



SMC Should-Cost (SC)/ Will-Cost (WC) Implementation Strategy

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Agenda



- **Will Cost/Should Cost**
- **Objective**
- **Implementation Teams**
- **Evolving process**
- **Challenges**
- **SMC Should Cost Programs**



Will Cost/Should Cost



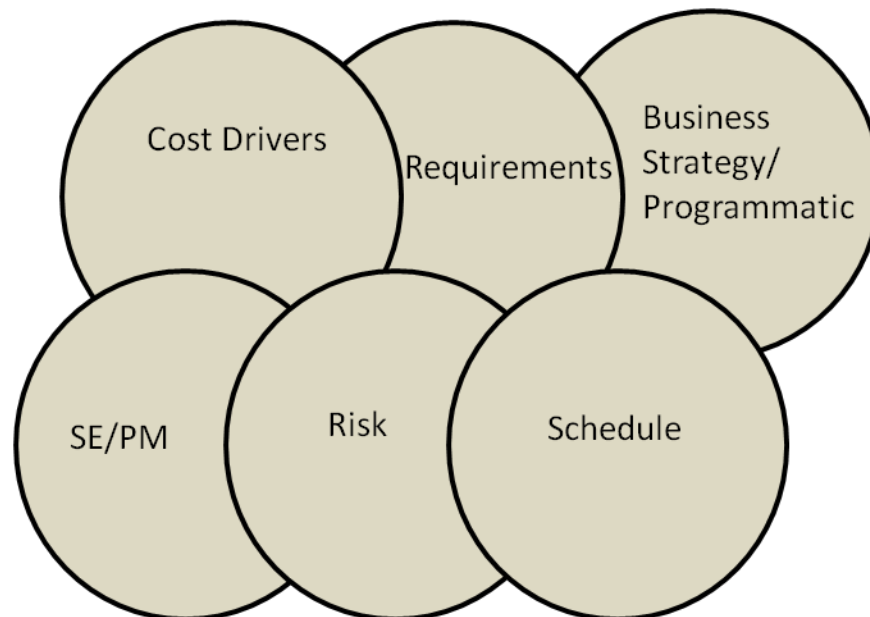
- A non-advocate ***Will-Cost*** estimate will be approved by an office or entity outside of the program office chain of command; this estimate will be the basis for the budget baseline (eg ICE, NACA, PEO estimate)
- A ***Should-Cost*** estimate will be developed by the program office and will be used as an internal management tool to drive productivity improvements into programs and incentivize performance to targets



Objective of Strategy



- **Establish SMC approach to implement Should Cost (SC) strategy in line with 15 Jun 2011 SAF Guidance**
 - **Focus on will-cost estimate as the base and apply discrete, measurable items and/or specific initiatives for savings against that base**
 - **Support SC approaches deemed appropriate by PMs**
- **Develop SC estimates with directorates to derive targeted savings in support of negotiations**

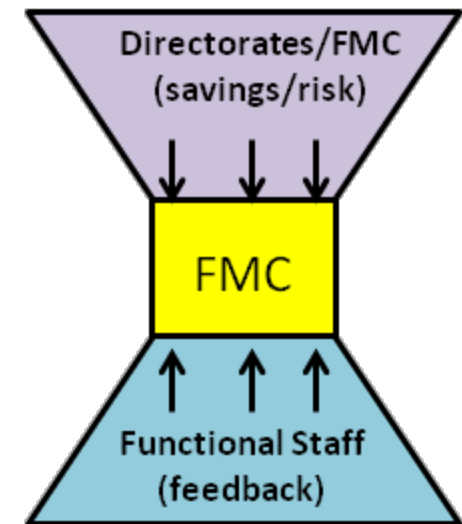




SC Implementation Teams

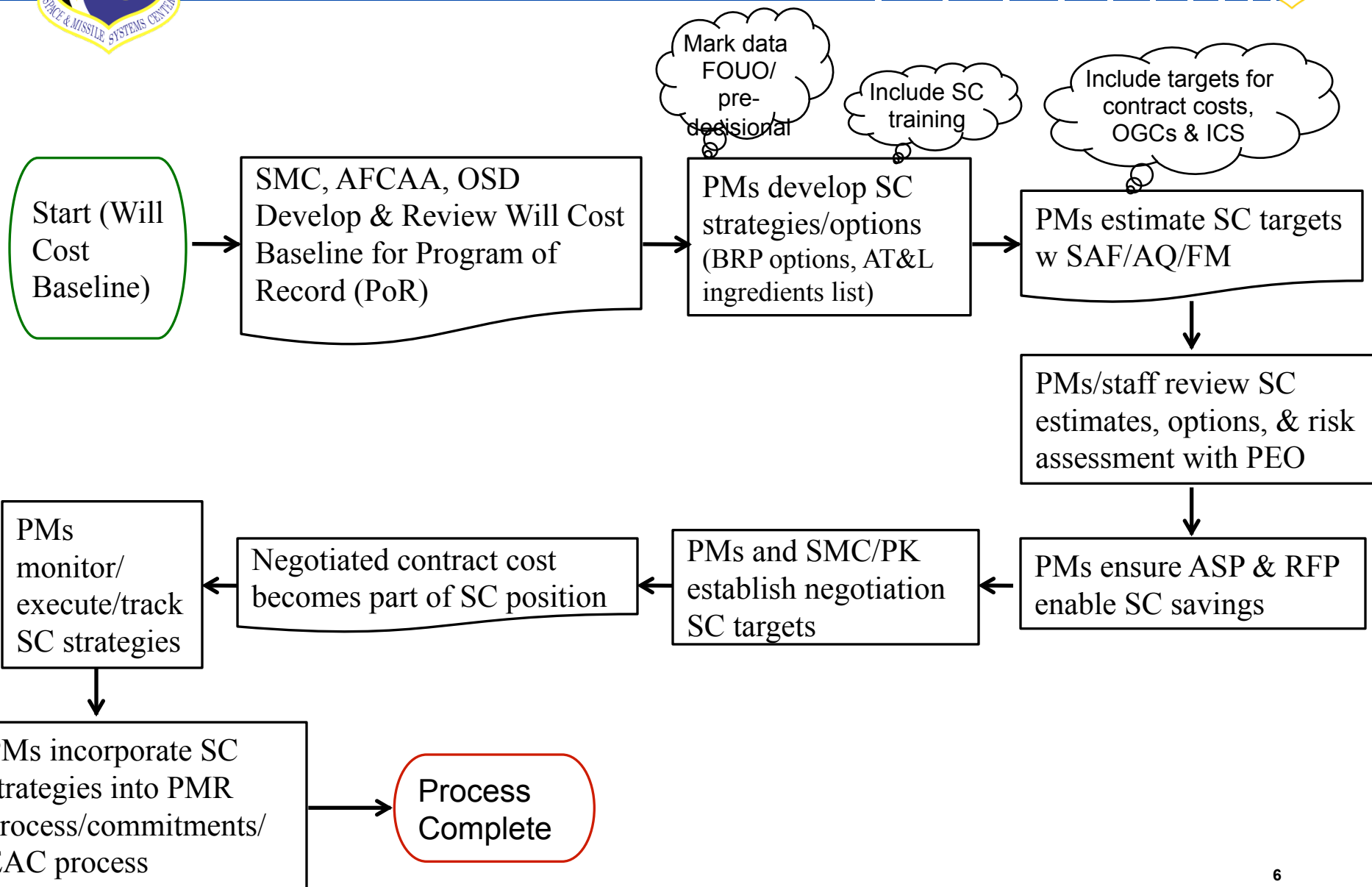


- Leverage dedicated directorates estimating teams led by PM w/ FM staff
- Functional review team advises PEO/directorates to provide cross program consistencies and serve as liaison to SC panel in obtaining latest guidance
 - PEO-delegate (working level executive oversight)
 - Engineering (EN)
 - Financial Management & Comptroller (FM)
 - Program Management & Integration (PI)
 - Contracting (PK)
 - Aerospace
 - Air Force Cost Analysis Agency (AFCAA)- SMC
 - Defense Contract Management Agency (DCMA- DACO)
 - Space Logistics Directorate (SL)





Should-Cost (SC) Implementation Process





Challenges



- **Ensuring that programs do not estimate SC prematurely (need will-cost baseline)**
- **Ensuring that programs substantiate savings shown in should-cost estimates – corporate Air Force shouldn't take away funds too early**
- **Potential moving target on Will Cost/Should Cost baselines**
- **Increase in estimating activities without increase in additional resources**
- **Distinguishing among targets: EASE (Advanced Appropriation) affordability targets vs. should-cost vs. will-cost**
- **Determining contractor/PM incentives (fee/recognition)**



SMC Should Cost Programs



- **ACAT I**
 - **AEHF, FAB-T, EPS**
 - **GPS IIIA, MGUE, OCX**
 - **SBIRS**
 - **DWSS NPOESS**
 - **Space Fence**
- **ACAT II**
 - **CCS-C**
- **ACAT III**
 - **AFSCN (ESD), Eglin Radar, SSAEM**