



The Defense Acquisition University at Fort Belvoir, Va., held a symposium April 12 on “Making Every Dollar Count – Improving Acquisition Outcomes.” At the symposium, Christine Fox, Department of Defense Cost Assessment and Program Evaluation director, presented information on CAPE’s objectives and analysis on all aspects of the defense program. (Photo courtesy of the Defense Acquisition University)

CAPE unveils tools and analyses

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The Department of Defense Cost Assessment and Program Evaluation office presented a variety of

capabilities and tools that it offers to those making decisions within the acquisition workforce during the Defense Acquisition University symposium, “Making Every Dollar Count – Improving Acquisition Outcomes,” at Fort Belvoir, Va., April 12.

CAPE is an independent organization within DoD that provides the secretary with information and analysis on all aspects of the defense program. In the fiscal year 2009 annual report on cost assessment, Christine Fox, DoD CAPE director, wrote, “The organization’s ultimate intent is to provide sound and unbiased cost and schedule assessments that are essential for effective acquisition decision-making and oversight.”

At the symposium, Fox discussed her office’s mission within the department as well as the “analytics of tough choices,” or how the government could begin analyzing the costs it bears.

“One of the biggest changes (CAPE brings) is the opportunity to marry the work that the analysts that do program evaluation and assessment do with our cost analysts,” Fox said. “You are on the front lines of the procurement challenges and opportunities.”

DoD’s independent analytic organization, CAPE supports multiple areas, including acquisition. “In the past, when we had large draw downs, the operating and maintenance accounts have not (kept pace), and as a result, the procurement accounts have gone down disproportionately, about 60 percent,” Fox said.

In both eras the force was hollowed, and the force is not as healthy as after previous draw downs. In addition, much of the operating and maintenance costs are in leap-ahead technologies that must go through reset, recap or be replaced.

The threat spectrum also varies radically from previous eras. “We face everything from very capable nation states that are investing heavily in their defenses and in their militaries to terrorist cells, which is a very different kind of threat,” Fox said.

With the force in need of recapitalization during a time of war and budget pressures, CAPE will support the acquisition community to respond to those pressures. “For people like all of us, we’re going to have to find a way to make every dollar count, because every dollar is going to be extremely precious going forward,” Fox said.



Christine Fox, Department of Defense Cost Assessment and Program Evaluation director, briefed attendees of the Defense Acquisition University April 12 symposium on CAPE's tools and expertise. (Photo by Carolyn Baum)

Making tough choices

CAPE provides a variety of analytics and services to help organizations make tough choices and answer difficult questions. The first question Fox posed was, "What is good enough?" Echoing what Shay Assad, Defense Procurement and Acquisition Policy director, said earlier in the day, Fox said CAPE believes that the best place to make this determination is in upfront risk assessments and feasibility studies. "The goal of front-end assessments is to try and inform the service, the final program and budget reviews," she said.

Next, Fox asked, "When and what should we give up?" This is potentially one of the most difficult decisions for organizations,

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but CAPE can help them decide. Fox wants to involve the community and offer incentives for making these decisions and recommendations up to the secretary of defense to provide for informed decisions. In addition, the community and CAPE need to learn how to make difficult analyses, such as ignoring sunk costs, in their decision process.

Third, Fox asked the audience to consider how the government can invest in science and technology. "We also need to have a workforce out there that can help us identify and design these game changers," Fox said.

When the budget is under pressure, it is hard to find the appropriate S&T areas to search. CAPE wants to work with program managers and the acquisition community to provide information to maximize these investments.

CAPE's outlook on pricing

CAPE has looked over the history of pricing and hopes to make the community conscious of making every dollar count. "In a nut shell, it is teamwork," Fox said. "When we found cases where the program managers, the acquisition executives, the partners in industry and the analysts in CAPE all worked together — those are the places where we've seen the most success in programs going forward."

Fox cited several fundamental attributes that she saw in every successful program: "A shared view of an aggressive but achievable development schedule, an experienced team ... and resisting requirements creep."

As a team member, CAPE offers several tools, such as independent cost assessments. One tool Fox referred to was a stack chart. These charts break out each cost's initial estimate and can be compared to the actual expenditures. This allows those reviewing the program to see exactly where costs increased. "(Stack charts) are a chart of what, not why," Fox cautioned. It is possible that the initial estimates were too low, or that other factors made cost increases reasonable. The stack chart, however, provides areas for reviewers to begin digging for more information.

CAPE must do a cost assessment before sending a multi-year proposal forward.

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CAPE can also provide cost estimates comparing single year to multi-year programs. Occasionally, it has found cases where single-year program estimates that, when modified, turn out to be more cost-effective than multi-year programs. While CAPE is working from a hypothetical, it is another opportunity where teamwork can benefit the government.

"We all need better tools," Fox said. CAPE provides analyses, charts and other negotiation tools. They are based on accurate numbers, include sustainability issues and give a bigger picture of where costs can be reduced. CAPE also is an excellent tool because it makes costs extremely visible and transparent; as an independent analysis, it is also objective and can inform decision makers as an honest broker. CAPE's analyses provide a better understanding of the trade space for programs, and it will help create a cultural shift toward early understanding of the trade space to make CAPE's analyses even more accurate.

"The (independent cost estimate) and analysis of alternatives have more weight, and we are getting a lot of requests to get us involved early," Fox said. 