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How to Run a Company with (Almost) No Rules

CLICK to watch Ricardo Semler talk about “How to Run a Company with (Almost) No Rules” presented by TED.

What if your job didn’t control your life? Brazilian CEO Ricardo Semler practices a radical form of corporate democracy, rethinking everything from board meetings to how workers report their vacation days (they don’t have to). It’s a vision that rewards the wisdom of workers, promotes work-life balance — and leads to some deep insight on what work, and life, is really all about. Bonus question: What if schools were like this too?

Two decades after transforming a struggling equipment supplier into a radically democratic and resilient (and successful) company, Ricardo Semler wants organizations to become wise. He’s now promoting the idea of designing organizations - companies, schools, NGOs - for wisdom.

Outside the Box will be a standing column designed to introduce new ideas and concepts from other resources and professions that may help stimulate a new way of thinking about total cost management. The views and opinions expressed are those of the authors and do not necessarily reflect the official policy or position of AACE International. We invite Source readers to send suggestions on other sources to editor@aacei.org.
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received Marvin Gelhausen’s (AACE Managing Editor) e-mail prompt to draft my next President’s Message, it was only then I realized this is my last message. Marvin has coached me throughout my term with tips, hints on what to consider to include in my messages, and to remind me of important calendar events, etc. He has been a coach and mentor through the whole year and I would like to thank him for all his support and encouragement.

His most recent e-mail hinted that I should take time to reflect on the highlights of my year, as usual I was stumped? That evening the Amazing Race was on TV and it provided the moment of inspiration that I needed. The final task of the race is to recount certain events from during the race, in the order and place that they occur. I will copy this format used by the race announcers as they recount race events and this is how I will draft my last message as AACE President, so here goes . . .

The 2014-2015 AACE Board met on the last day of the Annual Meeting in New Orleans on June 18, 2014. Past President John Ciccarelli presented his 2013-2014 Board with a talking stick; the reality that I was now President then hit me, it was terrifying!

Next, the Latin America’s kicked off their second annual symposium. Unfortunately, I could not make it to Chile (sorry Juan Contreras). I caught up with everyone in a mad 24-hour dash to Peru and back. The translator kept up with my thick North East England accent so well that I had questions at end of my presentation. But, all I remember is JeanCarlo Duran waving his arms and trying to give me directions on how to switch between microphone and headset to stop the feedback. At this point, I have first apologize to Aldo Mattos and to Brazil, for twice accepting invitations to visit and then having to cancel. Also, a thank you to Aldo for stepping up and attending the ICEC Conference in Milan on behalf of AACE.

The fall of 2014 came quickly and I attended an AACE event in San Diego. It was hosted by the Energizer Bunny, Mark von Leffern. He was host, organizer, usher, gift bagger, and barman. He was everywhere that I turned. I was sure he had cloned himself. Straight from San Diego was the flight to Bangkok and our International Total Cost Management (ITCM) Conference.

The ITCM Conference was a challenge for the Association coming so soon after a military coup. We were between a rock and a hard place, however the decision not to cancel was the right one. I believe we made a pre-investment and demonstrated our commitment to members in that region. Our sponsors were magnificent. After the conference, I did a whistle stop one day tour of Thailand with AACE friends from the UAE, Egypt, India, and California. We got to see the train market, floating market, snakes, elephants, tigers, and we had lunch on Pataya Beach before I headed back to Texas for work. President-Elect Julie Owen continued the Far East tour and met up with our friends in Beijing and Shanghai.

I am pleased to report that our previously symbiotic relationship with RICS has turned a page, we are in meaningful discussions with them on how we can work together and build on the grass roots connections we have in so many parts of the world. I met RICS President, Louise Brook-Smith, first in London and later at the 2015 RICS Summit of Americas in Los Angeles, California, where I received an Oscar for partici-
participating in a 90 minute debate about project controls. We have collaborated, along with ICEC President Alexia Nalewaj, on International Property Measurement Standards (ITMS), an industry leader’s workshop in NY to draft a white paper on RICS space within project controls, and we will be joining over 30 organizations in DC in June to form an accord on International Construction Measurement Standards (ICMS).

Association governance changes that you voted on in 2014, took effect this year. One change was to split VP TEC into VP Technical, VP Education, and VP Certification. I took this as a cue to invite myself to their respective TEC board meetings. The TEC boards accepted the extra help and put me to work. I now have a greater appreciation for the significant personal input they make to the Association and that we are all better off for the intellectual capital they willingly contribute. There was also time to chill and get to know the members of these three associate AACE Boards. The Tech Board chose Memphis for their meeting site, with the Peabody ducks, followed by an evening of BBQ and Blues. The Cert Board used the AACE Headquarters at Morgantown as their venue, and we had some cool time to socialize with AACE staff. The Education Board picked Denver and an evening of war stories, literally, I learned about how military service has played a big part in the lives of so many of our servant leaders.

The Western Winter Workshop drew its largest attendance this year. It is an excellent event and all credit goes to John Haynes and his team, sponsors, and speakers, who pull out all the stops to make this a special event. Mark von Leffern was also there, I did mention he seems to get everywhere! I remember Tahoe for the wrong reasons. My connecting flight was cancelled; the only option I had to get there and deliver my scheduled keynote was to drive seven and a half hours from Los Angeles, California. When I woke the next morning and opened the curtains of my hotel room, it was then that I saw I had driven over a snow covered mountain to get there!

The AACE Board held one of its meetings in conjunction with the second annual Region Two symposium and we dined in the historic Black Powder Tavern. An historic place frequented by George Washington, I braced myself for some “The British are coming!” jokes and the Board did not disappoint.

This past week many of the Tech Board were in Holland for a European Cost Engineering event, and I am in debt to Madhu Pillai, VP International Regions, for representing the Association. I will close my year with a flurry of engagements. I have trips scheduled to: Boston, Washington, DC (for the ICMS meeting at the IMF); to Dubai to be the keynote speaker at the PM Forum on Mega Projects) and to visit sections in Saudi and in Montreal. I also have a work related visit to London and to Aberdeen, which gives me opportunities to meet with Planning Planet, and with the UK Section.

As you can see, your Association goes the extra mile to provide you, the members, with exceptional opportunities to share and enjoy the skills and knowledge of cost engineering.

I look forward to seeing you at the Annual Meeting in Las Vegas, June 28 to July 1. There is still time to register and attend if you have been undecided.

Thank you for an opportunity of a lifetime and the privilege to serve as your AACE President.

Martin Darley CCP FRICS
President 2014-2015

If you would like to contact our current president with questions or comments about The President’s Message please address your e-mail to president@aacei.org. To engage in other discussions, check out AACE International’s Online Forums at www.aacei.org/forums.

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TCM: We do it our way.
In a previous Certification Corner article, we addressed the “Benefits of Getting Certified” or what’s in it for me (WIIFM)? In this article, we will address the “Benefits of Certification for Employers” or what’s in it for my company (WIIFMC)?

AACE International certification can provide many benefits to an employer. For the purpose of this article, we will focus on three values of professional certification:

- Meeting Request for Proposal (RFP) personnel qualifications/criteria.
- Commitment of an enterprise to its human capital potential.
- Providing human capital with the knowledge to hit the ground running is a value-added benefit for customers.

The value of professional certification(s) to an organization supports responses to RFPs. Today, most RFPs require professional certifications as a part of personnel qualifications to perform the scope of work defined in the RFP. Personnel qualifications define the skills and abilities required to fulfill a specific labor category. The labor category may require an AACE International certification or equivalent. As a result, certification becomes the value and potential for return on investment to the organization (you). Having certified individuals provides a method to quickly demonstrate proposal compliance. In a nutshell, certification helps an organization win work with potential clients. It increases orders, sales, EBIT, and taxes, all key facets of a viable enterprise.

Certification information can also be included in a management response. A company may state that it has X number of AACE International certified individuals within the organization. This shows a level of professionalism and demonstrates the support of certifications to the viability of the organization. Certification may be required to become promoted to a specified professional level. The organization supports certifying individuals and certified individuals within their human capital model.

Some organizations have implemented a competency based human capital model. Traditionally, the levels of competency are awareness, knowledge, comprehension, application, analysis, synthesis, and creation. In this model, the organization bases promotion on the employee’s ability to apply his or her knowledge, skills, and abilities to perform a job and do so for different types of projects. The certification exam provides an external benchmark for organizations to measure their staff against. The benchmark provides both the client and the provider with a specified level of knowledge, skills, and abilities. This model also supports the proposal process.

What usually happens during the proposal process is that there is a sleep deprived proposal manager frantically searching for specific personnel qualifications among current employees. Finding an employee with a specific certification to meet the proposal requirements is the easiest way to fill a qualification requirement.
Finding an equivalently qualified resource is harder than finding a resource with a certification because this requires someone to read and evaluate the criteria to ensure the qualifications are mentioned. Finding a certified individual makes the life of the proposal manager much easier and provides value to the organization. The organizational value is that the certifications provide an easy method of demonstrating compliance with the proposal requirements without additional work.

From a client point of view, having an organization staff that includes a certified individual provides a base level of knowledge to the client. The client knows what to expect when a certified individual shows up on the job site. This makes the client’s on-boarding process easier, since a base level of knowledge has already been established that does not have to be repeated during the on-boarding process.

In summary, having a professional certification provides value to the certified individual and to the organization as a whole. The value to the organization is in being able to respond to a Request for Proposal because personnel qualifications can be a significant evaluation factor in the proposal. Being able to quickly identify and present certified individuals to a potential client provides added value to the organization. It saves the organization time and money in responding to the request of a potential client.

Having an organization require certification to achieve a professional seniority level, and including it within their human capital model, provides an additional organizational benefit. Support for professional certification can be a recruiting tool. It demonstrates a level of commitment to individuals.

A final organizational benefit of professional certification is being able to provide a client with a certified individual. The certified individual gives the client an individual with a base level of knowledge, resolves the problem of validating their skills and abilities, and can hit the ground running to be value-added to the customer with products and deliverables.

COMPUTER BASED TESTING (CBT) DELIVERY AND TESTING STANDARDS

The AACE Certification Board has partnered with Kryterion™ Global Testing Solutions as the provider of computer based testing (CBT) for all AACE certification examinations. The Kryterion Testing Network (KTN) ensures each testing center conforms to strict standards to make certain all test takers have a consistent experience.

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About AACE International
Since 1956, AACE International has been the leading-edge professional society for project managers, schedulers, cost estimators, cost engineers, and project control specialists. AACE International is the authority for total cost management. Promoting the planning and management of projects, programs, and portfolios, AACE International is the largest organization serving the entire spectrum of project management professionals. AACE International is industry independent, and has members in over 80 countries.

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*In order to qualify for this incentive, your company must advertise an employment position with AACE International’s Career Center for at least two months. Once you hire a person for that position, regardless of the source, AACE International will give you the option of either having that new person’s membership paid for the balance of the year or a $150 credit toward registering for an AACE International credential such as CCP, CEP, CFCC, EVP, or CCT.*
ACE International mining professionals have developed a series of panel discussions for the 2015 Annual Meeting, June 28 to July 1, at the MGM Grand in Las Vegas. Attendees will leave with knowledge that they can use to safely navigate through current industry chaos and recognize opportunities that exist within. A professional line-up of panel leaders and discussion topics have been announced for the five Mining Industry Track presentations scheduled for the Annual Meeting. This article is an interview between, Mining Track Lead, John Gravel and Fred Biery who recently retired from managing the mining and metals area for Independent Project Analysis (IPA), the industry's leading capital project benchmarking firm. Biery will lead a panel discussion titled, “Developing Standards for Mining.” Gravel is the Director of Natural Resources with Turner & Townsend, an independent professional services company specializing in program management, project management, cost management and consulting across the property, infrastructure and natural resources sectors.

John Gravel asks:
Why did you choose this topic, "Developing Standards for Mining" over the other topics that were available?

Fred Biery responds:
Developing credible estimates, in part, requires making comparisons to the costs of other projects. Cost comparisons are hindered when cost definitions, "what's in and what's out" are not clear. My own experience in cost estimating and cost benchmarking has shown that considerable effort is spent in making sure cost definitions are "apples to apples"; so developing a standard set of definitions for the industry would improve the situation. As an example, the oil and gas sector has benefited from the NORSOK cost standard.

John Gravel asks:
You have been in cost estimating in the mining sector for a number of years. Do you think it is possible to get standards established?

Fred Biery responds:
Yes, a group of major mining companies, along with IPA, collaborated and developed a set of common cost element definitions. So it is possible.

John Gravel asks:
Would you say the mining sector is ahead or behind other industries relative to standards and what makes you think that?

Fred Biery responds:
The NORSOK cost standard has been around for more than a decade, so one would have to say we
are behind the oil and gas sector.

John Gravel asks:
You have a really great panel selected and I’m interested to hear their views. What nuances will your panel explore?

Fred Biery responds:
Getting agreement on a standard is one thing but getting it implemented is another. Thus, we have brought together the perspectives from an owner, a major EPC contractor, and a leading cost estimating consultant to discuss this issues. We will discuss the challenges of reaching agreement on a common code of accounts; but also the issues associated with implementation e.g., how detailed the structure is, can it interface with contractor estimating systems, can it connect with owner management systems such as SAP.

John Gravel asks:
IPA has worked with many different clients with many different approaches to how they set up their work breakdown structures. Without naming the clients, can you give us an idea of what has worked and what hasn’t regarding their approaches and how standards would have helped?

Fred Biery responds:
The strongest approaches are those that begin with a company standard set of guidelines for structuring and accumulating cost information. For some companies we see that level two and three are common across a range of project scopes, locations, and project sizes for other companies estimators are starting with a “clean slate” which means that making cost comparisons during the cost estimate review and validation phase will be difficult.

John Gravel asks:
Of the other four topics planned for the day, which one has the most influence/tie-in to your topic of “Developing Standards for Mining” and why?

Fred Biery responds:
I think the one that might tie is lessons from the super cycle understanding the origins of the cost blowouts requires making cost comparisons and the creation of standards or the lack of standards is a part of that understanding.
Debbie Richards was born in North Dakota. She moved to Alaska with her family when she was just a young girl. This is where she went to grade school and Alaska remains her home to this day. She received her bachelor’s degree in business, with a communications minor from Bob Jones University which is located in South Carolina. She received an associates degree in accounting from the University of Alaska, Anchorage.

Debbie supported herself through college by working the summers in Prudhoe Bay, Alaska. This opened a door for a career in the oil fields when she began her career. After college graduation, she returned to the oil fields for a job in the Kuparuk Oil Field.

Many wonderful people guided her and trained her as she slowly learned about project services. After a few years as a professional on the Slope she decided to begin a new career in San Francisco where she traveled around the country and Canada training end users on an asset management program.

Debbie thoroughly enjoyed that job until marriage brought her back to Alaska to start her own family. After spending several years away from her career to raise her family, she decided it was time to return to the work force. She started working in project services once again and became proactive about her career and decided to join a schedulers’ study group to help her reach of goal of AACE certification. Through the support of the study group she earned her AACE PSP certification in 2009. This also began her involvement in AACE as a local section leader.

Debbie quickly got involved with the section by becoming an officer and has held several offices within the Alaska Section of AACE. A couple years ago she had the opportunity once again to study with a group of colleagues and to also earn the CCT certification. Through this time of growth she attributes the guidance and support of Tom Foster, Nick Kellar, and Mike McGhee as instrumental mentors. She is currently working as a cost engineer for a multi-billion dollar project as a contracted employee to BP and is an officer for the AACE Women in Project Controls Committee.

Debbie believes AACE is just what she needed to give her the foundation and confidence that is needed in project services. Through certification and other training she has a great foundation that allows her to excel in her professional life.

Debbie would encourage people to keep their minds open to learning opportunities. If you aren’t growing personally or professionally then you are stagnant. Keep your mind engaged and learn from others.
Debbie believes AACE is just what she needed to give her the foundation and confidence that is needed in project services. Through certification and other training she has a great foundation that allows her to excel in her career. Through her leadership positions locally she has had the opportunity to get involved nationally. Career. Through her leadership positions locally she has had the opportunity to get involved nationally. She has been able to attend the Annual Meeting twice that AACE puts on every year and attend several workshops that will help her in her career. She recently requested a mentor though AACE that she meets with regularly and highly recommends the program no matter where you are in your career.

She would encourage people to keep their minds open to learning opportunities. If you aren’t growing personally or professionally then you are stagnant. Keep your mind engaged and learn from others. In addition to that, having a service-minded attitude will help in whatever you choose to do, especially in this line of work.

The Alaska Section of AACE has been awarded the Superior Section Recognition award in 2011 and the Gold Award in 2012. When asked about the success of her local section she says, “We have a lot of dedicated people and we provide free lunch for guests and members.”

10 TIPS TO SUPERCHARGE CONNECTIONS

Nancy D. O’Reilly, PsyD, is an author of *Leading Women: 20 Influential Women Share Their Secrets to Leadership, Business, and Life*, and urges women to connect to help each other create a better world. Here, she offers 10 tips to help you supercharge your new connections:

- **Make the mental shift from "What can I get from you?"—to "What can we create together?"** Simple as it sounds, this really is the first step and the key to successful connections. When we think of networking as a self-serving exercise, we really don’t want to do it. It feels bad. But when we infuse sharing and giving into the process, suddenly it feels good. And it works.

- **Go to functions alone**—This will force you to meet people rather than spending the whole time chatting with friends and colleagues. At first, it’s really hard for some women to do this (probably most of us), but we are hardwired to connect. When you get over your initial anxiety, you will see how natural (and fun) it feels.

- **Sit beside a woman you don’t know**—Like showing up alone (though perhaps a bit less scary), this will force you to get to know someone new. Be friendly: Introduce yourself, introduce her to others, find something in common.

- **Have three or four good "go-to" questions in the bag**—This will be a huge help in case a conversation grinds to a halt. (Awkward!) It doesn’t matter what the questions are, but you might consider thought-provokers like "If time and money were no object, what would you be doing right now?" or "What is one goal you’d like to accomplish before you die?" or "What have you done lately that was fun?"

- **Practice being interested rather than interesting**—The old style of networking involved a lot of “selling” your skills and showcasing your knowledge. Resist the urge. Instead, when you’re talking to someone new, ask her about herself and really listen to her answers.

- **Probe for people’s passions**—Then stick to that topic for a while. You can tell when someone is excited about a subject. Her eyes light up. Her voice gets animated. When this happens—whether it happens when she mentions snow skiing, Civil War history, or helping African women support their villages—keep the conversation going along these lines. Passion is a powerful energy source for making connections.

- **Read three relevant articles before the event**—If you are at, say, a business convention, you might want to scour the trades for new trends, products, and processes. This gives you fodder for discussion. The idea isn’t to use it to “show off” or impress the other person but to bolster your own confidence, which makes you comfortable enough to connect.

- **Gravitate toward women who are smarter than you**—Don’t make the mistake of thinking you have to be the smartest, most interesting, most successful person in the group. Try not to feel threatened by other amazing women—instead, ask yourself what you can learn from them.

- **Ask, "What can I do to help you?" (Then follow through)**—This may catch people off guard. They probably expect you to ask for an interview or a chance to pitch your product. When you ask a woman if you can, say, introduce her to an influential colleague or bring your therapy dog to the children’s hospital she runs, she will be delighted.

- **Avoid phoniness at all costs. Be real**—Don’t hide or downplay your true nature or your beliefs to fit in or to make sure the person you’re connecting with likes you. Healthy relationships are built on transparency, and people respect this...even if you don’t agree on everything.
Matthew Evans is a cost engineer who currently works for Chevron and is based in Houston, Texas. Also a native to Houston, Matthew has held a number of different roles that uniquely positioned him for his current role in project controls, including work as a consultant on oil-related feasibility studies, time in supply chain management for a midstream O&G company, and a role in cost estimating for Chevron.

While attending college at Southern Methodist University (SMU) in Dallas, Texas, Matthew pursued and received two undergraduate degrees: a Bachelor’s of Science in Industrial Engineering/Management Science, and a Bachelor’s of Business Administration in Finance. In his fifth year at SMU, Matthew also completed his Master’s of Science in Engineering Management.

Throughout college, Matthew remained involved in SMU’s Energy Club, where he was elected to the VP role and later President. During his sophomore year of college, Matthew worked for ERAS Consulting Limited at its London office, where he conducted feasibility studies for groups such as Saudi Aramco, the Gulf Cooperation Council (GCC), and for individuals on civil projects.

The following year, in Dallas, Matthew began working for a boutique Governance, Risk Management, and Corporate Compliance (GRC) consulting firm, Carosella Corporate Solutions (CCS), where he mastered the proprietary GRC regulatory software used in CCS’ consulting process. Further, he helped develop CCS’ marketing strategies, which were aimed at growing the company’s client base.

Prior to beginning his Master’s degree, Matthew worked for Plains All American Pipeline, a large midstream company headquartered in Houston, in its capital projects supply chain management group. During his time with PAALP, he was responsible for development and finalization of contracts, including pre-qualification of contractors, creation of Requests for Proposal and Requests for Quote, bidders list finalization, onsite job walks with potential contractors, drafting of bid tabs following competitive bid openings, and creation of work orders, for onshore, oil facilities and pipelines. In this role he learned to interface with project managers, project engineers, and the regional field operations personnel on projects in various lo-
Matthew has been actively involved in his local AACE Houston Gulf Coast Section, and beginning in 2015 has become Chair of AACE’s Young Professionals Committee (YPC), where he is attempting to expand recruitment and brand recognition among younger employees.

After graduating from SMU, Matthew was hired into Chevron’s Project Resources Company, where he worked as a cost estimating analyst in the Cost Engineering Center of Excellence. In this role, he was exposed to a number of different Chevron MCPs, doing assurance work for their cost estimates and comparing key metrics against similar, historic projects. Currently, Matthew is in Chevron’s “Accelerated Development Program,” where he is embedded on Bechtel’s project controls team, working on an early-phase, Chevron brownfield expansion project in the Gulf Of Mexico.

Matthew has been actively involved in his local AACE Houston Gulf Coast Section, and beginning in 2015 has become Chair of AACE’s Young Professionals Committee (YPC), where he is attempting to expand recruitment and brand recognition among younger employees. Matthew is currently pursuing a Certified Cost Technician certification through AACE, and looks forward to remaining committed to and involved with AACE for years to come.

JOHN C. LIVENGOOD NAMED AN AACE INTERNATIONAL FELLOW

John C. Livengood, Esq. CCP CFCC PSP FAACE, was named a Fellow of AACE International by the Board of Directors on May 5, 2015. John became a member of AACE International in 2001. He became a Certified Cost Professional (CCP) in 2014, a Certified Forensic Claims Consultant (CFCC) in 2007, and a Planning & Scheduling Professional (PSP) in 2005. He has been a frequent author and presenter at AACE Annual Meetings and other conferences.

John coordinates with the American Bar Association, PMI College of Scheduling, and ASCE at the national and local levels, working to bring cost engineering to the industry and other professional organizations. He has been involved in developing the forensic schedule analysis texts for ABA and ASCE.

John has served AACE in a variety of volunteer roles; including, CFCC examination memo grader (2010-present), Ethics Task Force Chair (2010-2012), Governance Task Force (2012-2014), and Claims and Dispute Resolution (CDR) Technical Subcommittee Chair (2008-2013). He was the co-author of Recommended Practice (RP) 29R-03: Forensic Schedule Analysis, and has been a contributor to four additional RPs.

John was elected and served the AACE International Board of Directors in multiple leadership roles including Director-Region 2 (2010-2012) and Vice President Finance (2012-2014). John was recently elected as AACE International’s President Elect and will become AACE President for the 2016-2017 term.

He is a Managing Director with Navigant in their Global Construction Practice and splits his time between offices in Washington, DC and San Francisco. He has nearly 40 years experience in design, construction, and international consulting. He received his B.Arch. from Syracuse University (1975) and his J.D. from Catholic University (1982). John has previously been recognized by AACE as Outstanding Technical Subcommittee Chair Award (2008; 2010).

IN MEMORIAM

AACE International has received notice of the following recent deaths of AACE members.

• In April, we received notice that Richard Augustyn, with Canadian Natural Resources Ltd., of Calgary, Alberta Canada, recently died.

• Donald Cass, an AACE emeritus member from Los Angeles, died March 31, 2015, of respiratory failure after 21 days hospitalization for an elective procedure. He had been an AACE member since at least 1994 and was previously employed with The Cass Group.

• David J. Nicoll, President of Frentex Incorporated of Millington, NJ, died October 18, 2014.
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Owner Assurance Reviews: What to Consider?
Christopher P. Caddell, CCP DRMP

Abstract: Most owners conduct some type of assurance review on a project prior to a sanction review to ensure it is properly developed, including the scope, cost, schedule, and other parameters. However, how owners conduct these reviews and the depths to which they probe can vary widely. If the assurance review is not comprehensive enough, the project may appear to be adequately developed, but in reality may have major flaws. This article outlines how assurance reviews should be conducted and key focus areas that assurance reviews should address, along with questions that should be addressed for each area. Key focus areas include owner objective alignment, stakeholder involvement, scope development, execution planning, quality standards, procurement strategies, cost estimates, schedule development, project documentation, project team capability, and risk management. A comprehensive assurance review should involve the appropriate subject matter experts reviewing the details for each of these areas to ensure the project is sufficiently developed to proceed to the next stage and be executed successfully. This article was first presented as OWN.1680 at the 2014 Annual Meeting in New Orleans.

An assurance review is a set of activities conducted by subject matter experts, peers, or management personnel to ensure that the work on a project meets the owner’s requirements from a strategic and procedural perspective. An assurance review can be conducted at any time, but most owners conduct some type of assurance review on a project prior to a sanction or funding approval review to ensure it is properly developed, including the scope, cost, schedule, and other parameters. Since there are no guidelines or industry standards on assurance reviews, how owners conduct these reviews and the depths to which they probe can vary widely. If the assurance review is not comprehensive enough, the project may appear to be adequately developed but in reality may have major flaws. This article outlines how assurance reviews should be conducted and key focus areas that assurance reviews should address, along with questions that should be addressed for each area. Key focus areas include owner objective alignment, stakeholder involvement, scope development, execution planning, quality standards, procurement strategies, cost estimates, schedule development, project documentation, project team capability, and risk management. A comprehensive assurance review should involve the appropriate subject matter experts reviewing the details for each of these areas to ensure the project is sufficiently developed to proceed to the next stage and be executed successfully.

The Purpose of Assurance Reviews
Without assurance reviews, projects will proceed based on the team’s work without any validation that the work is appropriate for the project and meets the owner’s needs. While most projects have the right expertise in the project team, many can suffer from being “too close to the information” to be unbiased, or may be mired in the details and lose the appropriate perspective of the project in the scheme of the larger organization. Assurance reviews are intended to identify limitations and flaws in the project development that need to be
considered prior to allowing the project to proceed or receive further funding.

Assurance reviews serve the following goals:

- **Objective Alignment** — Assurance reviews are intended to ensure the project, as it is developed and planned, will meet the owner objectives. Those objectives may relate to development of new product lines or expanding existing lines, regional or global growth, exiting a market, or other topics. Non-alignment may require cancelation or reconfiguration of the project.

- **Appropriate Development** — Assurance reviews measure whether the various aspects of the project have been developed or defined to the required level for the current stage of the project. If certain elements have not been sufficiently developed, the project may need to complete that work prior to proceeding.

- **Consistency** — Developing a project involves numerous elements of work: engineering and design by multiple disciplines, execution planning, contracting and procurement, estimating and scheduling, etc. Assurance reviews should confirm that all components of the project are consistent with each other, i.e., working from the same basis and assumptions. Consistency issues need to be resolved prior to proceeding.

- **Realistic Targets** — Assurance reviews need to confirm that the project has established realistic targets for schedule, cost, quality, and other elements. Unrealistic targets, one of the most common issues, will result in the likely failure of the project. Unrealistic targets can be defined as targets that do not have a realistic or practical plan to achieve them, either through overly optimistic assumptions or ignored risks.

Assurance reviews during the project development should address all of the focus areas described in this article. Once a project is fully funded, assurance reviews conducted during project execution have a tendency to focus on specific areas to address issues that may have arisen during the progression of work.

**Assurance Review Guidelines**

Owners should develop guidelines for capital programs establishing the requirements for assurance reviews and how they should be conducted. The guidelines need to address the following items:

- **Requirements** — The guideline should state which projects require assurance reviews based on capital cost and/or other criteria that the owner wants to use, at what stages of the project assurance reviews are required, and what areas of project development are to be reviewed. The guideline should also define other requirements such as document and personnel availability.

- **Timing** — Owners should provide direction on when during the stage assurance reviews should be conducted and how they should be sequenced with the other stage activities.

- **Level of Effort** — Expectations need to be established on the level of effort or duration the assurance reviews will require. The project needs to allow appropriate time for these reviews to occur based on this information.

- **Reviewer Identification** — Owners need to define how reviewers will be selected; can the project team find its own reviewers or will a central assurance group do that? If the project team has some latitude, what are the requirements for the reviewers?

- **Review Process** — A basic process for assurance reviews needs to be defined, including how the reviewer will interface with the project team, inputs and outputs, capturing issues and planned actions, and other considerations. The process for providing documents and setting up meetings or interviews should be clearly defined.

- **Review Results** — A standard review report should be developed that will be used by all projects to provide a consistent format for feedback. Reports will typically include such information as scope of review, documents reviewed, personnel interviewed, summary results, issues identified, strengths, key threats and opportunities, and follow-up actions agreed to by the project team.

**Assurance Review Timing**

When to conduct assurance reviews can vary from one organization to another depending on how it develops and executes its projects and when it approves funding for either the next stage or the overall project. Many organizations have adopted a stage-gate process for the development of projects. Most processes can be described as follows:

- **Assess/Appraise Stage** — An initial stage to determine if a justification for a project exists and if the owner believes it can develop a project that is economically viable and supports the organization’s objectives.

- **Select Stage** — The stage where the various key options are studied, and preferred options are selected as the basis for the project design.

- **Definition Stage** — The stage where design, plan, and other elements are progressed sufficiently to develop realistic targets for project execution within the owner’s parameters. For some owners, this stage may only involve preliminary engineering, while others may perform a complete design during this stage.

- **Execution Stage** — The stage when the project is “executed” with any remaining design, procurement, and construction performed.

- **Operate Stage** — Some organizations have this stage to reflect when the asset moves into operation.

Assurance reviews are typically conducted prior to approval for a project to move from one stage to the next. Those approvals typically include funding approval for the next stage. The approving authority uses these assurance reviews as a validation check prior to funding reviews for the project.
to proceed. Depending on project size and complexity, assurance reviews may be broken into multiple reviews focusing on different components. The assurance reviews will typically start once the deliverables associated with a specific review have been completed, with each review sequenced to support subsequent reviews. The assurance reviews and resulting reports need to be completed prior to the approval reviews they support. Ideally, the project team will have had an opportunity to address any issues that are identified during the assurance reviews, either with an already completed action or a plan for addressing the items.

Figure 1 shows the typical points in a project when assurance reviews are conducted based on a stage-gate process.

**Assurance Reviewer Qualifications**

Who are the appropriate people to perform an assurance review? These reviews need to be conducted by individuals with the necessary expertise in the field, i.e. Subject Matter Experts (SMEs) to understand how the project team should have addressed the specific element of the project development and understand the pitfalls if the development is not performed appropriately. In most cases, a number of different people with different areas of expertise, much like a project team, are required to conduct these reviews as no one person has the experience in all the fields necessary.

The reviewers may be internal staff with an owner or they may be external. Some owners have an internal assurance group that conducts the necessary reviews at the appropriate times according to the owner’s guidelines. Other owners supplement internal assurance staff with external reviewers, such as consultants. In either case, the important considerations for selecting reviewers are as follows:

- **Appropriate Expertise** — The reviewers need the right experience to effectively evaluate the project team’s work in the appropriate context. In some cases, the review may require someone with the right functional expertise only. In other cases, reviewer may need experience with a specific type of project. The review of an office building project uses different parameters than the review of a refinery project. Having a reviewer from a different industry can be less efficient and less effective. Each focus area requires a reviewer with the appropriate expertise to address that topic. A reviewer may have expertise in multiple areas, which can be beneficial to the process.

- **Criteria Understood** — The reviewers need to understand the criteria by which the project is being measured. If the reviewer is evaluating the project alignment with owner objectives, the reviewer needs to know those objectives. The reviewer needs to understand the guidelines and requirements that have been established by the owner for the development of a project. If external guidelines or standards are being used, those need to be established. These criteria should have been made available to the project team prior to the development of the project.

- **Independence** — The reviewers need to be unbiased with regards to the project and the project team. If the reviewers have a positive or negative bias toward the project and team, the evaluation is likely to be biased. This bias may manifest itself in either a less than thorough review or findings that are skewed in the direction of the bias. This requirement does not mean that the reviewers cannot have knowledge of the project or team, but they do need to be able to be objective in the evaluation of the project. The reviews are intended to support the owner’s goals, not those of the project team. Everybody comes to the table with biases, but the project review requires independence or freedom from a conflict of interest to achieve an objective opinion.

**Assurance Review Level of Effort**

How long should the assurance review process take? The answer is “it depends.” Any assurance review should be fit for purpose. Spending months on a review for a small project is not justified, but may be appropriate for a very large or mega project. Assurance reviews range from a couple of days to over a month depending on various factors. The key factors guiding such a review typically include the following:

- **Industry** — Projects in different industries may require different durations depending on the work involved, how streamlined the
A building project is different from a refinery project. While each project can be developed and executed using the same basic framework, many of the detailed elements can vary significantly.

- **Schedule Drivers** — The team for a schedule driven project will try to complete assurance reviews in the minimum amount of time possible. Projects may face certain deadlines which limit the time available for these reviews. Project teams may try to minimize the duration by running multiple reviews in parallel or combine multiple focus areas into one review. Owners need to ensure that schedule drivers do not minimize the quality of the review.

- **Project Stage** — As the project advances through development, more information is available to review, and the capital demands increase significantly, which combine to increase the level of effort typically applied for assurance reviews. As the owner’s capital risk increases, its interest increases in ensuring the project is aligned and developed to succeed. Assurance reviews during execution, i.e., after a project receives full funding, may be shorter than reviews during development. However, such reviews may be required because the project is seeking additional funding due to overruns. The duration for such reviews can vary significantly depending on the amount of additional funding being requested. Also, reviews during the execute stage are typically conducted while the project progresses with execution, rather than during project development, which can lengthen the duration.

- **Project Size** — Project size may be a relative reference as a $100 million project may be very large in one industry but a small project in another industry. In turn, each owner typically develops its own scale relative to its overall capital program. Assurance review requirements and associated durations are often aligned with that scale to help make those reviews more “fit for purpose” to the project in the current age where a “mega” project takes on new meaning.

- **Project Complexity** — Project assurance review durations will typically increase depending on the project complexity. Projects that involve new technology, a new product line, a new geographic area, or other “firsts” will often require more time to review than projects which are repeats of or similar to previous projects. Also, projects that include multiple components being managed by different teams will often require more time as the review needs to ensure that each team is aligned with the others, and all components are progressing at the appropriate pace.

Figure 2 reflects the relationship of assurance duration or level of effort required versus project size and complexity.

**Assurance Review Focus Areas**

Regardless of the stage of development, a project assurance review should address all the significant aspects of the project. Depending on the stage of the project, different aspects will receive more scrutiny than others.

- **Objective Alignment** — This review is most important early in the project development to confirm the project and owner objectives are aligned. Later reviews should ensure the owner and project objectives have not changed. The following questions need to be answered:
  - Have the project goals and objectives been clearly defined, including safety, market risks, internal requirements, and project performance targets?
  - Do the project goals and objectives align with the owner strategy, objectives, and goals?
  - Have the project decisions to date supported the stated goals and objectives for the project?
  - Is the project plan sufficiently developed to support the stated goals and objectives?

Assurance reviews during project development should include the following topics:

- **Stakeholder Involvement** — This review is most important early in the project development but continues to be an important component throughout the project as stakeholders’ needs, interests, and involvement continue to change through the life of the project. The
review should focus on the following questions:

- Have all the project stakeholders been appropriately identified?
- Have appropriate contacts or relationships been developed with each of the stakeholders?
- Have all of the stakeholders been involved to the appropriate degree in the development of the project?
- Are those stakeholders aligned with the project development and plan? If not, is a plan established to resolve those issues?
- Is a stakeholder plan developed for stakeholder communication, involvement, and coordination at a detailed level for the next stage and summary level for the balance of the project?

**Scope Development** — While the scope review is important at every stage of development, the review level of effort increases throughout development as more information is available and the scope details increase. Multiple subject matter experts may be required to review the various scope elements depending how many different components are included in the project scope. The following questions should be resolved in the review:

- Is each element of the project scope properly developed for the current stage of the project? (Ideally, owners should have project guidelines which indicate the state of development desired for each discipline or component of the project at each stage of the project.)
- Is all the ancillary scope identified and appropriately defined for the project? If that scope is not part of the project, is that assumption clearly stated?
- If certain scope is “by others”, how is that scope being managed and coordinated with the scope within the project?
- Are all the scope components consistent with each other and the available information?

**Quality Standards** — This element is more important as the project development progresses. As details are developed for the project, the details need to comply with the established quality standards for the project. The review should focus on the following questions:

- Are the necessary levels of quality required for each aspect of work defined for the project?
- Have such issues as system redundancies, sparing philosophies, % run time, and other quality attributes been addressed?
- Do the project’s quality standards incorporate the end user’s requirements for finishes, maintenance, operations, and other considerations?
- Is the scope developed according to those quality standards?

**Execution Planning** — The planning for the balance of the project advances with each stage, with more detail placed on the upcoming stage and more summary information for subsequent stages. Each review needs to ensure the planning is sufficiently developed in detail for the next stage with a comprehensive summary for subsequent stages. This review is most critical in the review immediately prior to full project funding. Typical questions to resolve include the following:

- Does the project team have a reasonable project execution plan (PEP) for the balance of the project at the level of detail appropriate for the stage?
- Does the PEP address all elements of the project, including objectives, decision making criteria, project parameters and constraints, engineering/design, contracting and procurement, quality, construction, project controls, health and safety, and other elements?
- Does the plan address all elements of the project scope, and is the plan consistent with the defined scope?
- Is the plan compatible with project constraints?
- Have roles and responsibilities been defined for the project team and others?
- Are the appropriate detailed plans, procedures, and systems developed for managing work in the next project stage?
- If the project utilizes any new technology, is the technology sufficiently proven for use on the project and does the project have any back-up options in the event a problem develops with the technology or its application on the project?
- Does the project team incorporate operations and have a realistic plan for handover of the project to operations?

**Procurement and Contracting** — This review is typically very high level early in project development, focusing on strategy, and detailed towards the end of development, focusing on specific processes, resources, and identified vendors and contractors.

- Have the procurement and contracting strategies been developed to best meet the project objectives and targets? Does the strategy address which materials will be procured by the owner and which will be procured by certain contractors?
- Are the strategies aligned with owner guidelines on use of alliance vendors and contractors, preferred contracting structures, and other considerations?
- Have project and systemic risks been considered in establishing the procurement and contracting strategy, one of the most important elements of the project plan?
- Have sufficient resources been allocated to support the procurement and contracting requirements for the project?
Depending on the stage of development, have vendors and contractors been identified? (Earlier in project development, long lead equipment vendors or contractors for early works should be identified. Later in the development, a list of vendors or contractors should be developed for all aspects of the project.)

Are qualified vendors available to fabricate the materials and equipment and qualified contractors available to perform the specified project scope?

**Project Documentation** — This review is typically a component of other reviews but warrants separate consideration as it speaks to how the team is conducting its work and preparing the project to move forward. As the project development progresses, the documentation requirements grow. Each review needs to consider how well the team is documenting its work, asking such questions as follows:

- Are all of the project team’s decisions documented, along with the supporting data used to make those decisions?
- Do the cost estimate and schedule plan have supporting basis documents to ensure assumptions, qualifications, and data used to formulate the estimate and plan are understood?
- Are all processes and requirements documented which new project team members can refer to when joining the project?

**Project Team Capability** — This aspect of the project is often the most difficult and the most subjective to assess. The project team requirements grow and change as the project progresses. The review needs to consider the requirements at that stage of the project. The review should consider the following questions:

- Is the project team staffed appropriately for the current stage of development?
- Do the project team members have the appropriate skills for the roles and responsibilities they have and the project requirements?
- Does the team have a realistic plan for staffing additional roles that will be required as the project progresses?
- If the project is currently utilizing contractors, do the contractors appear to have sufficient, qualified resources supporting the project for the current stage and available for subsequent stages?

**Schedule Development** — The schedule is one of the most important tools the project team develops, reflecting the plan for executing the work, establishing key milestones or targets for the project, and providing a good timeline for when resources will be required on the project. The schedule review is one of the most important at any stage in establishing whether the project is realistic in its plans. The appropriate questions for this review include the following:

- Does the schedule include activities for all the project scope?
- Does the schedule address the execution plan and all the requirements of the project such as permits, approvals, etc.?
- Is the schedule developed to the appropriate level of detail for the current stage, detailed for next stage and less level for subsequent stages?
- Is the schedule well constructed with proper logic ties and well developed durations?
- Has the schedule been reviewed and approved by each group for its portion of the project?

**Cost Estimate** — The cost estimate supports the funding request, which is typically the most important criteria used in assessing whether a project is approved or not. Ensuring that the cost estimate is appropriately developed is vital in establishing the target budget for the project. The review of the cost estimate should consider the following:

- Does the cost estimate include all scope and indirect elements of the project?
- How were the scope quantities developed for the estimate, i.e. factored, detailed takeoff, other? Is that methodology appropriate for the current project stage?
- Have the quantities been checked by the team to confirm that scope is accurately reflected in the estimate?
- Does the cost estimate use appropriate sources of data for pricing the work?
- Have the cost estimate and schedule assumptions and qualifications been compared to ensure they are aligned with each other?
- Does the estimate address all the project parameters and constraints?
- Has the cost estimate been reviewed and approved by each group for its portion of the project?

**Risk Management** — Risk management should start early in the project development and continue through the life of the project. Any review needs to assess the risk management efforts based on the status of the project. How well the project is addressing risk management can be a key indicator of how the project may perform as compared to its targets. The risk management review should address the following questions:

- Does the project team have a risk management plan to indicate how it will identify, assess, manage, and report risks?
- Does the project have a comprehensive list of risks (threats and opportunities) for the project? Are they recorded in a risk register with appropriate details?
- Does the project team have a qualitative assessment of its
risks to help prioritize its risk treatment actions?

- Does the project have risk treatment plans for the high priority risks?
- If appropriate for the stage of development, has a project cost and schedule quantitative risk analysis been conducted by qualified, unbiased experts? How are those results being used to help develop contingency requirements?

**Conclusion**

Just as no two projects are the exact same, no two project assurance reviews are the same. Each one needs to be tailored to the specifics of the project. However, each assurance review should comply with the basic framework described in this article:

- Conducted at the appropriate points in the project development.
- Access to documents and people associated with each of the topics.
- Sufficient time allocated to conduct the reviews required at that stage of the project.
- Performed by qualified, unbiased subject matter experts that understand the owner’s requirements.
- Focusing on all aspects of the project development.

By conducting an assurance review using this framework, the owner can maximize the value derived from the review in ensuring the project is aligned with its objectives, is appropriately developed for the current stage, is consistent across all aspects of the project, and has set realistic targets for project performance.

**REFERENCES**


**ABOUT THE AUTHOR**

Christopher P. Caddell, CCP DRMP, is with Turner & Townsend. He can be contacted by sending e-mail to: chris.caddell@turntown.com

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Arizona Section

The AACE International Arizona Section’s March 2015 Section Meeting was on Thursday, March 26, at Kitchell’s Training Center in Phoenix.

The March guest speaker was Tom Polen, Director of Solutions Architecture at Deltek. He presented the topic, “The Five Steps to Developing Project Confidence.” His presentation walked attendees through the five key considerations for conducting an accurate schedule risk analysis, and how to evaluate risk analysis results. This process can not only help to ensure that a project successfully meets requirements, but is an integral part of passing internal reviews and third party assessments.

Mr. Polen has scoped, designed, developed, and implemented program control systems and processes in the telecommunications, transportation, insurance, and defense industries. Polen’s mission is to help the field of project management to focus on analysis, rather than development of data and information used to support analysis.

Attendees included Matt Chappell, CEP; Marina Sominsky, PSP; Carlos Duran, Matt Guerena, and Steve Vergara, with Chris Doerksen, Nick Farano, Monica Garza, Leilani Nunez, Sara Vadali, Sam Yacob, Mohammad Zawait, and Nezar Tibi joining via teleconference.

The Arizona Section’s February section meeting was on Thursday Feb. 19, at Kitchell’s Training Center in Phoenix.

Guest speaker Dr. Babak Memarian presented the topic, “Team Processes and Safety of Workers: Cognitive Affective and Behavioral Processes of Construction Crews.” His presentation included examples of other high-risk industries, and how they emphasize teamwork as a key strategy for error management and accident prevention. Dr. Memarian further explored how these processes can be applied to the construction industry –
from management teams to field crews – and included examples on overcoming the unique challenges facing this industry.

Dr. Memarian is currently a business analyst for InEight and also serves as an adjunct faculty member at the John Sperling School of Business, University of Phoenix. Memarian has a Ph.D. in Construction Management with a Civil and Construction Engineering background. He has authored and co-authored several journal and conference articles in the fields of production improvement, accident prevention, and task demands in construction.

**Aurora Edmonton Section**

At the March 18 dinner meeting of the Aurora Edmonton Section, a technical presentation was made on, “Financial Risk Management: the Basics of Hedging and Derivatives,” presented by Matthew Townley.

Townley is a MBA candidate in the specialization of Natural Resources, Energy & Environment, at the University of Alberta School of Business. He received his Bachelors of Commerce in Business Economics and Law from the University of Alberta in 2009. Since that time he has held economic analyst positions with the Government of Canada, Government of Alberta, and has been working in the Oil & Gas industry for the last three years with Enbridge Pipelines in the capacity of risk specialist.

Townley brought together his experience from the public sector, private sector, and academia to share his knowledge on how financial risk is managed compared to project (or business) risks.

Financial risks arise from an exposure to changes in market variables, such as commodity prices, interest rates, exchange rates, and stock prices. Business risks are those which a corporation willingly assumes in order to create a competitive advantage for their shareholders (innovations, new technologies, capital projects, marketing). While business risks are managed through mitigation strategies and contingency funding, the exposure to financial risks can be managed using derivative securities. These derivatives come in the form of futures, forwards, options, and swaps, and are based on the price of an underlying asset.

The most important reason why corporations use financial derivatives for risk management is to increase the predictability of cash flows. When derivatives are used appropriately to generate predictable cash flows, it allows corporations to reduce the risk of bankruptcy, increase debt capacity, reduce the cost of external financing, and allow for capital expenditures in times of economic distress.

This presentation covered a description of what derivatives are, how they are used, and showed examples of how they are used in various industries.

Matthew Townley is shown speaking to the Aurora Edmonton Section at the March 18 dinner meeting. His topic was on “Financial Risk Management: the Basics of Hedging and Derivatives.”

Oil and Gas projects in Northern Alberta are generally per-
formed using a modular approach. The bulk of the fabrication and assembly are performed in off-site facilities and then transported or shipped to a final destination where the modules are installed on-site to form a finished building. The concept of modularization is becoming increasingly popular, but this type of work demands accuracy and quality to avoid re-work on site.

The construction phase of industrial construction projects includes civil, structure, equipment, piping, electrical, instrumentation, etc. Piping is always the major and most complicated part of an industrial construction project and is usually located on the critical path of the project schedule. Piping constitutes a large portion of the total cost of a constructed industrial facility.

Only actual labor costs can ensure that pricing and billing is as accurate and profitable as possible. Yet today, most companies still use standard cost estimates to price products and invoice. Visibility into actual labor costs protects and maximizes profitability and competitive positioning throughout engineering, pricing, estimating, and billing activities. The ability to automate the collection of actual labor costs ensures the accuracy of the data and improves productivity by eliminating manual paper-and-pen based procedures.

This presentation covered the development and implementation of an indoor positioning system, based on radio frequency architecture for real-time localizing and tracking pipe spools along with respective labor hours inside a pipe spool fabrication shop. The developed system integrates with engineering drawings, construction material and progressing software systems to provide automated reports for material and labor hour tracking, locating and job progressing.

- **Central Texas Section**

  On March 18, Ben Ryan, Senior Manager, EPC Business Systems at SunPower Corporation, presented a technical program to the Central Texas Section on Cloud based Portfolio and Project Management. Ryan demonstrated the benefits that integrated cloud based business systems can bring to a project controls organization that is monitoring large portfolios of projects, as well as measure individual project performance.

  On Feb. 19, the Central Texas Section had its section meeting. James Granstra, PSP, Senior Consultant at The Kenrich Group, presented a technical program on, “The Basics of Forensic Schedule Analysis.” The presentation addressed the basics of forensic schedule analysis and discussed various forensic schedule analysis methods. Mr. Granstra provided examples and shared scheduling best practices from his experience working on claims and forensic schedule analysis in the construction industry.

  The section members enjoyed both presentations, as well as the networking opportunities. The Central Texas Section provides the opportunity for others to participate in the section meetings virtually.

- **Houston Gulf Coast Section**

  The sixth meeting of the Houston Gulf Coast Section program year for 2014-2015 was on Tuesday Feb.10, at the HESS club in Houston, Texas. Over 50 members attended the meeting. Carla Thomas-Baksh, CCP, Cost Engineering Analyst Lead, Chevron Environmental Management Company, delivered a presentation titled, “Achieving Competitive Edge with Effective Cost Management” on the need for predictive cost and schedules to capture market share and gain competitive advantage. The presentation highlighted what prudent and disciplined cost management was by exploring five key areas of cost engineering management.

  In addition to the regular monthly meeting, several members of the section conducted an outreach event at the University of Houston’s Construction Management Department. The event host was Jim Rammell, who is the Vice President of Construction Operations at Wood Group Mustang, but serving as an adjunct faculty member. This was the section’s second year presenting in his class at the University of Houston and is a great example of local section outreach to universities. The speakers were Josh Rowan, CCP; Matt Baker, CCP; and Matthew Evans (currently serving as AACE International’s Young Professional Committee Chairman). The goal of the event was to provide awareness of AACE International and the benefits of membership, as well as solicit students to attend local section meetings.

- **Hawaii**

  A “Lunch & Learn” event was held at Reuse Hawaii’s Kakaako Makai site. Quinn Vittum, the Executive Director of

**Sourced photo**

Mohamed Abdelgawad is shown presenting a speaker’s gift to Meimanat Soleimani after her presentation at the February Aurora Edmonton Section meeting.

**Sourced photo**

Meimanat Soleimani is shown speaking to the Aurora Edmonton Section at the February 18 dinner meeting.
Reuse Hawaii gave our group a tour of the facilities and a short presentation on how “Reuse and Deconstruction” work. An open invitation to the U.S. Green Building Council (USGBC) Hawaii Chapter and the AIA Hawaii was made. More information is available at: www.usgbc.org/about. A continuing education credit was earned by attendees.

The section also pitched in at the Institute for Human Services, a local homeless shelter, and served dinner to the clients there as a community service activity. Section President Kristy Kastner, PSP; and Vice President Greg Treese led the group of volunteers.

**Malaysia Section**

On Nov. 28, 2014, in Kuala Lumpur’s landmark PETRONAS Twin towers, more than 30 Malaysia-based members of AACE International gathered together to form the Malaysian Section and elect its officers. The event was graced by the AACE International Director Region 8, Ghulam Mujtaba Shaikh, who also spoke to the gathering emphasizing the need of a viable and active Malaysia section in the region.

Proud to lead the new Malaysian section is President Mohamad Rezana Abdul Malek and a team of accomplished board members representing members from the National Oil Company, PETRONAS, as well as other oil majors including Shell and KPOC/ConocoPhillips and service providers. The Section team also came together to create a draft of the constitution and bylaws. Looking forward, the Malaysia Section lined up a series of activities throughout 2015 and looks forward to establishing itself as the recognized technical authority in cost, schedule, and risk management for programs, projects, products, assets, and services in Malaysia.

The board members for the Malaysia Section in 2015 are, not shown in any particular order: President, Mohamad Rezana Abdul Malek; Vice President, Stephanie Wan Ullok; Secretary, B. Ramesh Balakrishnan; Treasurer, Haslizawati Sulaiman; Director - Education and Training, Masitah Jais and Director – Membership and Marketing, Lakhbeer Singh; Director - Publication and ICT, Aidil Ass’ad B Anuar; Director - Corporate Communications, Sunil Hasmukharay; and Director - Events, Ahmad Nadjme Yusuf.
Montreal Section

On Tuesday March 24, the Montreal Section was treated to a presentation on one of the largest projects recently completed in Montreal. The presentation was titled, “Appreciative Post Mortem - McGill University Health Center (MUHC) Project.”

The presenters were Chantal Sorel: Senior VP, Business Development, Infrastructure Group at SNC-Lavalin joined by Sylvie Rabbat: Project Controls Manager, Infrastructure Group at SNC-Lavalin.

Execution of the massive MUHC project involved more than 300 specialists, as well as a workforce of more than 10,000 on site. The new hospital, also known as the Glen Complex, encompasses an area of 250,550 m2 and includes 12,500 rooms. It is the new home of several Montreal hospitals and institutions. This major project, now successfully delivered, was especially challenging and complex. An accelerated design-build construction approach added to the challenges.

The presentation shared the findings of an appreciative
post mortem exercise completed for the project. An appreciative post mortem focuses on what worked well and practices that contributed to team success and are to be repeated in future.

Some of the topics addressed in the discussion included individual achievements and lessons learned, team achievements, best practices identified and values contributing to success.

There was an informative question and answer session at the conclusion of the presentation enjoyed by the large audience in attendance.

On February 2, the Montreal Section enjoyed an interactive event entitled, “It’s Only an Estimate! – A Panel Discussion on Capital Estimating.” Despite -30C temperatures, an enthusiastic group of 65 attended.

The principal panelists represented the perspectives of an owner, consultant, and contractor. The owner was represented by Guillaume Lafortune, Chief Planning and Estimating, Transmission Projects, Hydro-Quebec, the consultant view was presented by John Alarcon, Estimating Regional Discipline Lead, HATCH and the contractor was represented by Patrick Habib, Vice-President, LCO Construction and Management Consultants Inc. The moderator and host of the event was Les McMullan, Past President of the Montreal Section and Fellow of AACE international.

The evening started with a brief introduction and review of estimating definitions and principles, as well as the expectations and challenges of project capital cost estimating, followed by a panel discussion on specific topics and questions.

Some of the topics addressed in the panel discussion included the owner, consultant, and contractor interface, the estimator’s role in the planning, execution, and close-out phases, the stage-gate process and its effectiveness, classes of estimates with methods and pitfalls, estimating accuracy, and how it is determined, international projects and productivity assessment, contingency and escalation approaches and methods, key reasons for estimate variances and lessons learned and best practices.

The experiences and comments of the panel contributed to an interactive session and the audience enjoyed a prolonged Question and Answer (Q&A) session with the panelists.

A reference to AACE International’s Estimating Recommended Practices and CEP study guide was provided at the conclusion of the discussion.

**North Florida Section**

The North Florida Section recently conducted its first certification training seminar for Planning and Scheduling Professionals. Presented on April 24-25, in Tampa, Florida, this event was based on the AACE Certification Seminar-in-a-Box and included certified instructors: Section President John P. Orr, PSP, and Section Board Director, Eric Cannon, PSP.

Featuring sixteen-hours of classroom instruction over the two-day period with nearly 400 PowerPoint slides, this seminar gave attendees an understanding of what it takes to successfully pass AACE’s PSP certification exam. The ten attending students from across Florida and from out-of-state also benefitted from lively questions and answers from both instructors plus several qualified observers.

**South India Section**

The South India Section participated in the 29th Indian Engineering Congress at Hyderabad, India, from Dec 18-21, 2014. The Institution of Engineers (India), IEI is the first professional body of engineers founded in India in 1920, and incorporated by Royal Charter in the year 1935, to promote and advance the art, science, and the practice of engineering and technology. From a humble beginning, it is today the largest multi-discipli-
The Institution is now a full member of the Engineers Mobility Forum (EMF) facilitating the International mobility of Professional Engineers certified by IIE. The Institution of Engineers (India) has its national presence in 104 State/Local Centres and five overseas Chapters. The 29th Indian Engineering Congress was attended by around 1,000 professional engineers from various parts of the country.

The South India Section put up an Exhibition Stall in the congress. The professionals shown keen interest in understanding AACE International’s activities, certification etc. AACE was represented by Sankar Subrahmaniyam, EVP, President of South India Section and Mohammed Rafiuddin, CCP PSP, Direction Region 7.

A folder containing an introduction to AACE, membership eligibility requirements, certifications, list of Recommended Practices developed by AACE, introduction to TCM Framework and few selected articles from Cost Engineering Journal were given to interested professionals who visited the stall. Attendees showed a keen interest in AACE and its products.

Southern California Section

The Southern California Section’s April dinner meeting covered an overview of portfolio development and management in large organizations. The presenters were El Didi, Exponent Senior Associate and Josh Ritti Principle, Exponent. They presented the industry standards and best practices on how to develop a portfolio, the structure of a typical Portfolio Management Office (PMO), and to manage the performance of a portfolio once it is set up. Also discussed was the benefits gained from having a PMO, and the challenges encountered. There were 17 in attendance, including three guests plus four more who watched via webcast.

The Southern California Section had an incredible joint dinner meeting with NAWIC March 17 where Michelle Boehm, Southern California Regional Director Southern California Regional Director of the CA High-Speed Rail, Mark Von Leffern, EVP PSP - Section President and, Dr. Giovanna Brasfield - NAWIC Los Angeles Chapter President, along with attendees of the Southern California’s March meeting.

Shown above front and center are Michelle Boehm, Southern California Regional Director Southern California Regional Director of the CA High-Speed Rail, Mark Von Leffern, EVP PSP - Section President and, Dr. Giovanna Brasfield - NAWIC Los Angeles Chapter President, along with attendees of the Southern California’s March meeting.
How to Submit Section News to the AACE® International Bulletin

When Will Your Section News Submission Be Published?

The digital Source magazine includes all “Section News” submissions. Source has a submission deadline of two months in advance of the issue date. Please review the following production schedule. It lists the submission periods for the six bi-monthly issues of Source magazine in 2014.

2015-2016 Source Section News Submission Schedule

February 2015
• Items submitted from Oct. 16 - Dec. 15, 2014

April 2015
• Items submitted from Dec. 16 - Feb. 15, 2015

June 2015
• Items submitted from Feb. 16 - April 15, 2015

August 2015
• Items submitted April 16 - June 15, 2015

October 2015
• Items submitted June 16 - Aug. 15, 2015

December 2015
• Items submitted Aug. 16 - Oct. 15, 2015

February 2016
• Items submitted from Oct. 16 - Dec. 15, 2015

April 2016
• Items submitted from Dec. 16 - Feb. 15, 2016

June 2016
• Items submitted from Feb. 16 - April 15, 2016

This production schedule is based upon production schedules at AACE headquarters, as well as our printer having two to three weeks production time to take our in-house files and convert them to the Nxtbook software for posting. Enhanced features like audio, video, website links, and more will be a part of each issue of the Source. Some technology features will require additional production time and earlier deadlines. The magazine is to be ready for posting by the first of the month.

Within 2 to 3 business days of submitting a “Section News” item, you should receive a return confirmation e-mail that your submission was received at AACE headquarters.

How to Submit Text and Photos

Please submit any and all text as a part of the e-mail or as a Microsoft Word file attachment. Please submit any photo or photos as individual attachments in tiff or jpg formats. Do not embed photos in Microsoft Word files.

For photos to be used, we require either large original files or print size photos at 300 dpi (dots per inch). We can convert large 72 dpi submissions into the required 300 dpi. This process shrinks the size of the original submission. We cannot use photos taken on cell phones. For photos to be published, they must be in focus, of print quality, and wide enough to fill the width of the column layout.

Please include the names and titles of each person shown in any photos. Please list names from left to right or refer to those shown as being above left or right. For group photos please list names from left to right, beginning with the front row and working to the back. Do not list the Section officer first unless he or she is photographed on the left with guest speakers on the right.

All submissions should be e-mailed to editor@aacei.org. Please use the official name of the Section as approved by the AACE Board when the Section’s charter was approved. Never refer to the Section as a chapter.

Contact AACE Concerning Missing Submissions

Generally, all submissions received in the above scheduled times will be published in the listed issue. Items are not held because of space restrictions. There is no waiting list and no preference is given to one Section over another. Questions about incomplete submissions or failure to follow these submission guidelines could delay publication. Text will be published without submitted photos if the photo does not meet the listed quality requirements.

If a submission is not included in the designated issue, please e-mail or call the Managing Editor to ensure that it has not been lost or misplaced. Call or e-mail if you do not receive a confirmation e-mail within 3 business days of submission.

AACE reserves the right to edit all submissions and/or to refuse to publish any submissions determined by the Managing Editor or the Art Director to not meet the standards of the journal. Any appeals of these decisions will have a final decision determined by the Executive Director.

Any Section representative with questions is advised to e-mail editor@aacei.org or call the Managing Editor during regular business hours (9 a.m. to 5 p.m. Eastern Standard Time, Monday-Friday, except holidays and special closings.)
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