

---

# Department of the Navy

# Economic

# Analysis

# Quick-Start

# Guide

A companion guide to the Department of the Navy Economic Analysis Guide,  
to help get you quickly started on your EA.



# Purpose of this Quick-Start Guide

The purpose of this Quick-Start Guide is to help you get underway with your EA. In it you'll find:

STEPS IN THE ECONOMIC ANALYSIS PROCESS

EA TOOLS & TEMPLATE

CONSIDERATIONS & ISSUES IN EA PREPARATION

## Steps in the Economic Analysis Process

### **PREPARE TO PERFORM THE ANALYSIS**

#### **1.0 Form Study Group**

- 1.1. Identify study group members
- 1.2. Draw from major stakeholder groups
- 1.3. Establish roles & responsibilities

#### **2.0 Prepare a Study Plan**

- 2.1. Make a schedule
- 2.2. Consider methodology, data collection & analysis, write-up, brief & approval
- 2.3. Select and prepare models, tools and templates
- 2.4. Ensure plan complies with existing requirements/guidance, if any, for this type of study
- 2.5. Obtain concurrence/consensus on the plan

### **PERFORM THE ANALYSIS**

#### **3.0 Identify Problem or Requirement**

- 3.1. Examine the document or need that required the program or project
- 3.2. Ensure that the underlying problem is identified, not just the symptoms
- 3.3. Identify the scope of the requirement, and bound the scope of the analysis appropriately

#### **4.0 Determine Objective**

- 4.1. Determine need for, and scope of, program or project
- 4.2. Quantify the need and desired outcomes as much as possible
- 4.3. Determine what criteria need to be met
- 4.4. Write Objective Statement
- 4.5. Coordinate objective(s) and desired outcomes with stakeholders

## **5.0 Document Key Facts and Assumptions**

- 5.1. Identify Key Facts (constraints and other factors known to be true)
- 5.2. Identify Assumptions (what we believe, but do NOT know, or can't quantify)
- 5.3. Document all Key Facts and Assumptions
- 5.4. Continually update Key Facts and Assumptions throughout the analysis, as needed

## **6.0 Identify Alternatives**

- 6.1. Make initial list of alternatives
- 6.2. Review list and eliminate infeasible alternatives, develop hybrid alternatives
- 6.3. Ensure all final alternatives meet Objective Statement
- 6.4. Consider including:
  - Status Quo
  - In-house/organic
  - Contract out
  - Organic/contract hybrid
  - Modernize existing assets
  - Acquire new
  - Lease
  - Privatize
  - Non-material solution

## **7.0 Estimate Costs of Each Alternative**

- 7.1. Determine data sources
- 7.2. Request & collect cost and other data
- 7.3. Populate models and tools
- 7.4. Develop life cycle cost estimate for each alternative
- 7.5. Estimate residual values of assets remaining at end of analysis period, if any

## **8.0 Determine, Rank and Score Benefits of Each Alternative**

- 8.1. Identify benefits
- 8.2. Quantify benefits as much as possible
- 8.3. Identify how each benefit will be evaluated
- 8.4. Determine the importance, or "weight" of each alternative
- 8.5. Score how well each alternative provides each benefit
- 8.6. Calculate weighted benefit score for each alternative

## **9.0 Perform Uncertainty and Risk Analysis**

- 9.1. Determine areas of risk and uncertainty (e.g., cost, schedule, technical)
- 9.2. Determine likelihood, impact, of each uncertainty
- 9.3. Conduct sensitivity analysis
- 9.4. Conduct risk analysis
- 9.5. Identify risk mitigation strategies

## **10.0 Compare Costs, Benefits and Uncertainties of Alternatives, Make Recommendation**

- 10.1. Comparing costs, benefits and uncertainties, determine if there is a clear preferred alternative
- 10.2. If not, eliminate some alternatives in a Round 1 evaluation

- 10.3. Closely examine remaining alternatives in a Round 2 evaluation
- 10.4. Select and recommend one of the analyzed alternatives
- 10.5. Brief decision-maker and obtain approval of analysis and recommendation

## **PLAN TO IMPLEMENT RECOMMENDATION: CHANGE MANAGEMENT PLAN**

### **11.0 Funding Plan**

- 11.1. Identify annual funding required for program/project life cycle
- 11.2. Ensure all costs are in Then-Year dollars at budget level of detail
- 11.3. Identify sources of funding
- 11.4. Identify risks to funding availability, and contingency/mitigation strategy
- 11.5. Examine potential funding impacts on other organizations

### **12.0 Stakeholder Action Plan**

- 12.1. Identify individuals or offices that have an interest in the outcome, or the means to achieve it
- 12.2. Determine the concerns of each stakeholder and whether for or against recommendation
- 12.3. Establish how each stakeholder might contribute to implementation
- 12.4. Address how each will be informed, involved, convinced or otherwise engaged to enlist support

### **13.0 Communications Plan**

- 13.1. Identify all parties that need to know about upcoming changes (e.g., stakeholders, customers)
- 13.2. Determine what communication methods/tools are appropriate for each party
- 13.3. Establish who will be responsible for each communication
- 13.4. Identify the objective of the communication to each party (Obtain approval? Inform users?)
- 13.5. Establish key information each party needs to receive
- 13.6. Establish schedule for performing each communication action

### **14.0 Training Plan**

- 14.1. Determine whether new training is needed to implement or operate under any new program
- 14.2. Identify specific training needs (both initial and recurring) and describe training objectives
- 14.3. Consider whether training should be in-house or by contract
- 14.4. Ensure the costs of training have been estimated and budgeted for

### **15.0 Implementation Plan**

- 15.1. Identify the tasks needed for a successful transition to the new project/program
- 15.2. Identify sequence, timing, and dependencies between tasks
- 15.3. Establish a schedule where specific tasks are tied to achievable milestones
- 15.4. Obtain inputs from stakeholders
- 15.5. Assign specific individuals with task responsibilities
- 15.6. Ensure Implementation Plan is consistent with Funding Plan

## **16.0 Key Performance Measures and Outcomes**

- 16.1. Develop measures to determine how well objectives and desired outcomes are being met
- 16.2. Identify and capture baseline data to provide a basis of comparison with current operations
- 16.3. Develop a plan to capture the new data and compare it to the baseline data
- 16.4. Ensure a consistent basis of comparison ("apples to apples")

## **Economic Analysis Tools & Template**

### **CREATE TOOL**

If you don't want to create all your own spreadsheets, formats and structure from scratch, obtain a copy of the CREATE EA tool. CREATE is an Excel-based EA tool developed by the Air Force Financial Management Center of Expertise (CoE), and will help you develop the cost, benefit, sensitivity and risk analysis portions of your EA, as well as many parts of the change management plan, if needed. Use of this tool is not required, but CREATE does make the EA task much easier than creating your own spreadsheets. The CREATE tool and the CREATE User's Guide is available for download from the NCCA Collaborative Cost Research Library ([CCRL](#)). In CCRL, search for document number GE-3359 for the CREATE Users Guide (v. 1.3). For the CREATE tool itself, search for document number GE-3360 for version 1.3.4 and GE-3361 for version 1.3.5. Call NCCA with any questions about these tools or accessing them, at: 703-693-8023 or DSN 223-8023, or email to: [eaguide.ncca@navy.mil](mailto:eaguide.ncca@navy.mil).

### **EA TEMPLATE**

The NCCA website has a copy of an EA template that can be used in conjunction with CREATE. Seeing the template and what the end product should look like will help you put together the individual components.

### **USING THE CREATE TOOL AND EA TEMPLATE**

With just a little familiarization, the CREATE tool can assist the user in putting together an EA. CREATE helps to structure and format the EA based upon entries the user makes. The CREATE User's Guide provides additional information for using the model.

The template shows what sorts of things go into each part, and shows some examples of how to handle specific kinds of information in an EA. For simple EAs, you can write the narrative portion of the EA in the Word document structure, then copy-and-paste the cost summary formats (Format A) from CREATE into the appropriate place in the Word document.

In the CREATE model, the only places you'll need to enter any information is in the yellow cells.

First enter data in the General Input tab. Fill this Tab out first. The General Input Tab is the “foundation” for most of the cost calculations. The information in this tab feeds into various parts of the tool. Often when you encounter an error in CREATE, the error was caused by incomplete entries in the General Input tab.

The Cost Input tab is the primary location for all cost inputs. Information from this section feeds into each subsequent tab of CREATE. All outputs depend on the accuracy of the inputs in this tab.

In the Standard Formats tab, under Format B (Benefits Analysis), enter the expected non-monetary benefits, assign a weight to each benefit and score each alternative in accordance with how well the alternative provides each benefit.

The Financial Toolbox tab allows you to easily perform a sensitivity analysis. In the sensitivity analysis, you will test the effect uncertainties in specific Cost Categories have on the cost ranking of alternatives. Simply select the cost category you want to examine from the drop-down box of Cost Categories (previously entered in the General Input tab), and enter a percentage value you want CREATE to vary each cost category by. CREATE will produce a graph comparing the resulting Net Present Values (NPVs) of each alternative. The Financial Toolbox tab is where you can also find tools for performing risk analysis and developing elements of a change management plan. Determining the percentage by which to vary the elements can be difficult and will be different for each situation. Quantify the uncertainty as best you can and select your variation percentage appropriately.

CREATE has the Air Force Inflation Calculator embedded for easy access to inflation factors for use in the EA. Since CREATE does not automatically inflate any cost data, Navy inflation factors can be used just as easily. The Air Force building age multiplier (BAM) factors are also in the CREATE tool.

The final analysis should be in the form of a written document. The document should not normally exceed forty pages, plus attachments. It's always a good idea to get an independent review of your EA before submitting the final version. NCCA's Economics and Special Analysis Division can provide an unbiased, objective review of your EA upon request. Call 703-692-4899 or 703-693-7955 to request a review.

# Considerations and Issues in EA Preparation

This section was written with the EA preparer in mind, to assist with issues that may arise during preparation of the analytical portion of an EA. (For guidance on creating the Change Management Plan, see Chapter 10 of the EA Guide.) It is structured to follow the layout of an EA:

## **Problem Statement/Background:**

Ensure the stated problem is the real problem. Identification of the right problem is critical to successful analysis. Don't confuse the symptoms for the disease. Seeking solutions to the wrong problem, or a poorly stated problem, almost always leads to the wrong solution because of missed alternatives, faulty assumptions, etc.

Ensure the analysis fully addresses all significant aspects of the problem. Address impacts (both costs and benefits) on tactical units, tenants, and satellite activities serviced by the installation.

## **Objective:**

The objective should state the requirements the competing alternatives must meet.

The objective paragraph of the analysis should state the objective of the **program or project**.

The objective should not be so narrow as to eliminate any reasonable alternatives. The formulation of the objective should not lead to a bias toward any particular alternative.<sup>1</sup>

## **Key Facts and Assumptions:**

Clearly state all key facts and assumptions. Key Facts are constraints and other factors known to be true, while Assumptions are what we believe, but do NOT know, or can't quantify.

Facts and factors bearing on the analysis should be identified. Examples are dates when certain laws or requirements will take effect or cease to be in effect, and discount or inflation rates. In general, the reason we make assumptions is to account for uncertainties.<sup>2</sup>

All assumptions must be explicitly stated. Be aware of any unstated implicit assumptions that may impact the analysis.

Ensure the assumptions are not unduly restrictive. Assumptions, when properly used, narrow the scope of an economic analysis to manageable proportions. They should not, however,

---

<sup>1</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.2.1

<sup>2</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.2.2

unduly restrict the study by eliminating possible alternatives or by narrowing the scope of analysis. Maintain awareness of this throughout the analysis and not only during the initial review of the stated assumptions.

Ensure none of the major assumptions incorrectly treat measurable (**quantitative**) uncertainties as facts.

- Uncertainty can be defined as the lack of reliable knowledge for assigning values or probabilities to factors influencing decisions. Uncertainties can be quantified or qualified. Examples of measurable uncertainties are projected workloads, personnel retention rates, equipment usage, and availability and reliability rates.
- Be alert to major assumptions, either stated or implied, that assign fixed values to variables subject to uncertainty, then treating them as facts in the analysis. An example of this is the assumption that a proposed supply or maintenance system will encounter a constant annual workload. Assess the uncertainty in workloads and other crucial variables.
- The preparer must judge when the study includes adequate sensitivity analyses in light of the time and resources allotted to the study, the magnitude of the proposed investment, and the likelihood additional analyses would significantly affect the study results.

Do not allow any of the major assumptions to treat **qualitative** uncertainties as facts.

- Major qualitative uncertainties treated as assumptions tend to dictate results. The availability of community services, military standardization policies, and advances in the state-of-the-art leading to new equipment capabilities, are examples of qualitative uncertainties. Political and policy considerations and constraints tend to be qualitative uncertainties.
- Treatment of these kinds of uncertainties is not easy. A good analysis will address the major types of uncertainty directly and try to show how different assumptions have an impact on the study result. For example, a study of alternative waste disposal systems might investigate the effects of increasingly severe environmental standards and the possible use of improved filtration processes.

Examine major assumptions to ensure they are reasonable. This is easier if the analysis documentation explains why each assumption was made. A useful technique is to try to make other plausible major assumptions. If these invalidate the study results, then the analysis is questionable.

Identify all intuitive judgments. At times, filling in data gaps with judgments is necessary but should be identified in the study. Don't treat judgments as facts. The impact of these judgments on the conclusions and recommendations should be evaluated.

## **Alternatives:**

Ensure all feasible alternatives are included.

Whenever possible, every EA should include a Status Quo alternative<sup>3</sup>. This is the “change nothing” or “as is” alternative that describes how the function or process under study currently meets the objective. Having a Status Quo alternative provides, if nothing else, a baseline alternative against which all other alternatives can be compared.

Other alternatives can include a modified Status Quo, a completely different method, or a hybrid of the two. Consider viable alternatives based on mixtures of two or more efforts combining the best features of each. For example, in a management information analysis, one alternative might be a manual system. Another might be a combination of a manual and an automated system.

Fully explain all alternatives and what is involved in each. Fully explain cost and benefit drivers. Someone unfamiliar with the project or program under study should be able to read and understand the description of the alternative.

Alternatives deemed to be infeasible should still be discussed in the Alternatives section. Infeasible alternatives do not require further analysis or discussion in the document.<sup>4</sup>

## **Cost Analysis:**

All cost estimates should reflect the entire cost of implementing each alternative, including all direct and indirect costs. Some major considerations of the cost analysis are listed here and described below:

- Identify and list cost models used.
- Ensure all costs are discounted to present value, then compared and ranked on that basis.
- Ensure all sunk costs and inherited assets are properly treated.
- Ensure you include the costs of any attributable direct support that may not normally be considered a part of your program, but would be a part of the alternative.
- Ensure you include the costs of any needed equipment replacement, as well as any initial spare or back-up equipment.
- Ensure you've included costs for all training requirements.
- Ensure you've included all construction-related costs.
- Cost data must be as accurate as possible.
- Ensure cost and other data are handled in a consistent manner in all alternatives.
- Ensure the validity of any cost estimating relationships used.
- EA cost estimates are normally done in constant dollars of the base year of the analysis.

---

<sup>3</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, Paragraph E3.3.1.1

<sup>4</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.3.2

The EA should identify and describe all cost models used so the reviewer or decision maker can determine the validity of the model used.

Make sure you discount all costs to net present value (NPV), the sum of all discounted costs, as required by DoD guidance<sup>5</sup>. The guidance also requires all alternatives be compared and ranked by NPV. The present value or discounting technique is the means for equating dollars in any year to dollars of the present. Using this technique permits greater disclosure of and consistency in, identifying the resource implications of proposed investments. Present value calculations involve a discount rate or tables based on such rates.

Ensure all sunk costs and inherited assets are properly treated.

- Inherited assets are those resources such as installations, equipment, and trained personnel inherited from efforts being phased out. The costs pertinent to planning are those yet to be incurred. Sunk costs are costs already expended. These previously incurred costs should not be included in the cost analysis section of an EA, but should be discussed in the Assumptions section.<sup>6</sup>
- If inherited assets have alternative uses, any relevant benefits and costs should be included in the analysis.

Include all directly related support costs included. Cost estimates of systems or organizations should include the proportionate cost of those other units or elements required in direct support. For example, the cost estimate of a new hospital must include the costs of the related direct and general support.

Include any applicable replacement, consumption, and maintenance costs. Cost estimates for major equipment items should include not only the operational equipment, but costs for those additional items required for initial stockage and replacement for the life of the system.

Include all applicable training costs. The costs of training personnel can be significant. Include initial training costs necessary for introduction of the alternative, as well as the costs for recurring currency training and the training of replacement personnel due to normal turnover.

Include any necessary construction costs. The costs for additional installations or facilities are sometimes overlooked, yet these costs can be significant. Costs of facility rehabilitation should also not be overlooked.

Make every effort to ensure cost data are as accurate as possible.

- Cost data furnished by manufacturers should be viewed critically. These data may be understated, particularly for new or advanced projects.

---

<sup>5</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.2.5

<sup>6</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.4.2.1.2

- In dealing with future acquisition costs, a range of possible upper and lower values is more realistic than a single point cost estimate. A point estimate implies there is no uncertainty. Use the most likely cost in the estimate but vary uncertain costs in a sensitivity analysis.

Ensure the cost aspects of all alternatives are treated equally. Inconsistency in handling the costs of competing alternatives prevents an objective evaluation and usually leads to wrong conclusions. However, using the same cost estimating technique for calculating a cost element is not always possible. The analyst should make sure the final dollar estimate accurately reflects the actual resource requirements for the alternative and that differences in estimating do not distort the results.

Ensure any cost estimating relationships used are valid.

- Cost estimating relationships may be unsophisticated cost factors, simple extrapolation of recent experience, or complex equations with many variables. In all cases, the purpose of a cost estimating relationship is to translate a specification of a physical or process resource (like software development) into a cost.
- Cost estimating relationships should be based on current data, or distorted estimates may result. For example, the purchase price per pound for engines has increased over the years due to changes in metal alloy or carbon composite technology; the maintenance cost per flying hour for aircraft has increased significantly over the past years as more sophisticated aircraft have been introduced into the force structure. In other words, taking old cost data and inflating the data to the project year does not always account for changes due to technology or efficiency.

Cost estimates in EAs are normally done in constant dollars of the base year of the analysis. An estimate is in constant dollars if costs are adjusted so they show the level of prices in relation to the base year. When the historical cost data collected represent expenditures in different years, all costs must be converted to the base year. If cost sources are stated in then-year dollars, then the analysis may be done in then-year dollars.

### **Benefit Analysis:**

Unless the program or project under study results in some form of revenue to the government, the benefits will be of a non-monetary nature. Any cost savings or avoidances resulting from any non-Status Quo alternative will be reflected in the Cost Analysis section of the EA, and should not be handled in this section. To do so would be double-counting the cost reduction/savings/avoidance in the analysis, and give the alternative undo weight<sup>7</sup>.

In almost every EA, the only benefits to evaluate will be non-monetary and non-quantifiable benefits. Follow the guidance in Chapter 7 of the EA Guide when you have non-monetary

---

<sup>7</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, paragraph E3.4.2.1

quantifiable benefits.

Assemble a team of subject matter experts (SMEs) and/or stakeholders to determine, weight, and score these benefits. While the SME opinions will necessarily be subjective, efforts should be made to support the weights and scores with facts and data whenever possible.

Make sure you fully describe each benefit and explain how each is to be measured. The study should clearly identify the standards or measures used for evaluating the benefits of the system or organization under study. The conclusions and recommendations cannot be properly evaluated, particularly when the study is based on equal cost alternatives, without prior evaluation of the measures of benefits.

The treatment of immeasurable aspects of performance in the total measurement of benefit should be treated carefully. Measures of benefit obtained by quantifying factors such as morale or leadership can be misleading. At times, the only practical solution may be a qualitative discussion of these factors.

### Sample Benefit Matrix

Benefit	Weight	Alt #1: Status Quo		Alt #2: Improved Process		Alt #3: Upgraded Equipment	
		Score	Wtd Score	Score	Wtd Score	Score	Wtd Score
Mission Readiness	10	50%	5.0	90%	9.0	100%	10.0
Safety/Security	9	30%	2.7	80%	7.2	100%	9.0
Meeting Standards	5	50%	2.5	50%	2.5	100%	5.0
Morale	4	25%	1.0	75%	3.0	100%	4.0
Total Benefits Score			11.2		21.7		28.0

### Uncertainty Analysis:

Uncertainty is having less than 100% assurance of knowing something is true (like assumptions, cost variables or benefit estimates). There are two types of uncertainty analysis: sensitivity analysis and risk analysis:

- Sensitivity analysis is an evaluation of the impact of uncertainty on the outcome of the analysis.
- Risk analysis assesses the likelihood and severity of possible threats to, and vulnerabilities of, each alternative.

A Sensitivity Analysis tests the effects of uncertainty in one or more assumptions on the cost ranking of alternatives. We test this by varying uncertain costs plus or minus a certain

percentage in applicable alternatives and comparing the resulting Net Present Values. If there is no change in the rankings, you can safely say the EA is not sensitive to the uncertain assumptions over the range of variation analyzed. Both Sensitivity and Risk Analysis can easily be done in the Financial Toolbox tab of the CREATE tool.

- Any assumption with a great deal of uncertainty should be the subject of Sensitivity Analysis. Cost elements that constitute a high percentage of total life cycle costs should also be considered for a Sensitivity Analysis.
- The EA should describe the scope of the Sensitivity Analysis and, at least briefly, state the results. The results of the Sensitivity Analysis should be in the Comparison of Alternatives & Recommendation section. Do not rely solely on printed charts. Explain the analysis performed and possible conclusions. Sensitivity analysis should be presented to the stakeholders with clear discrete units. For example “Each additional unit will add \$X, Each additional user will add \$Z, Each additional year of development will add \$A, Each additional GHZ of processing speed, or a similar reduction in cost etc.” The impact of changing the scope or extent of the project should be clear to the stakeholder.
- If the NPVs of the two lowest-cost alternatives are very close, a Sensitivity Analysis should be done<sup>8</sup> on the most uncertain cost element(s) of the alternatives, and if the analysis shows a change in the cost-ranking of alternatives, this should be pointed out in the Comparison of Alternatives & Recommendation section.

Risk Analysis. Not required in all EAs, risk analysis deals with the likelihood and severity of possible threats and vulnerabilities of each alternative. The intent of this section is to provide a method for estimating risk using a qualitative, non-statistical, approach that can provide decision-makers a summary of the risks involved with each alternative. This technique involves the following steps (see Chapter 8 of EA Guide for more details):

- Step 1: Develop List of Threats/Vulnerabilities
- Step 2: Identify probability of threat occurrence
- Step 3: Identify severity of threat occurrence
- Step 4: Determine risk rating
- Step 5: Develop and describe risk mitigation strategies

---

<sup>8</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, Attachment 1, paragraph E3.A.1.1.1.1

## **Comparison of Alternatives and Recommendation:**

This section should pull together and discuss the separate parts of the analysis, and offer a recommendation. Ensure the conclusions and recommendations are logically derived from the material in the study. At a minimum, ensure you compare the following: new investment required, NPV, weighted benefit score, and cost/benefit ratio.

Ensure all significant consequences have been considered in arriving at the conclusions and recommendations.

- Sometimes a study fails to consider all the pertinent consequences in arriving at the conclusions and recommendations of the study. These consequences are often referred to as "spillovers". For example, if a study recommended adoption of an engine requiring a new type of fuel, the supply system to include supply, storage, and transportation operations would be affected.
- Spillover effects are not always negative. For example, adopting dehydrated rations to achieve greater shelf life may also reduce construction and transportation costs because of the smaller unit volume of dehydrated food.

Consider whether the conclusions and recommendations show bias. Studies sometimes unwittingly show bias because of parochial or institutional interests. One test for bias is to judge whether the same conclusions and recommendations would be reached, based on the material in the study, by another study agency.

Examine whether conclusions and recommendations are influenced by or based on outside considerations.

- Occasionally, recommendations must be made in the face of great uncertainty. A study may find several alternatives exhibiting similar costs and benefits, resulting in indifference among the alternatives.
- In this situation, some studies arrive at conclusions and recommendations based on considerations other than those studied. In other words, if the analysis results do not lead to a clear recommendation, the analyst may recommend an alternative based on outside criteria not included in the analysis. Ensure that any factors or criteria used to select a recommendation are clearly and explicitly included in the analysis.

Consider whether the conclusions and recommendations are intuitively satisfying. If they're not, try to isolate the cause, and try to determine if some subtle considerations have been neglected because of oversimplification or other reasons.

## **Change Management Plan:**

A Change Management Plan is developed to manage the organizational change associated with implementing a new initiative, and consists of the following parts:

- Funding Plan
- Stakeholder Action Plan
- Communications Plan
- Training Plan
- Implementation Plan
- Key Performance Measures and Outcomes

See Chapter 10 of the EA Guide for information on how to construct a Change Management Plan.

**A note about documentation:** Ensure the analysis is adequately documented.<sup>9</sup> A key element of orderly analysis is sufficient documentation of method and sources. A reader not familiar with the study but with the same material, should be able to reconstruct the same results.

---

<sup>9</sup> DoDI 7041.3, 18 Oct 1972, Enclosure 3, Paragraph E3.2.7