2013

Naval Postgraduate School - Cost Benefit Analysis Workshop Delivered in Montenegro

Naval Postgraduate School Public Affairs Office
Naval Postgraduate School

http://hdl.handle.net/10945/34126
NPS faculty recently delivered a “Building Integrity in Defense Acquisition: Cost Benefit Analysis” workshop to staff from the Ministry of Defense and Armed Forces of Montenegro. The workshop was held at the Danilovgrad Barracks near Podgorica, 24-26 September 2012. The three-day workshop was designed to support the objective of building integrity and increasing transparency in defense procurement and acquisition processes by describing the rational decision-making approach of Cost Benefit Analysis (CBA). The hands-on workshop provided participants with increased knowledge and practical tools to understand the CBA process, as well as to prepare and present a CBA.

Conducted by NPS in its capacity as the United States Partnership Training and Education Center (USPTC), the workshop supports NATO’s Building Integrity initiative, which is aimed at developing practical tools to help nations reduce corruption risk in their defense establishments. The workshop was organized by the USPTC Program Office at NPS, and was delivered by Dr. Diana Angelis and Dr. Anke Richter, both from the Defense Resources Management Institute (DRMI) at NPS. The workshop, originally developed by Dr. Dan Nussbaum from NPS’ Operations Research Department and Dr. Angelis, was piloted earlier in 2012 in Armenia and in Bosnia-Herzegovina.

Professors Angelis and Richter conducted the workshop in a seminar format with a combination of lecture presentations, discussions, and small group exercises. In keeping with DRMI’s mission to enhance effective allocation and use of scarce resources in defense organizations by developing participants’ analytical decision-making skills, the hands-on learning format of the seminar engaged participants in discussion and provided the opportunity to apply concepts to relevant examples in Montenegro.

The workshop incorporated a case study, “Army Transport Helicopter Cost Benefit Analysis,” developed by faculty from DRMI, to illustrate and discuss the real-world application of CBA concepts. Through the daily case study and discussion, the participants were able to conduct a cost benefit analysis for the acquisition decision comparing the anticipated costs and benefits of 2 alternate helicopter models.