



Policy, Process, Status

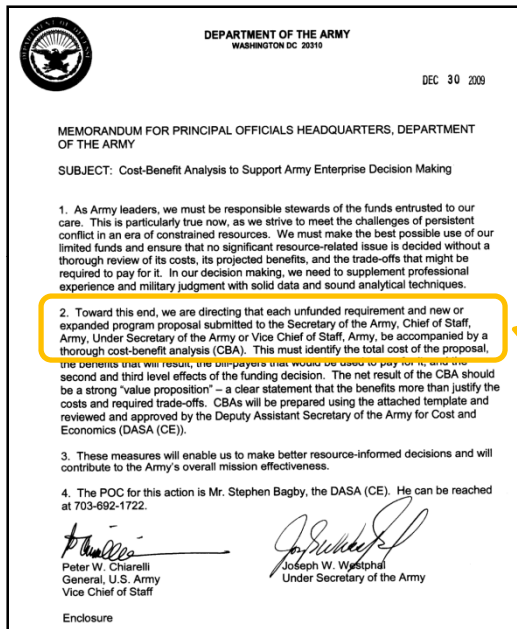
Ms. Monica Malia

CBA Policy, Process, Status Lead

The Spirit of the Directives

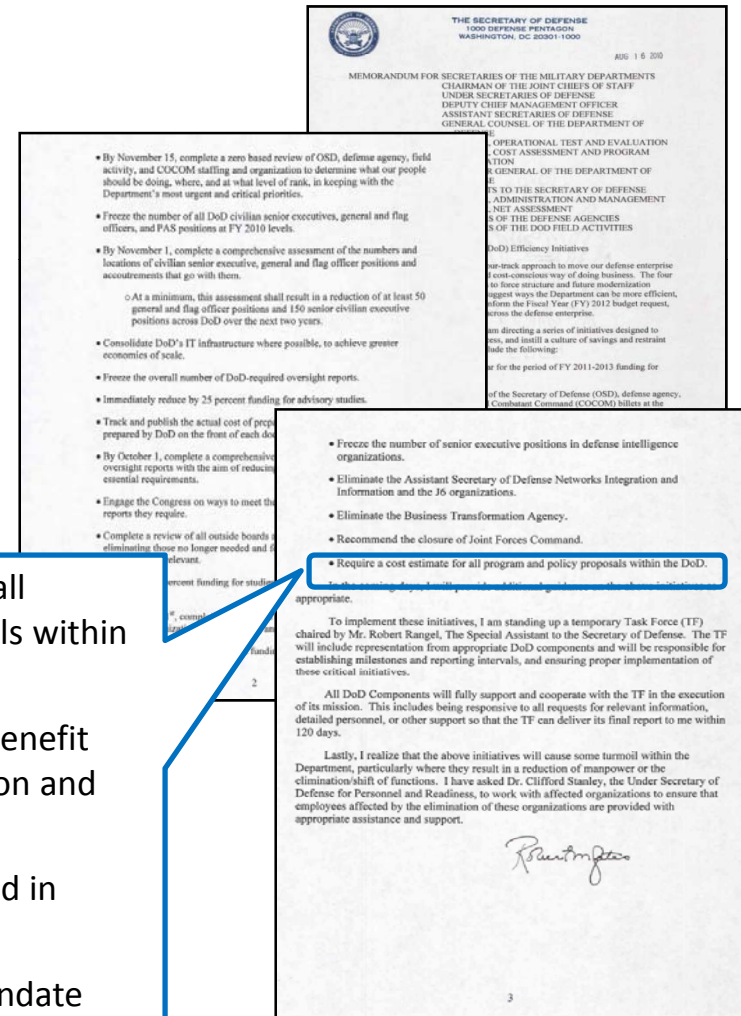


Department of Army Directive



- USA/VCSA memo was sent to HQDA principal officials
- HQDA officials are also requesting CBAs from the field
- Net result is a strong value proposition for making cost informed decisions

The Secretary of Defense Directive

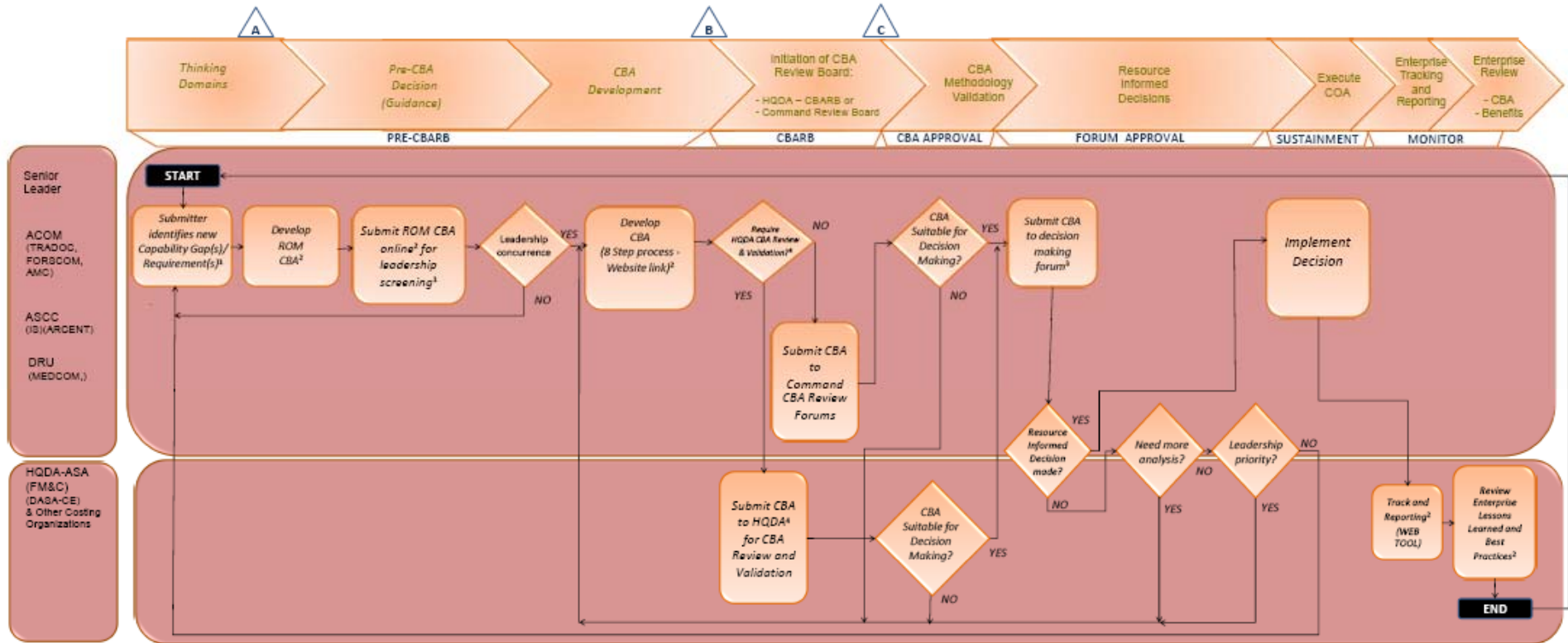


- Require a cost estimate for all program and policy proposals within the Department of Defense
- Emphasis on aligning Cost-Benefit Analyses to delivering mission and cost informed decisions
- Cost Culture Initiative started in February, 2008
- Already adhering to this mandate with tools and training

Draft: End-to-End CBA Process Map



"To Be" Army Enterprise Cost-Benefit Analysis End-to-End Process



- CDA: Course of Action
- DP1: Decision point 1
- ACOM: Army Command
- TRADOC: Army Training and Doctrine Command
- FORSCOM: Forces Command
- AMC: Army Materiel Command
- ASCC: Army Service Component Command
- DRU: Direct Reporting Unit
- HQDA: Headquarters, Department of the Army
- ASA FM&C: Assistant Secretary of the Army (Financial Management & Comptroller)
- DASA-CE: The Deputy Assistant Secretary of the Army (Cost and Economics)

- ROM: Rough Order of Magnitude
- AROC: Army Requirements Oversight Council
- ACAT III: Acquisition Category III
- DOTMLPF: Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel and Facilities
- ACP: Army Campaign Plan
- FDU: Force Design Update
- ERVB: Equipment Review and Validation Board
- GOSC: General Officer(s) Steering Committee
- SRG: Senior Review Group
- PPBC: Planning Program Budget Committee
- AR2B: Army Requirements and Resourcing Board
- BRP: Budget, Requirements, and Program forum
- AKO: Army Knowledge Online



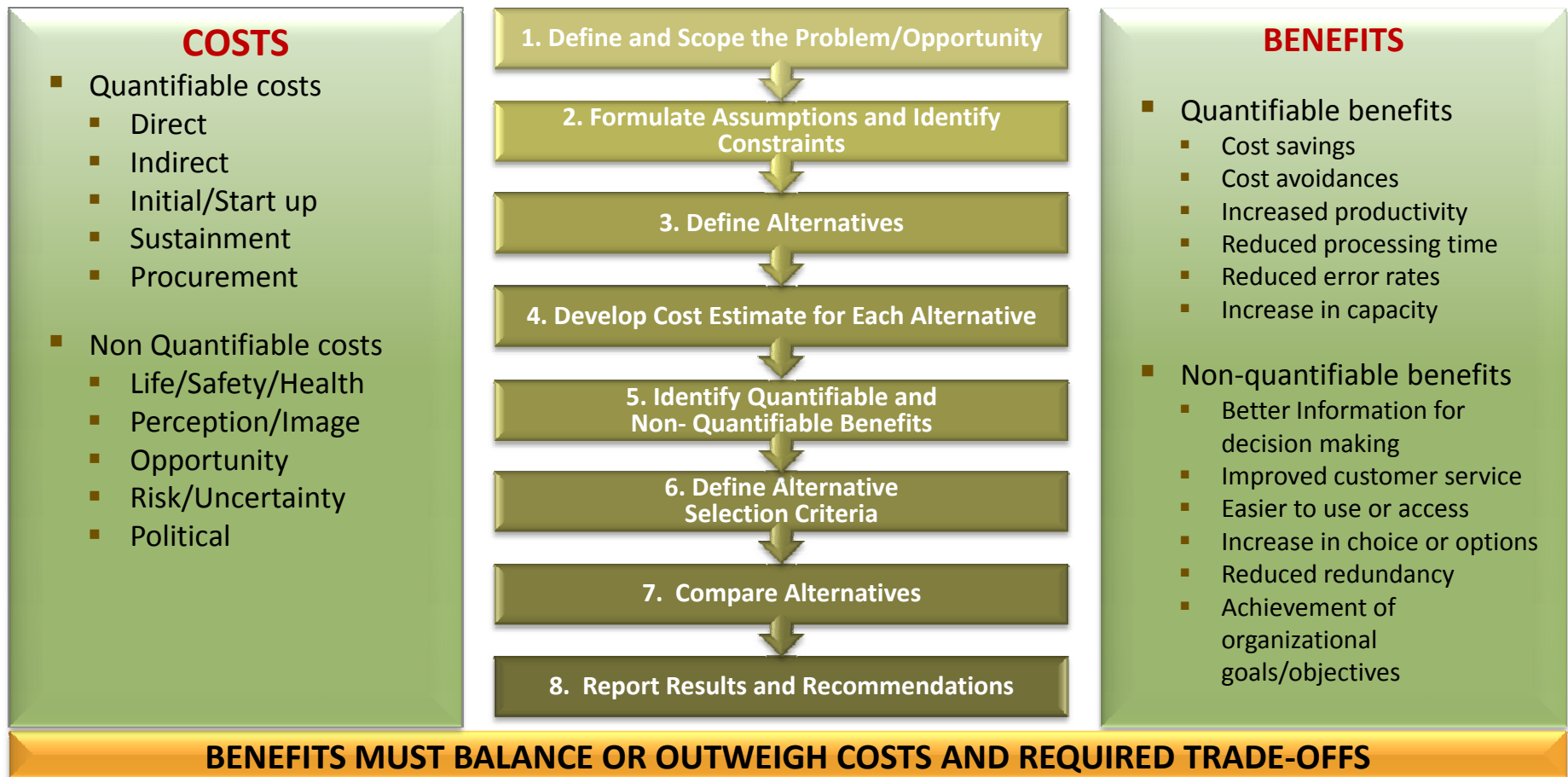
- In the concept phase, Senior Leadership (GS15 and/or higher) screens capability gap(s), new requirements, new proposals with:
 - Alignment to Army strategic goals and leadership priorities
 - ROM DOTMLPF cost
 - High level value proposition
 - Refer to CBA website (<https://app.army.mil>) for: guidebook on "how to", threshold levels for all new requirements; POCs, decision making forums, lessons learned/best practices, reporting, tracking, others
 - HQDA approval forums: AROC (ACAT III), ACP, FDU, ERVB, GOSCs, SRGs, Concept Plans, PPBC, AR2B, BRP. For command level decisions refer to appropriate command level forums
 - HQDA CBA and validation review levels:
 - Quality assurance/checklist review
 - CBARB review
 - Leadership review and validation/signed memo
- HQDA CBA courtesy reviews available throughout the entire process

DRAFT

How to Do a CBA? Eight Step Process



Using analysis to make the case for a project or proposal:
 Weighing the total expected costs against the total expected benefits
 over the near, far, and lifecycle timeframes from an *Army enterprise* perspective.



Cost Informed Decisions



Cost-Benefit Analysis



Thinking Domains		Doctrine Organization Training Materiel Leadership Personnel Facilities	Decision Forums/ Approval
Generate Capability Gaps / Requirements	Formal	Top Down Initiatives	Various
		Force Design Update	FD
		QDR/TAA/Portfolio – Business Area Reviews	SA/CSA
		Army Campaign Plan Process	VCSA
		Concept Plan (TDA Updates)	SA/CSA
		JCIDS /AROC	AROC /JROC
		Basis of Issue Plan	ORDAB
		AoA Studies	SAG/Other
		Acquisition Process	Milestones
		Installation/MILCON/Sustain	MILCON IPT
		Unit/Institutional Training	Training Plan
		AMC/G4 Depot /Sustainment/Ammo	AMC
	ONS/JUONS/Rapid Transition	AR2B/AROC	

PPBE

- Manning
- Equipping
- Training
- Sustaining
- Organizing
- Installation



Cost Education and Training

Mr. Brian Jacobs

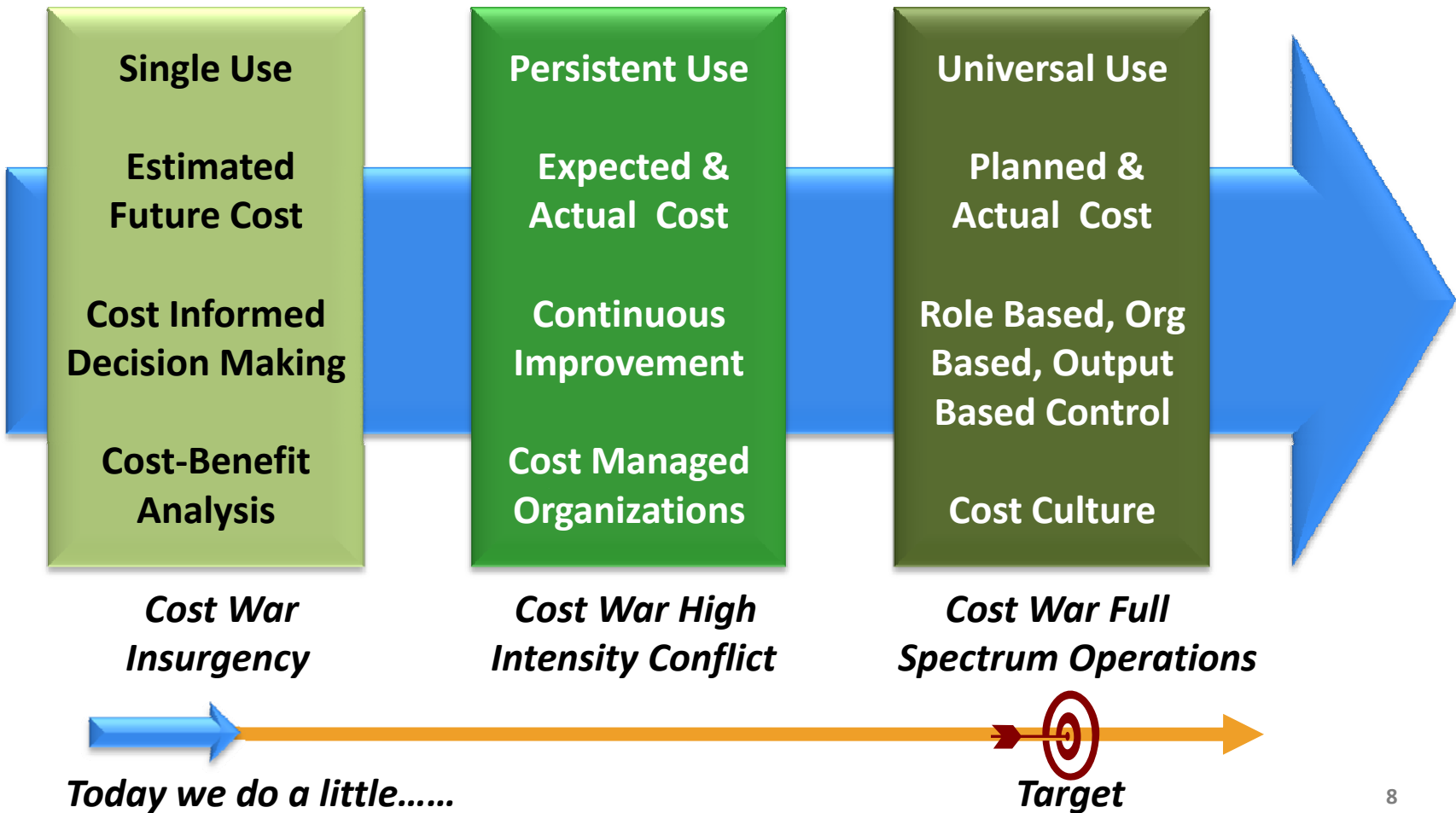
Cost Management Education and
Cost-Benefit Analysis Training

CBA Part of a Bigger Effort: *Winning the Cost War*



Maturing Roles of Cost Management in the Army

Cost War: the struggle to accomplish the mission in an environment of constrained fiscal resources.



Cost Management



Full Cost Measurement

- Accurate, timely and relevant data
- Connecting operational output/performance data to financial data
- Allocate Overhead, Unfunded Costs, Indirect Support

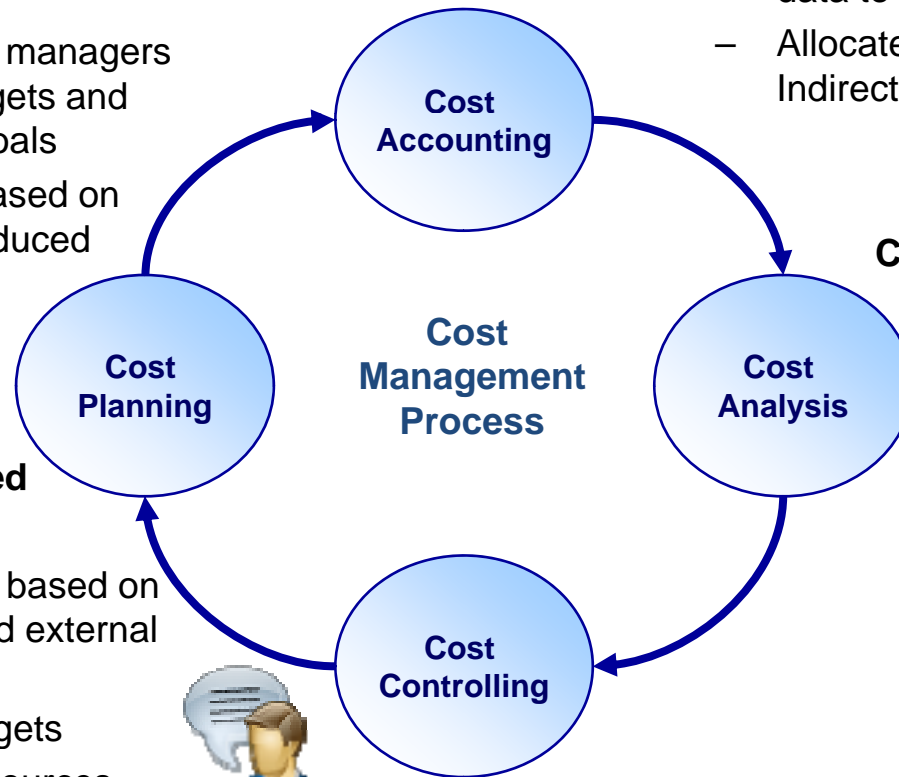
Cost Planning

- Operational managers set cost targets and efficiency goals
- Plan cost based on outputs produced



Resource Informed Decisions

- Take action based on analysis and external demands
- Change targets
- Change resources
- Change quantity / quality



Cost Analysis

- Variances
- Trends and forecasting
- Product, service or activity cost by expense (labor, material, contracts, etc...)
- Understanding full costs of organizations, operations, products and services
- Comparison Analysis & Benchmarking



Cost Management Enablers



Policy & Guidance

DASA-CE Cost Management Handbook



Version 1.4
 April 13, 2009

Version 1.4

April 13, 2009

Education and Training

Functional Operations and
 Resource Managers

Cost Management 101

- Cost Management Overview
- Cost Object (ERP) Definitions
- Cost Flow Methods
- Cost Analysis and Reporting

GFBS – Cost Management Training

These courses are either computer-based or instructor-led training classes to learn how to operate within the GFBS cost module.

Cost Management Certificate Course

- Managerial Cost Accounting
- Operations Management
- Cost Control Theory; Cost-Benefit Analysis
- Organizational Effectiveness for Cost Managers

Principles of Cost Accounting and Management

Intermediate Cost Accounting and Management

Self Study-Cost Management Community of Practice

<https://www.us.army.mil/suite/page/593701>

Modules in all Professional Development Programs

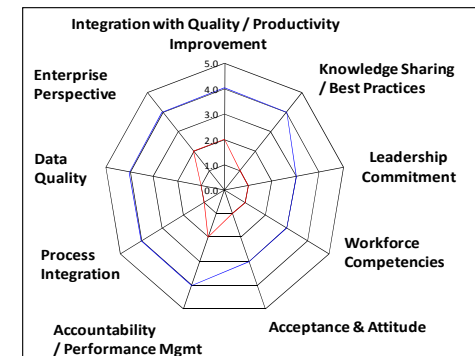
- Cost Management Overview
- Cost-Benefit Analysis

Tools

ARMY COST MANAGEMENT MATURITY MODEL



Version 10: 4 June 2008



Cost Benefit Analysis (CBA) Portal

Office of the Deputy Assistant Secretary of the Army for
 Cost and Economics (DASA-CE)

[About CBA](#) [Process](#) [How To](#) [Training](#) [Documents](#) [Resources](#) [FAQs](#) [Contact Us](#)

A Key Decision-Making Tool: Cost Benefit Analysis

In today's resource-constrained environment, the Army must manage its resources. A key element in that stewardship is to make the right decision point that is presented to decision makers. For every decision point that is presented to decision makers, it is in complete picture of both the costs to be incurred and the benefits to be realized.

The Senior Leaders of the Department of the Army (click here) that any decisions involving Army resources be supported by the Office of the Assistant Secretary of the Army (Financial Management & Comptroller) developed this Portal. The Portal provides information on tasks, and problems that require a deliberate analysis to a

Our goal is to make this Portal and the CBA process as clear as possible. Comments and questions are encouraged and are invited. Please use the "Contact Us" tab above.

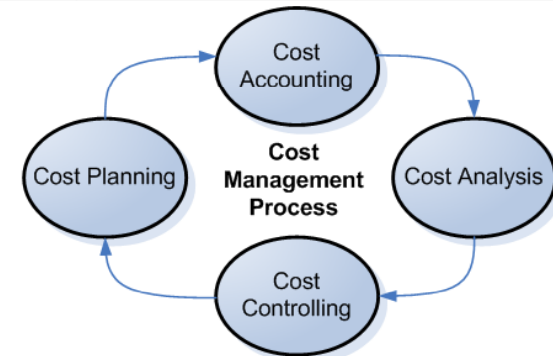
Slated USA VCSA CBA Memo 30Dec2009.pdf

Building Stackable Credentials

Department of the Army Cost Competency Development for Financial Managers (BC36/CP11)*

Level	Steady-State	Initial Emphasis						
Senior Leader	<p>Cost Management Executive Course (CMEC) Executive Education- 2 Day</p> <ul style="list-style-type: none"> Review Cost Measurement Concepts Cost Management Cycle Using Cost/Benefit Analysis Leading a Cost-Managed Enterprise <ul style="list-style-type: none"> Cost Command and Control How LSS Fits In Working with Your ACE 	<p>Executive-level module in ASLDP and SES Keystone Course designed to move senior leaders (General Officers and SES) from the box where they don't know what they don't know, to the box where they know what they don't know. Leaders who are interested can take the Cost Management Executive Course.</p>						
Senior-Level	<p>Cost Management and Control Theory</p> <ul style="list-style-type: none"> Review Management Concepts Advanced Cost Allocation Inventory Costs Depreciation Transfer Pricing Working Capital Funds Cost Control Theory <ul style="list-style-type: none"> Organization-based Control Role-based Control Output-based Control 	<p>Master-level analytical techniques applied to DA enterprise (Command) operations.</p> <p>Participants may select a concentration area by selecting from a catalog of electives.</p>						
Mid-Level	<p>Cost Management</p> <ul style="list-style-type: none"> Review Basic Measurement Concepts and Analysis Variance (volume, performance, efficiency, spending) Learning Curve Cost of Quality Advanced data analysis techniques (spreadsheets, databases, business intelligence tools) Capacity Management Resource Utilization 	<p>Advanced concepts reinforced with case studies focused on organizational level (Cost Center) operations.</p> <p>Exercises using data from GFEBs to support improved decision-making.</p>						
Junior-Level	<p>Cost Measurement and Analysis</p> <table border="1"> <thead> <tr> <th>Cost Definitions</th> <th>Cost Analysis Techniques</th> <th>Cost Measurement/Allocation</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Fixed / Variable Direct/Indirect Recurring/Non-recurring Funded/Unfunded Others </td> <td> <ul style="list-style-type: none"> Economic Cost-Benefit Analysis of Alternatives Time Value </td> <td> <ul style="list-style-type: none"> Job Order Process Activity Cost Allocation Direct Assignments </td> </tr> </tbody> </table>	Cost Definitions	Cost Analysis Techniques	Cost Measurement/Allocation	<ul style="list-style-type: none"> Fixed / Variable Direct/Indirect Recurring/Non-recurring Funded/Unfunded Others 	<ul style="list-style-type: none"> Economic Cost-Benefit Analysis of Alternatives Time Value 	<ul style="list-style-type: none"> Job Order Process Activity Cost Allocation Direct Assignments 	<p>Basic concepts introduced emphasizing real world application; examples become more sophisticated over time. For young soldiers and civilians the course would include personal cost management examples:</p> <p>"If your outgo exceeds your income your upkeep will be your downfall." –Bill Earle</p>
Cost Definitions	Cost Analysis Techniques	Cost Measurement/Allocation						
<ul style="list-style-type: none"> Fixed / Variable Direct/Indirect Recurring/Non-recurring Funded/Unfunded Others 	<ul style="list-style-type: none"> Economic Cost-Benefit Analysis of Alternatives Time Value 	<ul style="list-style-type: none"> Job Order Process Activity Cost Allocation Direct Assignments 						
Advanced Cost Management Senior Cost Analysts, ACEs, Costs Management Advocates and Cost Instructors	<p>Cost Management Certificate Course (CMCC)</p> <p>Week 1 – Managerial Costing Week 2 – Operations Management Week 3 – Cost Control Week 4 – Organization Development</p> <p>Four-week education course that teaches candidates how to manage Army business operations efficiently and effectively through the accurate measurement and thorough understanding of the "Full Cost" of business processes, products, and services. Certificate holders will become part of a community of practice equipped to help decision makers provide the best value to customers and stakeholders; they earn 12 credits toward graduate education. Course will be taught at Naval Postgraduate School Monterey, California.</p>	<p>The CMCC program of instruction (POI) is designed to teach the fundamentals of cost management with a view to developing a cadre of Army personnel who are professionally knowledgeable, analytically competent, and personally motivated to serve as senior cost analysts, proactive change agents within their respective Enterprise line and staff organizations, or cost advocates in concert with GFEBs. Commands select candidates and pay for travel and per diem; tuition and books are centrally funded by ASA(FM&C)</p> <p>We recommend that instructors of cost courses at all levels attend this course as preparation.</p>						

Cadre	Financial Management (BC36/CP11)	
	Military	Civilian
Senior Leader	Optional Cost Management Executive Course	Optional Cost Management Executive Course
Senior-Level	Cost Management Certificate Course	
Mid-Level	Early Senior Leader Training	Early Senior Leader Training
Junior-Level	Early Master Level Training	Early Master Level Training
	Early Advanced Skills Training	Early Advanced Skills Training



* The Office of the Deputy Assistant Secretary of the Army (Cost & Economics) [DASA-CE] is the Army's proponent for cost training and policy.

Please refer to the Cost Management Community of Practice for the current version of the *Army Cost Management Handbook*: <https://www.us.army.mil/suite/page/593701>

V 1.5 Financial Managers



eCBA

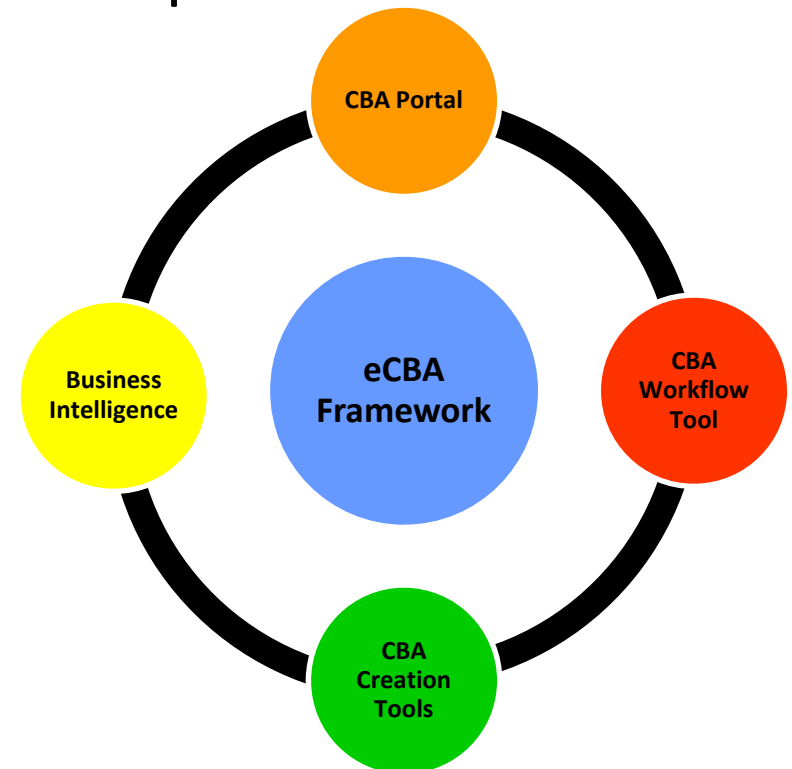
Mr. Brian Jacobs

Cost-Benefit Analysis eCBA Lead

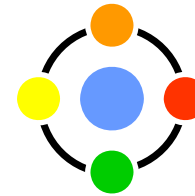
What is eCBA?



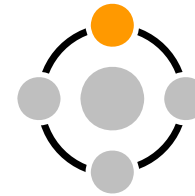
- ❑ eCBA enables the Army Enterprise Cost Benefit Analysis End-To-End Process
- ❑ eCBA is a framework comprised of a suite of tools designed for CBA stakeholders to participate in the CBA process:
 - ❑ CBA Portal
 - ❑ Policy, Guidance, Training, Resource Links
 - ❑ CBA Workflow Tool
 - ❑ Draft, Submit, Review, Status Reports
 - ❑ CBA Creation Tools
 - ❑ Government, **Industry**
 - ❑ Business Intelligence
 - ❑ Comparisons, Forecasting, Benchmarking



Why Do We Need eCBA?

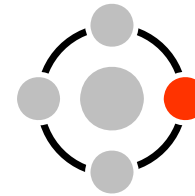


- ❑ Store policy, guidance, training, and other CBA resources that are accessible worldwide to Army analysts
- ❑ Tools that enable the development and creation of CBAs
- ❑ Streamlined CBA submission and review mechanism that provides usability, visibility, traceability, accountability and is accessible worldwide
- ❑ Status reports, transparent benchmarking and forecasting, historical views of CBAs

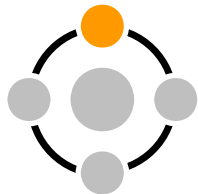
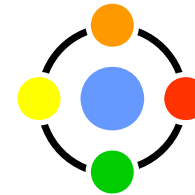


- ❑ “One Stop Shop” for HQDA CBA information accessible worldwide
- ✓ Milestone: CBA Portal went live on 16-Aug-2010
- ❑ How to Access?
 - ❑ Go to <https://cpp.army.mil> and login or register for a Cost & Performance Portal (CPP) account.
 - ❑ Click the “CBA Portal” menu item from the navigation menu on the left of the main page.
- ❑ [CBA Portal Demo](#)

CBA Workflow Tool Phase 1

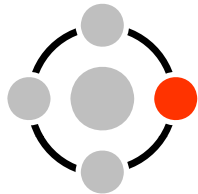


- ❑ Army-wide tool for submitting, reviewing, and reporting CBAs at the HQDA level
- ❑ Accessible worldwide with Internet access
- ❑ [CBA Workflow Tool Demo](#)



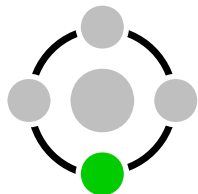
□ CBA Portal:

- Continue to be the central repository for up-to-date CBA information and communications.



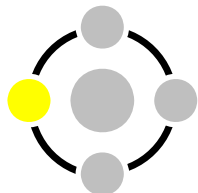
□ CBA Workflow Tool Future Phases:

- Collect additional CBA fields as input rather than exclusive file uploads; allows for more detailed reporting
- Automate generation of CBA summary brief for submitters and internal reviewers
- Automated email notifications
- Status and history reports



□ CBA development / creation tools

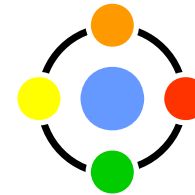
- Need help from industry partners to explore new and review existing products / tools to enable the CBA development process



□ Business Intelligence:

- Define metrics

Summary



- ❑ CBA directives, policy, and guidance and why “Cost Informed Decisions” are so important to the Army.
- ❑ When CBAs are required and the 8 steps to do a CBA.
- ❑ The CBA review process and discussed the CBA status report to date.
- ❑ “Winning the Cost War” and how CBAs are part of a bigger effort to achieve an Army cost culture
- ❑ Army cost education and training
- ❑ eCBA and the 4 components of the framework
 - ❑ Need industry support for CBA creation tools.



Questions and Answers

