><strong>Avoidance</strong></td>
<td></td>
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</tr>
</tbody>
</table>

**Return on Investment:**

**Payback Period:**

**Current Funding Available:**

**Potential Funding Sources/Offsets:**

### Benefits:

(one to three bullets)

### Key Assumptions:

(one to three bullets)

### Risks:

(one to three bullets)

### Corporate Evaluation

**Functional**

**CONOPS**

**Financial**

### Recommendation:

Slide required for each initiative
Common Problems

- Poorly identified objective statement
- Unidentified assumptions
- Not enough alternatives
- Not including all relevant factors
- Incomplete documentation
- Invalid estimating methodologies
- Incomplete risk analysis
“Dinner” Practical Exercise
EAs and BCAs are only as good as the effort put into building them

They are decision support documents

Assists leadership in choosing between alternatives

- Documents rationale for recommendation
- Provides historical record
- Incorporates more than just cost
QUESTIONS?

http://go.usa.gov/KWGh

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DSN: 847-2100

“Making the most of our dollars and sense”