The Right Problem

Cost-Benefit Analysis

Business Case Analysis

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Professor Business Cost Estimating
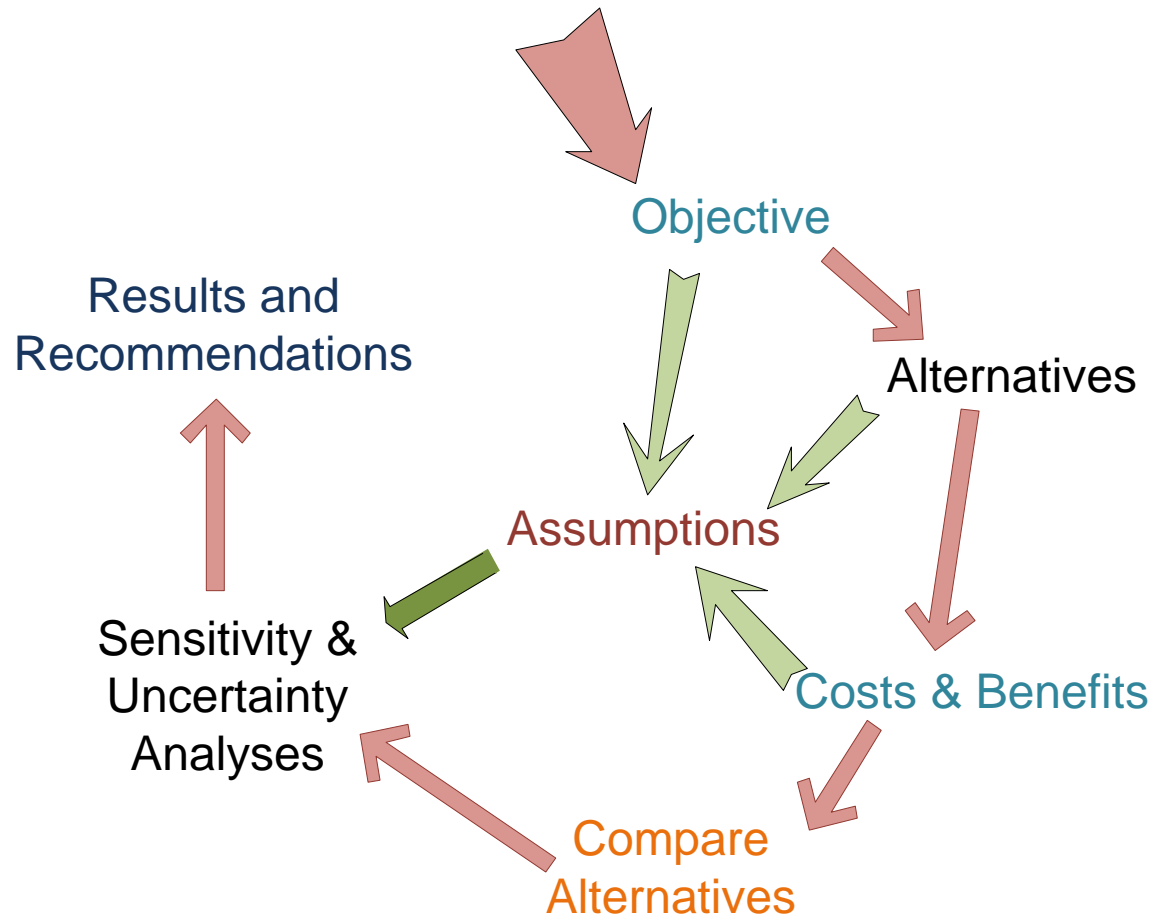
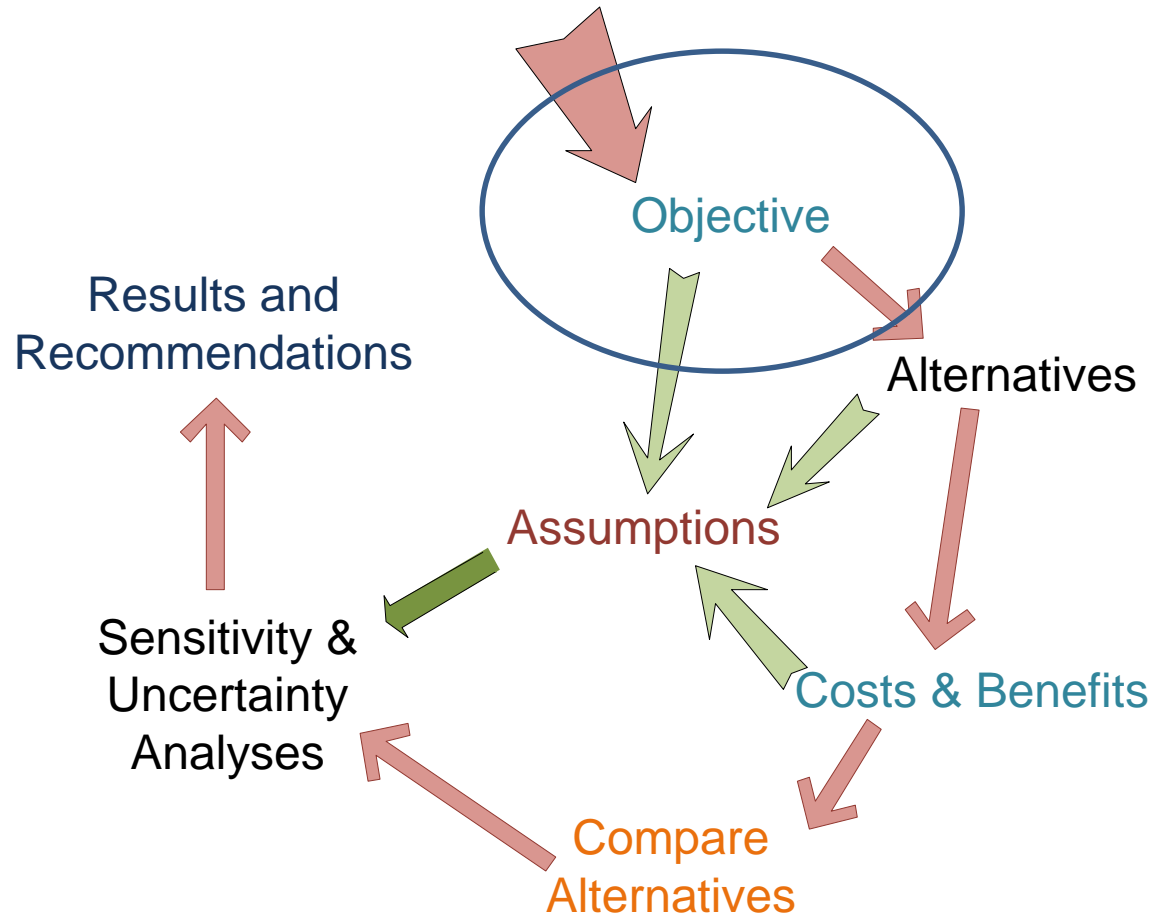**Defense Acquisition University**

Foundational Learning   Workflow Learning   Performance Learning

CBA Process

CBA Process

Objective

Results and Recommendations

Alternatives

Assumptions

Sensitivity & Uncertainty Analyses

Costs & Benefits

Compare Alternatives

Learning Objectives

– Given a problem or objective statement, determine if the statement is sufficient for the problem being described.

– Given a flawed problem statement, rewrite the statement to address the given issue.

Problem, Opportunity or Objective

- Not always necessary to have more than one
- **Problem** statement
  - Describe what is to be corrected or improved
- **Opportunity** statement
  - A "positive" problem
  - Describe what can be taken advantage of
- **Objective** statement
  - "How" to solve the problem
  - Can be thought of as a reworded Problem statement
  - What the project intends to accomplish

Problem and Objective Statements

- Limit to one paragraph or less (normally MUCH less)
- Focus on the desired end-state mission
    - *Want the right solution to the <u>correct</u> problem.*
- Should <u>not</u> assume a specific means of achieving the desired result
    - Will undermine the analysis if done wrong
    - Easier to say than do
- If problem statement does not accurately state the problem, the whole BCA will be on the wrong track and will address the wrong issue

Describes the Mission or Function
And <u>Not</u> A Solution

- Personal Example:
  - "*How much and what kind of life insurance should I buy?*"

Describes the Mission or Function
And <u>Not</u> A Solution

- Personal Example:
  - "*How much and what kind of life insurance should I buy?*"
  - Right: "*How do I provide financial security in the event of my untimely death?*"

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Poor: Focus is on the documentation & not on the product

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- The objective of this program …

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Notice the Difference in Focus

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- Determine …

Objective Statement Example

- Relocating family to Washington DC
- 1 of the 2 family vehicles breaks down en route
  - Vehicle is 11 years old
  - Purchased for $16,000 and Invested $3,000 in the last 6 months due to transmission and brake issues
  - Remaining vehicle is a 5 year old van
- Both Parents on active duty - 15 miles to farthest office
- 1 child in school and 1 in daycare

How would we formulate this objective statement?

Analyze a Problem Statement

- Analyze this Problem statement from an actual CBA

> **Problem Statement: Current Army Military Intelligence (MI) Force structure is not optimized to provide core capabilities in support of Brigade Combat Teams and Division/Corps full-spectrum operations on a sustained Army Force Generation (ARFORGEN) cycle.**

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1 CBA to rule them all

Problem Statement: Current Army Military Intelligence (MI) Force structure is not optimized to provide core capabilities in support of Brigade Combat Teams and Division/Corps full-spectrum operations on a sustained Army Force Generation (ARFORGEN) cycle.

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All of them?

Problem Statement: Current Army Military Intelligence (MI) Force structure is not optimized to provide core capabilities in support of Brigade Combat Teams and Division/Corps full-spectrum operations on a sustained Army Force Generation (ARFORGEN) cycle.

Analyze a Problem Statement

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Peacekeeping to Global Conflict?

Determine the Objective

- The following information was listed in a CBA which never specifically identified what the objective was supposed to be. What do you think the objective should have been?

HQ INCOM ordered to validate whether or not the Nolan Building (NB) on Fort Belvoir is capable of supporting the Army Cyberspace Operations and Integration Center (ACOIC) at Full Operational Capacity (FOC) in 4 Q10.

Operations Order 10-159: Validate Army Cyberspace Operations and Integration Center (ACOIC) and ARFORCYBER HQ Requirements and identify interim facility solutions.

ARFORCYBER Task Force, chaired by MG ___, DA G3, changed tasking and directed xxxx meeting to evaluate ARFORCYBER HQ stationing.

What could improve this?

1.1 Objective:

The objective of this analysis is to determine the most cost effective and beneficial method of providing non-destructive inspection (NDI) of B-2 aircraft parts at Hill Air Force Base (HAFB)

- Note:
  - Proposal includes replacement and expansion options
  - Current state is too slow and out of date

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What could improve this?

1.1 Objective:

~~The objective of this analysis is to~~ determine the most cost effective and beneficial method of providing non-destructive inspection (NDI) of B-2 aircraft parts at Hill Air Force Base (HAFB) in order to maintain the B-2 repair schedule

- Note:
    - Proposal includes replacement and expansion options
    - Current state is too slow and out of date

Restate & improve in one sentence

The Objective and Scope of the BCA

- The BCA framework describes objectives, analytical approaches, and possible alternatives that could be included in a completed BCA.
- This presentation reports on the BCA for Converged Telecom and IT Services on Guam
- The scope of this business case covers all business processes that can be construed as candidates for producing shared telecom and IT services.
- The Objective is to provide analysis leading to an effective shared Telecom and IT Service environment

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Given future increases in end strength and the transition to a more strategic operating base, determine the most effective means of supporting Guam and the Mariana's IT and telecom infrastructure needs going forward.

Restate Objective to make more flexible

Problem:	Objective:
Identification of bill-payers to source two civilian positions required within the 196 INF BDE S-3 section in order to ensure units are fully prepared to deploy in support of OCO and other operations as directed. Additionally, provide civil support team / CBRNE Enhanced Response Force Package (CERFP) training and readiness oversight to specified units in the USARPAC AOR.	Realign two DAC requirements and two military requirements within 196th Infantry Brigade's (TSB) TDA in order to better accomplish all current and future assigned mission requirements.

Scope:
 	
-Proposed edate: 03 OCT 2011 (FY12)
 	
- Location: Fort Shafter, Hawaii 96858-5300
 	
-Unit: 196th Infantry Brigade (TSB)
	Assumptions and Constraints:
	
	-**Assumptions:**
	    Mission requirements are enduring
	-**Constraints:**
	    -Mission requirements are enduring
	    -Current support is contingent upon continued use of DAC over-hire and term employee
	    - Current mission funding is projected thru FY12

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-Unit: 196th Infantry Brigade (TSB)

Objective:

Realign two DAC requirements and two military requirements within 196th Infantry Brigade's (TSB) TDA in order to better accomplish all current and future assigned mission requirements.

Better: Determine the best method of supporting the 196th Inf Bde's S-3 mission currently being handled by 1 DAC over hire and 1 DAC term employee

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Mission requirements are enduring
-**Constraints:**
-Mission requirements are enduring
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