



# September 2012

## News Update

The Newsletter of the UpCountry South Carolina Section,  
AACE International

### President's Message

Members,

AACE has been around since 1956 and continues to expand on ways to enhance the professional standing of its members and influence the industry through active participation.

I had the privilege of attending the AACE Annual Conference in San Antonio, Texas in July and I wanted to share some of my thoughts from having been there. AACE is a growing organization with more than 7,800 members from over 85 countries. The conference was filled with lots of energy and an incredible network of expertise that is bigger than a bread box...many interesting and informative presentations and opportunities for involvement in every key area of cost engineering. I have been communicating with several people on project controls forum over the past few years and had the pleasure of meeting them in person at the conference.

Over 55 years of membership engagement and participation has made it possible for AACE to amass the world's largest library of cost estimating, cost and schedule control and project management literature.

AACE has cooperative agreements with other organizations that share similar goals and objectives with AACE, the American Bar Association (ABA) Forum on the Construction Industry, the College of Performance Management (CPM), Defense Acquisition University (DAU) and the Department of Energy (DOE) to name a few. It is through this involvement that AACE helps create awareness of industry standard practices and helps build the key knowledge areas of expertise that have enabled AACE to offer world recognized certifications in cost engineering, estimating, forensic claims, earned value, and planning & scheduling for more than three decades.

Meanwhile, back at the ranch, our local section gets together each month to meet as a group and to share a topic of interest that is designed to improve our knowledge, our work quality and our impact on the local community. It's a time to network, build friendships, share knowledge and expand our horizons. This benefits our employers and the cost engineering community by increasing the proficiency of the cost engineering work force where we live, and of course, it benefits those that participate. It is a win-win that we all benefit from. Please encourage your employers and co-workers to take a look at AACE, see what it has to offer, and to get involved.

Sincerely, Eric Marcantoni

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## Section Announcements

### **Certification!!**

AACEI offers 6 certifications and is in the process of Beta testing a 7<sup>th</sup>.

1. Certified Cost Technician (CCT)
2. Certified Cost Consultant (CCC) / Certified Cost Engineer (CCE)
3. Planning and Scheduling Professional Certification (PSP)
4. Earned Value Professional Certification (EVP)
5. Certified Forensic Claims Consultant (CFCC)
6. Certified Estimating Professional (CEP)
7. **Decision & Risk Management Professional (DRMP) Certification (NEW)**

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### **AACE CERTIFICATION PROGRAM PROUDLY MOVES TO COMPUTER BASED TESTING (CBT) EFFECTIVE OCTOBER 1, 2012**

After years of discussing, planning and developing, AACE International has reached, yet again, another milestone in its quest for certification excellence: Computer Based Testing. Finally, AACE International joins hundreds of other credentialing associations in replacing traditional pencil and paper examinations with computer based testing (CBT).

Over the past decade, we have seen a huge increase of technology which influences our day to day life that coupled with the vital improvements in computer security, it is not surprising that CBT has become the standard in examination delivery for most credentialing associations. Our schools systems, colleges and universities are all incorporating CBT as a viable, if not only, method of examination delivery. Therefore, it is a strong possibility that future generations may never take a paper examination, much less, seen or used a scantron sheet. Clearly, it is critical to the success of AACE International to move from pencil and paper testing to CBT in a world teeming with technology.

During the past 12 months, the AACE International Certification Board has been diligently working to convert its six paper based examinations into CBT examinations with Kryterion, our selected computer based testing vendor. Kryterion is a full service provider of customizable assessment and certification products and services. They work with organizations to build and deliver everything from skills tests and simple online assessments to a comprehensive high-stakes worldwide certification program with unsurpassed program security, control and convenience.

Preparations for the conversion required each examination to be psychometrically evaluated, which primarily helped to uncover poorly performing questions and provide general examination validation results. The psychometric report was reviewed by subject matter experts (SMEs) who compared the report to each examination, question by question, and determined potential problems, grammatical errors and formatting issues or offered recommendation to revise or eliminate a question. After the SME's thorough review the necessary modifications were made to the exams, in order to fit the CBT mode of delivery. By March, 2012, the CBT version of AACE International exams was completed and ready for beta-testing.



# AACE Upcountry South Carolina Section

Clemson, Greenville, Spartanburg & Surrounding Areas



The significant changes to note about CBT exams compared to the paper and pencil exams are:

- The CCT exam is three hours, maximum (100 questions).
- The CCC/CCE, CEP, EVP and PSP exams are five hours, maximum (120 questions).
- The CFCC exam is five hours, maximum (100 questions/4 essays)
- The CCC/CCE exam is now closed book for the entire exam. However, formula guides were developed to assist in calculating specific questions and available onscreen, when, and if, needed. (The CEP, EVP and PSP exams have not changed – they are still closed book)
- For the CCT and CFCC exam, you are only permitted a maximum of two reference books for OPEN BOOK exams (downloaded reference books should be printed and bound in a notebook; no loose paper, iPads, Kindles, etc. will be permitted for resource materials).
- CCT candidates may use the CCT Primer – in a binder and the S&K, 5th edition (or previous editions).
- CFCC candidates may use any two books of their choosing that will be beneficial for referencing.

### WHAT THIS MEANS TO THE SECTIONS:

- Proctors will no longer be needed to administer the exams. Finding Proctors have always been the challenge for our Section leadership. Even though the Proctors will lose the CEU for Proctoring exams, there will be other avenues for Certified members to earn CEUs for recertification – yes, this one will be taken away but other ways will be added.
- Exam locations will no longer be a problem or an expense to the sections.

### REGISTRATION:

With CBT, exam candidates will have the flexibility to schedule their exam on a day and time convenient for their schedule. And with over 665 locations worldwide, exam candidates should not encounter any obstacles in finding an exam center near their home or office.

- 1) Candidates will still be required to register for an exam by completing an application via the AACE Website (as done now for registration)
- 2) Make payment with AACE International (as done now for registration)
- 3) Submitting the required eligibility documentation (and technical paper if applying for CCC/CCE) (as done now for registration).
- 4) Once the candidate has been cleared to sit for the exam, they will be given detailed instructions from AACE Headquarters Certification Staff on how to schedule for their CBT exam at a Kryterion location. No candidate will be permitted to register directly with Kryterion without permission from AACE International.
- 5) AACE Headquarters Certification Staff will issue a voucher code in the permission notice to be used when scheduling their exam with Kryterion.

### FEES:

As with all things in the technology world, it's important to recognize there will be an increase in certification fees, to offset the direct costs to deliver exams through CBT. The 2013 fees are:

|                | CCT   | CCC/CCE | CEP   | CFCC  | EVP   | PSP   |
|----------------|-------|---------|-------|-------|-------|-------|
| Member Fee     | \$200 | \$450   | \$450 | \$450 | \$450 | \$450 |
| Non-Member Fee | \$325 | \$575   | \$575 | \$575 | \$575 | \$575 |
| Resit Fee      | \$125 | \$200   | \$200 | \$200 | \$200 | \$200 |



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The increased fees are in line with other credentialing organizations within the same industry, and in many cases, significantly lower. It is also important to acknowledge this is the first registration fee increase in over a decade. Adjusted for inflation, our fee for certification is actually less in terms of constant dollars than in 2000. As the Authority for Total Cost Management, we are pleased to have maintained competitive and cost effective throughout the years.

This is a very exciting time for AACE International and a perfect time to make the decision to get certified. CBT gives you the flexibility and convenience of testing on your own time line. Nothing can stop you now.

For descriptions and requirements regarding each of the above certifications, go to the AACEI web page (<http://www.aacei.org/educ/cert> ). And for educational literature to help you with these exams, visit the AACE Online Bookstore (<http://www.aacei.org/technical/ppg.shtml> ) where you can order Professional Practice Guides, Recommended Practices and other AACEI merchandise.

In recognition for those Section members that have AACEI certifications, we will now have an Honors Roll. The following Section members hold certifications and can be considered Subject Matter Experts, available to help you if you have any questions.

### HONORS ROLL

| <i>CCE / CCC</i>   | <i>PSP</i>      | <i>CEP</i>     | <i>EVP</i>      |
|--------------------|-----------------|----------------|-----------------|
| Chris Swanson      | Donald McDonald | Robert Boyd    | Doug Findley    |
| Donald McDonald    | Robert Boyd     | Jeff Bannister | Eric Marcantoni |
| Robert Boyd        | Doug Findley    | Stan Ellzey    | Manan Vakil     |
| Doug Findley       |                 |                |                 |
| Becky Spencer      |                 |                |                 |
| Glen Joseph Colaco |                 |                |                 |
| <b>CFCC</b>        |                 |                |                 |
| Doug Findley       |                 |                |                 |

Please contact Stan Ellzey ([stanellzey@charter.net](mailto:stanellzey@charter.net)) if you have any questions or need assistance regarding any of the certifications or workshops mentioned above.

And with this new CBT program, testing can occur whenever it is convenient for you. Just visit the AACEI website and follow the links to register and schedule your date for the exam.

There are 4 locations in South Carolina and the test location in Greenville is at:

**Greenville Technical College Distance Edu TC**  
506 South Pleasantburg Drive, Building 112, Room 350  
Dental Technology Building  
Greenville, South Carolina  
United States 29607



## **AACE International's Meetings and Conferences!!**

Start planning to attend AACEI's 57<sup>th</sup> annual meeting in Washington, DC. Early registration ends June 7<sup>th</sup>. The theme of this conference is "TCM Blossoms in DC". It will be held from July 1<sup>st</sup> thru July 3<sup>rd</sup>. If you were considering making a presentation at this conference, an abstract of your technical paper is due 31 August 2012. See information at AACEI's website.

## **UpCountry South Carolina Section's Website!!**

Please visit our web site that is being maintained by Becky Spencer. It contains some job postings for those of you that are unemployed. Feel free to provide feedback to Becky or Eric Marcantoni on comments/ideas that you believe would enhance the website.

<http://upcountry-aacei.org/welcome.html>

## **Section News!!**

The section meeting in September had a great turn-out with 13 persons attending from 5 different companies. Eric Marcantoni opened up the meeting by talking about increasing membership. And as a means of minimizing the yearly dues, he encouraged members to talk to their companies about becoming an AACEI sponsor. It was noted that D&Z used to be a sponsor and they paid the dues for their employees. While Fluor is a corporate sponsor which provides a discounted rate to their employees plus some free memberships.

Eric spoke briefly about his experience at the Annual Meeting and passed around handouts pertaining to the Annual Meeting and Recommended Practices. At the Annual Meeting, Sections were recognized for their level of activity during the 2011/2012 year. Our Section was given a Bronze Award and Eric presented a plaque to Bob Boyd, former president, to recognize that achievement. This ended the business portion of the meeting.

October's meeting will be a presentation by 2 GE managers who will share the effort required to take a new design from the concept stage to production in a shortened development cycle. This presentation will provide an overview of testing at GE Power & Water, address some of the challenges GE faces in developing new test capabilities and describe methods used to mitigate risks on these large facility projects.



## **September 2012 UpCountry SC Section Meeting Recap**

The UpCountry SC Section meeting was held on September 11, 2012 at Jacobs' Office. Our guest speakers were Bob Boyd and Eric Marcantoni. Both work at Fluor and have over 30 years of experience in the Industry. The presentations were extracted from 2 of the Technical Papers presented at the Annual AACE Conference.

Bob Boyd's presentation was titled, "Pricing Projects in a Continuing Hyper Competitive Market". This paper described how construction spending over the past 10 years has impacted the pricing of projects as competition becomes fiercer for new projects. In general, here are factors that affect the Bid Price:

1. Lower cost quality control programs
2. Indirect Overhead costs
3. Profit Margin
4. Opportunity Costs – Future work potential, backlog is critical for long term success

The current condition of the US economy and the amount of money being spent on Construction can be expected to continue for at least another year or longer. Therefore competition during this lean time period will likely keep bid prices low. However, the following are long term issues that must be considered when submitting a bid:

1. Inflation and Debt
2. Overseas Competition

Factoring market conditions into the bidding process is an important step in overall project delivery since some EPC execution work processes may be cut in order to reduce price to a competitive level. Based on the history of construction spending and the application of historical bidding trends, Bob summarized bid factors as:

- **Bid Factor = 0** Economic growth and construction spending are reasonably balanced.
- **Bid Factor > 0** Indicates construction demand is in excess of supply and competition is limited. This allows companies to price their bids higher than normal.
- **Bid Factor < 0** Indicates that construction demand is below supply and competition is enhanced. This requires companies to price their bids lower than normal in order to be competitive and win new work.

In conclusion, the relationship between economic activity, construction spending and pricing is clear:

- GDP drives construction spending.
- Construction spending drives competition.
- When GDP is robust, spending increases - when GDP is weak, spending drops. And,
- When spending increases, prices rise. When spending drops, prices drop.

Eric's presentation was titled "Schedule Compression Warning Tools". This paper identified several tools, such as the Milestone Wave Chart, that can be used as early indicators of schedule compression by monitoring critical and near-critical activities.

Eric identified Schedule Compression "as increasing the amount of work to be performed within a given period of time to accomplish the same amount of work." As a result resources begin to stack up and more workers are on the project at the same time than originally planned. To prevent schedule delay the team needs to identify schedule compression early in the project cycle. This allows the project team to create alternative work-arounds and minimize the impact of schedule compression to the project.



Eric discussed three tools that can provide an indicator and status of compression. He stated most tools give you a rear looking view instead of a forward looking view. The first tool he presented was **“Milestone Wave Tracking”**. This particular tool tracks the change in milestone dates throughout the project. This tool allows visualization of overall schedule slippage. The advantages of the “Milestone Wave Tracking” are: It is easy to use, and easy to explain and understand. The main disadvantage of this tool is that it is not a direct measure of schedule compression.

The second tool Eric presented was **“Float Consumption Tracking”**. This tool illustrates the average total float of all remaining activities, compared against the original baseline schedule. The tool tracks the average total float against the percent complete of the project duration. The main advantage of the “Float Consumption Tracking” tool is it allows the user to track actual variations of the average total float value against a baseline curve by using the original baseline schedule. The major disadvantage of this tool is that it requires a stable schedule through project completion. If the project schedule has significant scope change, then the curve will need to be re-baselined. Furthermore, it also requires a lot of effort to maintain, as the schedule has to be exported to a spreadsheet to run the calculations.

The third tool Eric discussed was **“Percent of Activities Near Critical”**. The purpose of this tool is to show the percentage of activities in a project schedule that are near critical as compared to an expected range. The comparison is accomplished by establishing a normal range for % of activities that are near critical in a project schedule and then by plotting the actual percentage of activities that are near critical to complete the chart.

The main disadvantage of this tool is the difficulty in establishing an expected or normal range for the percent of activities near critical. Also it requires a lot of effort to export the data and make the calculations for each update.

*This concluded Bob’s and Eric’s presentation. Becky Spencer then presented a plaque to Bob Boyd and Eric Marcantoni thanking them for their time and interesting presentation. Bob Boyd gave all attendees a CD of all presentations given at this year’s Annual Conference.*

Bob Boyd, Becky Spencer & Eric Marcantoni





**2012/13 Meeting Schedule for AACE UpCountry SC Section**

| <i>Description</i>  | <i>Day of Week</i>       | <i>Date(s)</i> | <i>Presenter &amp; Topic</i>                                      |
|---------------------|--------------------------|----------------|---|
| UCSC Dinner Meeting | 3 <sup>rd</sup> Thursday | 21 June 2012   | Drive Baseball Game<br>Greenville Drive vs. Charleston River Dogs |
| UCSC Social Meeting | 3 <sup>rd</sup> Tuesday  | 17 July 2012   | Cancelled   |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 14 Aug 2012    | David Neale – Fluor<br>Project Set-up                             |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 11 Sep 2012    | R Boyd/E Marcantoni – Fluor<br>AACE Conference Presentations      |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 09 Oct 2012    | Bert Stuck – GE<br>The Science of Testing: Designing Facilities   |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 13 Nov 2012    | Greg Garvey - Fluor   |
| UCSC Social Meeting | TBD                      | ?? Dec 2012    | Social Gathering  |
| UCSC Dinner Meeting | 3 <sup>rd</sup> Tuesday  | 15 Jan 2013    | Marlene Hyde  |
| UCSC Social Meeting | 2 <sup>nd</sup> Tuesday  | 12 Feb 2013    | Jay Toadvine  |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 12 Mar 2013    | Jeff Bannister – Working in India                                 |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 09 Apr 2013    | TBD   |
| UCSC Dinner Meeting | 2 <sup>nd</sup> Tuesday  | 14 May 2013    | TBD   |
| UCSC Social Meeting | 2 <sup>nd</sup> Thursday | 11 Jun 2013    | TBD   |
| UCSC Dinner Meeting | TBD                      | TBD            | Tour of GE’s Facility   |
| UCSC Dinner Meeting | TBD                      | TBD            | Future Presentation on How to Prepare for the<br>CCE exam         |
| USC Dinner Meeting  | TBD                      | TBD            | Laurens Electric – O&M and Outage Planning                        |