



Breakout Session

Staying on Track

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- Countless cost estimates are abandoned after the project is approved. What costing techniques can be used to keep a project on time, on scope, and on budget?
 - What do we mean by estimate abandonment once the project is approved?
 - *What are the root causes?*
 - Requirements changes / Scope Creep = Initial estimates not valid
 - Cost Estimates used to form Program Baselines, tracked via EVM
 - Probability of “point” cost estimate is exactly zero!
 - What are the costing techniques to keep project on time, on scope, and on budget?
 - *Costing Techniques – On Time*
 - Good schedule estimating algorithms (SERs)
 - Understanding of the “bathtub” curve – schedule compression / schedule stretch out
 - *Costing Techniques – On Scope*
 - CAIV / Glide-path
 - Requirements Management
 - *Costing Techniques – On Budget*
 - Better integration with EVM baselines

■ Discussion Takeaways

- **Skillsets** - Canadian cost estimating community just starting to mature; must develop robust costers with a wide span of skills. Develop a repository for “lessons learned” from past programs. Need to develop Cost Estimating Center of Expertise.
- **Standards** - Need to develop Canadian Standards, Methodologies and Best Practices across the costing community.
- **Contract Vehicles** - Majority of contracting vehicles in Canada are Firm Fixed Price. Need to explore other arrangements/contracts types that could improve and streamline the acquisition process.
- **Data Collection** - Canadian data difficult to come by and not well collected. Better leveraging of Enterprise Estimating Systems is needed to collect historical data useful for basis of cost estimates. Improve collection of labor hours / material \$. Importance of collecting historical schedule data.

■ Discussion Takeaways

- **Difficulty in monitoring estimates** - Need to establish some sort of early warning system to forecast when programs could go off track in cost / schedule. Implementation of Earned Value Management (EVM) practices would provide better tracking of cost / schedule and actual program history. Currently Canadian program do not implement EVM, but this should be explored.
- **Dashboarding** - Need to establish high level early warning systems to forecast when programs could go off track in cost / schedule. Need to develop risk assessments for projects and establish acceptable level of confidence.
- **Trade Space Optimization** - Implementation of Cost As An Independent Variable (CAIV) methodology to establish trade space between objective and thresholds for cost and performance. Ability to optimize programs within the trade space.
- **Estimating Systems Integration** – To improve Canadian cost estimating and keep projects on time, on scope, and on budget requires a completely integrated cost estimating system that relies on sound historical cost data repositories, data driven estimates, and effective EVM practices.