



Autumn 2019 Issue

2019-2020  
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Aloha AACE Ohana,

The past couple of months have been an exciting time for our organization. Over the summer and into the fall, we welcomed 4 new members to our local chapter, continuing the trend of unparalleled growth. I'm very proud to say that we're now the 4th largest section amongst the 13 chapter in the Western Region. Suffice to say, the need for cost, scheduling, and estimating professionals continue to grow within the industry and especially in Hawaii. The value that you provide to your companies are exponential and I hope that you're able to use some of the resources that are available to you from AACE.

In August, John Jackson from the Encore Group provided a claims presentation "Perfecting the Fixed Perspective Windows Delay Analysis", for our Lunch and Learn that was hosted by Ryder Levett Bucknall. Over 25 AACE members and guests attended the event and there were discussions related to delays from contractor and owner's perspectives. As a follow up, please be on the lookout for the November Wiliki which will feature an article related to this presentation from John Jackson.

In October, the Hawaii Section had the privilege of taking a 2-hour catamaran cruise with Na Hoku II off the shores of beautiful Waikiki. Thanks to Encore Group's generous sponsorship, we were able to partake in a magnificent sunset and enjoy the sights and sounds of the Honolulu coastline.

In the upcoming months, we'll be hosting a couple of webinars. The first webinar will be on estimate validation and bias assessment, followed by a session related to the certifications that are offered by AACE, as well as the technical resources that are available to our members.

As AACE Hawaii continue to grow and develop in the upcoming year, we as a Board encourage you to participate in the luncheons, webinars, pau hanas, community service events, and other forthcoming ventures. Please share any thought or ideas that would be of interest to you as a member. We look forward to your involvement. In the meantime, I hope you have a fun and safe holiday season!

Chris Kanae  
AACE Hawaii Section, President  
[Christopher.Kanae@Jacobs.com](mailto:Christopher.Kanae@Jacobs.com)

Upcoming Local Event

**Estimate Validation and Bias Assessment: Ratio-to-Driver Method**

*Presented by John K. Hollmann*

*PE CCE CEP DRMP FAACE Hon. Life*

Abstract

Cost estimate validation is often mentioned in AACE® International literature but not described in depth. This paper describes the practice of cost estimate validation including a method called ratio-to-driver. Validation starts with the business establishing an objective in terms of a cost strategy that is captured in the basis of estimate document. The cost strategy defines the estimating approach in respect to desired base estimate bias (and every estimate is biased). Achievement of the cost strategy is the quality being assured by validation. Then, reliable, normalized metrics (cost estimating relationships in ratio form) are developed from a comparison set of projects drawn from an historical database (or obtained from some other reliable source). Database systems often do double-duty as validation tools; a precursor to the future of analytics and machine learning. The ratio-to-driver method applies the metrics in a logical, stepped sequence of comparisons that seeks to pinpoint the cause of variations. Because base estimate bias is a systemic risk, and validation measures bias, validation is also a first step in quantitative risk analysis. While a long-established practice, estimate validation is not defined in AACE® cost engineering terminology (RP 10S-90) and is only superficially covered in other estimating RPs. As such, this paper is intended as a basis for an RP that will be aligned with others that include validation or benchmarking. The primary effected RPs (with abbreviated titles) are: 31R-03 (estimate review), 34R-05 (basis of estimate), 35R-09 (estimate planning), draft CE-81 (estimate requirements) and 42R-08 (parametric risk analysis).

Date: Friday, December 6, 2019  
Time: 8:30 AM – 9:30 AM  
Location: 1001 Bishop Street, Suite 2690  
(Rider Levett Bucknall)

Parking: Affordable parking available  
(Ali'i Place, 1099 Alakea Street – allow 10 minute walk)

Cost: Free to all members and guests (coffee & doughnuts will be provided)

RSVP: by December 4<sup>th</sup> [aacehawaiisection@gmail.com](mailto:aacehawaiisection@gmail.com)

## Speaker's Bio

John joined AACE in 1986. He became a Certified Cost Professional (CCP) in 1994, a Certified Estimating Professional (CEP) in 2008, and a Decision & Risk Management Professional (DRMP) in 2013. Through his work on the task forces that developed both the CEP and DRMP certifications, he was grandfathered into both designations. John has been a frequent presenter of technical presentations at AACE's Conferences and other events. He has also served as an instructor in a variety of continuing education courses. He was the principal author of the first edition of AACE's 2006 landmark publication "The Total Cost Management Framework: An Integrated Approach to Portfolio, Program, and Project Management." John authored the publication "Project Risk Quantification: A Practitioners Guide to Realistic Cost and Schedule Risk Management" in 2016. He has served the AACE in various roles including chairs of the Parametric Estimating Technical Subcommittee (1993-1996) and the Online Services Committee (1994-1996). He was elected to and served on AACE's Board of Directors for one year (1996-1997) where he was instrumental in the reorganization of the Board to create three Associate Boards (Technical/Education/Certification). John was a member of the Technical Board for several years where he served as Director of Recommended Practices and Director of Total Cost Management. He is the Owner/Principal Consultant at Validation Estimating, LLC. John has previously been recognized by AACE with the Outstanding Technical Committee Chair Award (1994, 1996), the TCM Excellence Award (1995), O.T. Zimmerman Founder's Award (2005), Fellow (2006), Award of Merit (2008), Technical Excellence (2010), and Honorary Life Membership (2011).

## Past Event

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On August 1, 2019 AACE Section members and friends gathered for a presentation on Perfecting the Fixed Perspective Windows Delay Analysis by John Jackson of Encore Group. John's background as a consultant, teacher and expert, having worked on more than 1,000 projects, has given him a thorough understanding for critical path management in project development. His delay analysis and presentation excelled in issue clarity and communication. This technical paper was presented at the 2019 AACE International Conference & Expo (New Orleans, Louisiana).



# Call for Papers

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To present a paper at an AACE Conference & Expo, an abstract of the proposed paper must be submitted on the abstract form with the call for papers. If your abstract is accepted, your full manuscript/paper will be due no later than January 31, 2020.

More info: <https://web.aacei.org/conferences-events/call-for-papers>

# Membership

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The Hawaii Section's membership currently has 42 local members more than doubling since the Section has been reinstated in September 2013 and established in 1973. Welcome to Alex Ku, Jeremiah Lacuesta, and Terrance Young from Rider Levett Bucknall, who joined this summer, as well as Luana Pereira, our newest student member. AACE International continues to grow with 7,000 members worldwide. Questions on Membership: [aacehawaiisection@gmail.com](mailto:aacehawaiisection@gmail.com)

# Website & Social Media

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[www.aacei.org](http://www.aacei.org) and [www.aacehawaii.com](http://www.aacehawaii.com)

Questions & Feedback: [aacehawaiisection@gmail.com](mailto:aacehawaiisection@gmail.com)

To join our local LinkedIn discussion board, click [here](#).



# Calendar of Events:

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The following AACE events are quickly approaching:

- Estimate Validation and Bias Assessment: Ratio-to-Driver Method, 12/6/2019
- Engineering Week, Sponsored by Hawaii Council & Engineering Societies (HCES), 2/16/2020 to 2/22/2020
- AACE Certification Webinar, 1<sup>st</sup> Quarter of 2020
- 2020 AACE International Conference & Expo (Chicago, Illinois), 6/28/2020 to 7/1/2020

# Special Thanks

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Mahalo to John Jackson of Encore Group for his presentation during the Lunch & Learn.

