



DEFENSE ACQUISITION UNIVERSITY
BCF 207 – Economic Analysis

090226

Course Learning/Performance Objectives followed by its enabling learning objectives on separate lines if specified.

1	<p>Provide student with an overview of economic analysis for decision-making and to establish a framework for course objectives, content, and conduct. Understand management concerns impacting on EA, elements of EA. Provide familiarity with requirements and guidelines included in current regulations.</p> <p>Define the basic terms used in economic analysis.</p> <p>Identify the benefits to managers provided by economic analysis.</p> <p>Describe the economic analysis regulatory requirements</p> <p>Recognize the impact of specialized types of program/ project analysis (e.g., CA;</p> <p>Discuss the Privatization of Utilities/Housing; DWCF; Business Case Analysis</p>
2	<p>Explain the steps of the EA Process with basic understanding of the process of conducting an economic analysis and of each step therein.</p> <p>Describe the steps in the economic analysis process.</p> <p>Recognize the impact of uncertainty on the decision-making process.</p>
3	<p>Discuss the PC Tools supporting Economic Analysis. The tool will be used daily throughout the course by the group case study. The primary tool available for use is PC ECONPACK.</p> <p>Enter project information into a case file given ECONPACK.</p>
4	<p>Develop a complete objective statement contains all three parts of the objective.</p> <p>Distinguish between requirements, problems, and objectives.</p> <p>Describe and recognize elements of the objective statement.</p> <p>Develop a complete objective statement.</p>
5	<p>Prepare a set of assumptions and constraints</p> <p>Develop list of common assumptions and constraints</p> <p>Select key assumptions for later sensitivity analysis</p>
6	<p>Prepare for alternatives</p> <p>Identify alternatives</p> <p>Determine when the status quo shall be used</p>
7	<p>Explain common cost estimating procedures.</p> <p>Define methods of cost estimating</p> <p>Describe the basic concepts behind the detail and parametric methods of cost estimating.</p>
8	<p>Apply net present value comparisons in an EA.</p> <p>Define net present value.</p> <p>Calculate net present value using Microsoft Excel</p> <p>Compare alternatives using net present value.</p> <p>Determine when net present value is an appropriate criteria</p>
9	<p>Apply equivalent annual cost comparisons in an EA</p> <p>Define equivalent annual cost</p> <p>Calculate equivalent annual cost using Microsoft Excel</p> <p>Compare alternatives using equivalent annual cost</p> <p>Determine when equivalent annual cost is an appropriate criteria</p>
10	<p>Apply savings investment ratio comparisons in an EA</p> <p>Define savings investment ratio</p> <p>Identify optimum values for a savings investment ratio</p> <p>Calculate a savings investment ratio using Microsoft Excel</p> <p>Compare alternatives using a savings investment ratio</p> <p>Determine when savings investment ratio is an appropriate criteria</p>



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11	Apply payback period comparisons in an EA Define payback period Calculate a discounted and non discounted payback period Compare alternatives using payback period
12	Apply internal rate of return comparisons in an EA Define internal rate of return Calculate internal rate of return using Microsoft Excel Compare alternatives using internal rate of return
13	Discuss the techniques of identifying and quantifying benefits. Define benefits Identify benefits Identify the benefits that are to be received by adoption of a particular course of action.
14	Discuss the techniques of quantifying benefits. Determine means to quantify benefits Formulate worth functions
15	Apply the B/C Ratio technique Define B/C Ratio Calculate B/C Ratio
16	Apply decision matrices in EA. Formulate a decision matrix Calculate a decision matrix Perform a sensitivity test on results of calculation
17	Apply sensitivity analysis and risk management techniques in EA Explain the nature of uncertainty and risk. Apply concepts of risk and uncertainty to EA Select key assumptions and variables suitable for sensitivity analysis Interpret results of sensitivity analysis
18	Apply of requirements for documentation. Describe documentation common for EA Apply knowledge and skills learned in case study
19	Critique an EA prepared by another group. Apply knowledge of the EA process and methodology to validate an EA Provide feedback and guidance to an analyst for the preparation of an EA
20	Defend an economic analysis. Perform a satisfactory economic analysis. Defend a complete EA.