

The BS in BoeS

Oh, the Games That Are Played

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Agenda

Prologue

Chapter 1 – Government

Chapter 2 – SETA

Chapter 3 – OEM

Epilogue

Prologue

BoEs are a story and a strategic sales document

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Bias Selectivity

Bias

- The sales incentive or strategic game

Selectivity

- The systemic favoritism injected into the BoE by the author's choice:
 - Comparable program
 - Historical data set
 - Complexity factors
 - Estimating methodology
 - Engineering judgment

Prior ICEAA Research

ICEAA archives 2007 -2021

9 presentations at Workshops; no papers

- 3 on parametric tools for BoEs
- 3 on methodologies for reviewing BoEs
- 1 on a tool to help write BoEs
- 1 on schedule BoE
- 1 on how to write a better BoE
 - Similar to concept that a BoE is a story

The Protagonists

The Procurement Game Players

Govy	SETA	OEM
Govy _{APR} – Approvers		OEM_{CE} – Cost Estimator
Govy _{BFO} – Budget/Finance Offices		OEM_{DM} – Decision Maker
Govy_{CE} – Cost Estimator		OEM _{EP} – Estimating and Pricing
Govy _{CO} – Contract Officer		OEM _{FE} – Functional Estimator
Govy_{DM} – Decision Maker		OEM _{FM} – Functional Management
Govy _{ME} – Mission Effector		OEM_{PM} – Program Manager
Govy_{PM} – Program Manager		

Chapter 1 - The Govy

Budget Formulation and Approval

- Over estimation

Cost Estimates for Large Budget Items

- Under estimation

Procurement Support

- In 2021 5.55M contracts awarded
 - 98% < \$1M
 - 92% < \$100k
 - .16% > \$25M; most sole-source
- **Govy_{CE}** Supports RFP formulation and evaluation
- **Govy_{PM vs Govy_{CO}}**; competitive & sole-source

Chapter 2 – The SETA

The SETA Role

- Support Govy in writing and reviewing BoEs
- Gotcha game

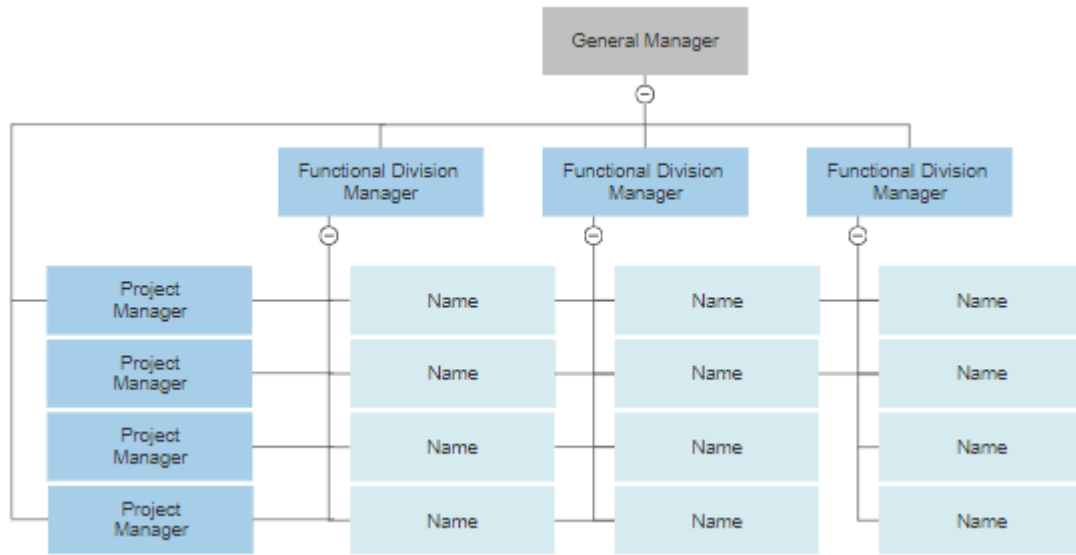
SETAs and Independent Cost Estimates

- Red herring game

The SETA acts like an OEM when bidding for new work

Chapter 3 – The OEM

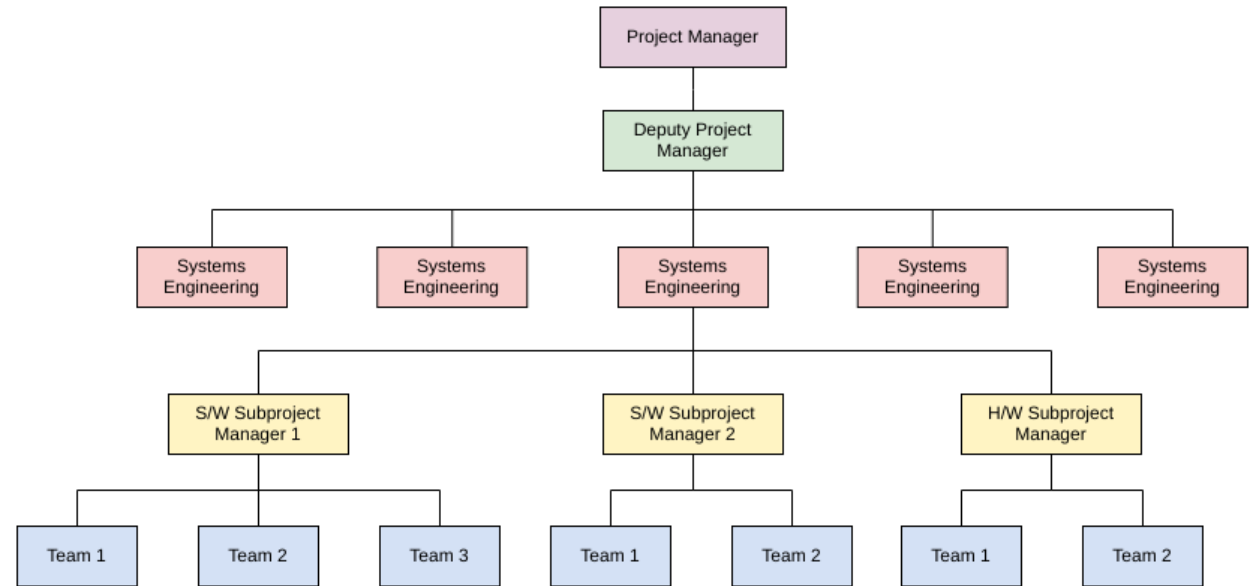
OEM Functional vs. Program Organization



Functional

Pro: Operational efficiencies

Con: Inefficient for new business



Programmatic

Pro: Customer focus for new business

Con: Operational inefficient

Sole Source BoEs

Functional dysfunctionality

Driving FAR rules

- Cost & Pricing data
- No Management Reserve (MR)

The games played

- Program Manager (PM) vs Functional Manager (FM)
- WBS estimating level
- Hiding the MR
- Negotiating the final cost and price
 - OEM vs PM vs CO

Competitive BoEs

Actual cost proposals

Strength of the invisible hand



The OEM Executability Review

Another strategic game

Epilogue

Summary

- Bias Selectivity is neither good nor bad; just part of the game

How to Reduce Bias Selectivity and Improve BoE Quality

- Use Professional Cost Estimators
- Reduce Functional Oversight
- Encourage Higher-level Estimation
- Include Contingency or MR in Cost Proposals

The Last Game

Questions?