

Standardization of Cost Estimation in Naval Warfare Center Acquisition Efforts



NAVAL
POSTGRADUATE
SCHOOL

Abstract

- This capstone project develops a recommended cost-estimating method for technical codes of Naval Warfare Centers. It focuses on the support of large-scale projects requiring support from many technical codes such as Full Ship Shock Trials (FSST). It aims to recommend an approach to increase budget accuracy while keeping burdens low.
- This study evaluates various cost estimating methods, the labor burdens they create, and their accuracy.



CVN 78 Full Ship Shock Trial

Accuracy Counts

- Various Calculation Methods Produce Various Levels of Accuracy and Unclear Project Costs
- Accurate Accounting is Essential to Ensure Provision of Adequate Funding

Topics Covered:



LPD 19 Full Ship Shock Trial

- Standardization of Cost Estimates:
 - Specific to Naval Warfare Centers
 - Applied to special projects such as FSSTs
- Ways to improve Cost Estimation:
 - Specific to Naval Warfare Centers
 - Applied to special projects such as FSSTs

More than 85 Engineering Codes Supported the latest FSST Project

Small Inaccuracies Can Roll Up Into Significant Funding Overages/Shortfalls

Findings

- Accurate and Low Burden Cost Estimation Methods

So What?

- When Program Offices Ask: How are you estimating costs? They don't expect 85 different answers.
 - Lack of Transparency = Loss of Confidence = Budget Cuts
- Funding Overages Cause R&D Money to go Unutilized for up to Two Years
- Funding Shortfalls Can Stop a Project In Its Tracks

Further Study

- External Factors Can Impact Large Project Budgets
- Further Exploration Can Focus on Comprehensive Budget Development for Large Scale Projects
 - Accurate Cost Estimates
 - Plan for Significant External Impacts



The Pyramids of Giza

