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DECISION MAKING IN SYSTEMS ENGINEERING AND MANAGEMENT

Second Edition

Edited by
GREGORY S. PARNELL
PATRICK J. DRISCOLL
DALE L. HENDERSON

WILEY

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Systems engineers apply their knowledge, creativity, and energy to making things better. Rarely do we assume grave personal risk to do so.

We dedicate this book to our colleagues from the Department of Systems Engineering at The United States Military Academy who have sacrificed their lives to make the world a place where systems engineers are free to make things better.

Contents

Foreword to the Second Edition xvii
Foreword to the First Edition xix
Preface to the Second Edition xxi
Acknowledgments xxv
Thoughts for Instructors xxvii
Contributors xxxiii
Acronyms xli

1 Introduction 1
Gregory S. Parnell and Patrick J. Driscoll

1.1 Purpose 1
1.2 System 3
1.3 Stakeholders 3
1.4 System Life Cycle 7
1.5 Systems Thinking 10
1.6 Systems Engineering Thought Process 12
1.7 Systems Engineering 13
1.8 Engineering Management 15
1.9 Systems Decision Process 16
1.10 Overview 21
1.11 Exercises 21
References 23

PART I SYSTEMS THINKING **25**

2 Systems Thinking **27**
Patrick J. Driscoll

2.1 Introduction 27
2.2 Structure 32
2.3 Classification 33
2.4 Boundaries 35
2.5 Visibility 39
2.6 IDEF0 Models 40
2.7 Mathematical Structure 50
2.8 Spatial Arrangement 54
2.9 Evolution 58
2.10 Summary 58
2.11 Exercises 59
References 63

3 System Life Cycle **65**
Patrick J. Driscoll and Paul Kucik

3.1 Introduction 65
3.2 System Life Cycle Model 68
3.2.1 Establish System Need 70
3.2.2 Develop System Concept 70
3.2.3 Design and Develop System 70
3.2.4 Produce System 71
3.2.5 Deploy System 72
3.2.6 Operate System 72
3.2.7 Retire System 73
3.3 Other Major System Life Cycle Models 74
3.4 Risk Management in the System Life Cycle 77
3.4.1 Risk Identification 78
3.4.2 Risk Assessment 83
3.4.3 Risk Mitigation 88
3.5 Summary 89
3.6 Exercises 90
References 92

4 Systems Modeling and Analysis **95**
Paul D. West, John E. Kobza, and Simon R. Goerger

4.1 Introduction 95
4.2 Developing System Measures 96
4.3 Modeling the System Design 98
4.3.1 What Models Are 99

4.3.2 Why We Use Models 99
4.3.3 Role of Models in Solution Design 101
4.3.4 Qualities of Useful Models 102
4.4 The Modeling Process: How We Build Models 104
4.4.1 Create a Conceptual Model 105
4.4.2 Construct the Model 106
4.4.3 Exercise the Model 107
4.4.4 Revise the Model 108
4.5 The Model Toolbox: Types of Models, Their Characteristics, and Their Uses 109
4.5.1 Characteristics of Models 112
4.5.2 The Model Toolbox 114
4.6 Simulation Modeling 121
4.6.1 Analytical Solutions Versus Simulation; When It Is Appropriate to Use Simulation 122
4.6.2 Simulation Tools 123
4.7 Determining Required Sample Size 129
4.8 Summary 131
4.9 Exercises 132
References 134

5 Life Cycle Costing 137
Edward Pohl and Heather Nachtmann

5.1 Introduction to Life Cycle Costing 137
5.2 Introduction to Cost Estimating Techniques 139
5.2.1 Types of Costs 143
5.3 Cost Estimation Techniques 145
5.3.1 Estimating by Analogy Using Expert Judgment 145
5.3.2 Parametric Estimation Using Cost Estimating Relationships 146
5.3.3 Learning Curves 160
5.4 System Cost for Systems Decision Making 167
5.4.1 Time Value of Money 168
5.4.2 Inflation 168
5.4.3 Net Present Value 171
5.4.4 Breakeven Analysis and Replacement Analysis 172
5.5 Risk and Uncertainty in Cost Estimation 172
5.5.1 Monte Carlo Simulation Analysis 173
5.5.2 Sensitivity Analysis 177
5.6 Summary 178
5.7 Exercises 178
References 181

PART II SYSTEMS ENGINEERING **183**

6 Introduction to Systems Engineering **185**
Gregory S. Parnell

6.1 Introduction 185
6.2 Definition of System and Systems Thinking 185
6.3 Brief History of Systems Engineering 186
6.4 Systems Trends that Challenge Systems Engineers 186
6.5 Three Fundamental Tasks of Systems Engineers 189
6.6 Relationship of Systems Engineers to Other Engineering Disciplines 192
6.7 Education, Training, and Knowledge of Systems Engineers 192
6.7.1 Next Two Chapters 193
6.8 Exercises 193
Acknowledgment 194
References 194

7 Systems Engineering in Professional Practice **197**
Roger C. Burk

7.1 The Systems Engineer in the Engineering Organization 197
The Systems Engineering Job 199
Three Systems Engineering Perspectives 199
Organizational Placement of Systems Engineers 199
7.2 Systems Engineering Activities 200
Establish System Need 201
Develop System Concept 202
Design and Develop the System 202
Produce System 202
Deploy System 203
Operate System 203
Retire System 203
7.3 Working with the Systems Development Team 203
The SE and the Program Manager 203
The SE and the Client, the User, and the Consumer 203
The SE and the CTO or CIO 205
The SE and the Operations Researcher or System Analyst 205
The SE and the Configuration Manager 206
The SE and the Life Cycle Cost Estimator 206
The SE and the Engineering Manager 206
The SE and the Discipline Engineer 207
The SE and the Test Engineer 207
The SE and the Specialty Engineer 207
The SE and the Industrial Engineer 208

The SE and Quality Assurance 208
7.4 Building an Interdisciplinary Team 208
Team Fundamentals 208
Team Attitude 209
Team Selection 210
Team Life Cycle 210
Cross-Cultural Teams 211
7.5 Systems Engineering Responsibilities 212
Systems Engineering Management Plan (SEMP) 212
Technical Interface with Users and Consumers 213
Analysis and Management of Systems Requirements 213
System Architecting 216
Systems Engineering Tools and Formal Models 217
Interface Control Documents (ICDs) 218
Test and Evaluation Master Plan (TEMP) 218
Configuration Management (CM) 218
Specialty Engineering 218
Major Program Technical Reviews 220
System Integration and Test 221
7.6 Roles of the Systems Engineer 221
7.7 Characteristics of the Ideal Systems Engineer 222
7.8 Summary 223
7.9 Exercises 224
Acknowledgment 225
References 225

8 System Reliability 227
Edward Pohl

8.1 Introduction to System Effectiveness 227
8.2 Reliability Modeling 228
8.3 Mathematical Models in Reliability 229
8.3.1 Common Continuous Reliability Distributions 233
8.3.2 Common Discrete Distributions 242
8.4 Basic System Models 244
8.4.1 Series System 245
8.4.2 Parallel System 245
8.4.3 *K*-out-of-*N* Systems 247
8.4.4 Complex Systems 247
8.5 Component Reliability Importance Measures 249
8.5.1 Importance Measure for Series System 249
8.5.2 Importance Measure for Parallel System 250
8.6 Reliability Allocation and Improvement 250
8.7 Markov Models of Repairable Systems 253
8.7.1 Kolmogorov Differential Equations 253

8.7.2 Transient Analysis 254
8.7.3 Steady-State Analysis 256
8.7.4 CTMC Models of Repairable Systems 256
8.7.5 Modeling Multiple Machine Problems 258
8.7.6 Conclusions 263
8.8 Exercises 263
References 271

PART III SYSTEMS DECISION MAKING 273

9 Systems Decision Process Overview 275
Gregory S. Parnell and Paul D. West

9.1 Introduction 275
9.2 Value-Focused Versus Alternative-Focused Thinking 276
9.3 Decision Quality 278
9.4 Systems Decision Process 280
9.5 Role of Stakeholders 282
9.6 Role of Decision Makers 283
9.7 Environment 284
9.8 Comparison with Other Processes 285
9.9 When to Use the Systems Decision Process 286
9.9.1 Need 289
9.9.2 Resources 289
9.9.3 Decision Maker and Stakeholder Support 289
9.10 Tailoring the Systems Decision Process 289
9.11 Example Use of the Systems Decision Process 290
9.12 Illustrative Example: Systems Engineering Curriculum Management System (CMS)—Summary and Introduction 290
9.13 Exercises 293
Acknowledgment 294
References 294

10 Problem Definition 297
Timothy Trainor and Gregory S. Parnell

10.1 Introduction 297
10.1.1 The Problem Definition Phase 298
10.1.2 Comparison with Other Systems Engineering Processes 299
10.1.3 Purpose of the Problem Definition Phase 300
10.1.4 Chapter Example 300
10.2 Research and Stakeholder Analysis 300
10.2.1 Techniques for Stakeholder Analysis 302
10.2.2 Stakeholder Analysis for the Rocket System Decision Problem 313
10.2.3 At Completion 314

10.3 Functional and Requirements Analyses 314
10.3.1 Terminology 315
10.3.2 Importance of Functional Analysis 315
10.3.3 Functional Analysis Techniques 316
10.3.4 Requirements Analysis 324
10.3.5 At Completion 325
10.4 Value Modeling 326
10.4.1 Definitions Used In Value Modeling 326
10.4.2 Qualitative Value Modeling 327
10.4.3 Quantitative Value Model 331
10.4.4 At Completion of Value Modeling 340
10.5 Output of the Problem Definition Phase 340
10.5.1 Discussion 340
10.5.2 Conclusion 341
10.6 Illustrative Example: Systems Engineering Curriculum Management System (CMS)—Problem Definition 341
10.7 Exercises 350
References 350

11 Solution Design 353
Paul D. West

11.1 Introduction to Solution Design 353
11.2 Survey of Idea Generation Techniques 355
11.2.1 Brainstorming 355
11.2.2 Brainwriting 358
11.2.3 Affinity Diagramming 358
11.2.4 Delphi 358
11.2.5 Groupware 361
11.2.6 Lateral and Parallel Thinking and Six Thinking Hats 361
11.2.7 Morphology 361
11.2.8 Ends–Means Chains 363
11.2.9 Existing or New Options 363
11.2.10 Other Ideation Techniques 363
11.3 Turning Ideas into Alternatives 365
11.3.1 Alternative Generation Approaches 365
11.3.2 Feasibility Screening 366
11.4 Analyzing Candidate Solution Costs 368
11.5 Improving Candidate Solutions 369
11.5.1 Modeling Alternatives 369
11.5.2 Simulating Alternatives 369
11.5.3 Design of Experiments 370
11.5.4 Fractional Factorial Design 376
11.5.5 Pareto Analysis 386
11.6 Summary 388

11.7 Illustrative Example: Systems Engineering Curriculum Management System (CMS)—Solution Design 388
11.8 Exercises 390
References 391

12 Decision Making 395
Michael J. Kwinn, Jr., Gregory S. Parnell, and Robert A. Dees

12.1 Introduction 395
12.2 Preparing to Score Candidate Solutions 396
12.2.1 Revised Problem Statement 396
12.2.2 Value Model 397
12.2.3 Candidate Solutions 397
12.2.4 Life Cycle Cost Model 397
12.2.5 Modeling and Simulation Results 397
12.2.6 Confirm Value Measure Ranges and Weights 397
12.3 Five Scoring Methods 398
12.3.1 Operations 398
12.3.2 Testing 398
12.3.3 Modeling 399
12.3.4 Simulation 399
12.3.5 Expert Opinion 399
12.3.6 Revisit Value Measures and Weights 400
12.4 Score Candidate Solutions or Candidate Components 400
12.4.1 Software for Decision Analysis 401
12.4.2 Candidate Solution Scoring and Value Calculation 402
12.4.3 Candidate Components Scoring and System Optimization 404
12.5 Conduct Sensitivity Analysis 409
12.5.1 Analyzing Sensitivity on Weights 410
12.5.2 Sensitivity Analysis on Weights Using Excel 411
12.6 Analyses of Uncertainty and Risk 412
12.6.1 Risk Analysis—Conduct Monte Carlo Simulation on Measure Scores 413
12.7 Use Value-Focused Thinking to Improve Solutions 417
12.7.1 Decision Analysis of Dependent Risks 419
12.8 Conduct Cost Analysis 423
12.9 Conduct Cost/Benefit Analysis 423
12.10 Decision-Focused Transformation (DFT) 424
12.10.1 Transformation Equations 425
12.10.2 Visual Demonstration of Decision-Focused Transformation 427
12.10.3 Cost/Benefit Analysis and Removal of Candidate Solutions 427
12.11 Prepare Recommendation Report and Presentation 432

12.11.1 Develop Report 433
12.11.2 Develop Presentation 434
12.12 Prepare for Solution Implementation 439
12.13 Illustrative Example: Systems Engineering Curriculum Management System (CMS)—Decision Making 439
12.13 Exercises 443
References 446

13 Solution Implementation 447
Kenneth W. McDonald and Daniel J. McCarthy

13.1 Introduction 447
13.2 Solution Implementation Phase 449
13.3 The Initiating Process 452
13.4 Planning 453
13.5 Executing 457
13.6 Monitoring and Controlling 458
13.7 Closing 461
13.8 Implementation During Life Cycle Stages 462
13.8.1 Implementation in "Produce the System" 462
13.8.2 Implementation in "Deploy the System" 464
13.8.3 Implementation in "Operate the System" 466
13.9 Exercises 474
References 475

14 Summary 477
Gregory S. Parnell

14.1 Systems Thinking—Key to Systems Decision Making 478
14.1.1 Systems Thinking Reveals Dynamic Behavior 478
14.1.2 The System Life Cycle Must Be Considered 478
14.1.3 Modeling and Simulation—Important Tools 479
14.1.4 The System Life Cycle Is a Key Risk Management Tool 479
14.1.5 Life Cycle Costing Is an Important Tool for Systems Engineering 479
14.2 Systems Engineers Play a Critical Role in the System Life Cycle 480
14.2.1 Systems Engineers Lead Interdisciplinary Teams to Obtain System Solutions that Create Value for Decision Makers and Stakeholders 480
14.2.2 Systems Engineers Convert Stakeholder Needs to System Functions and Requirements 480
14.2.3 Systems Engineers Define Value and Manage System Effectiveness 480

14.2.4 Systems Engineers Have Key Roles Throughout the System Life Cycle 481
14.3 A Systems Decision Process Is Required for Complex Systems Decisions 481
14.3.1 Problem Definition Is the Key to Systems Decisions 481
14.3.2 If We Want Better Decisions, We Need Better System Solution Designs 482
14.3.3 We Need to Identify the Best Value for the Resources 482
14.3.4 Solution Implementation Requires Planning, Executing, and Monitoring and Controlling 482
14.4 Systems Engineering Will Become More Challenging 483

Appendix A SDP Trade Space Concepts 485

Index 491

Foreword to the Second Edition

The first edition of this book was developed by the faculty of the Department of Systems Engineering at the United States Military Academy and two colleagues at the University of Arkansas. We used the book in draft and final form for four years as a text for undergraduate courses and professional continuing education courses for systems engineers and engineering managers, and the book has been used as a text for undergraduate and graduate courses at other universities. In addition, we used the foundational material on systems thinking, systems engineering, and systems decision making on very diverse and important research and consulting projects by our students and faculty. The development and use of this text resulted in restructuring part of our curriculum and has significantly improved our academic programs and the research of our faculty and our students.

However, we have continued to develop new material and refine the techniques that we use to present the material. The second edition keeps the problem-solving focus on systems thinking, systems engineering, and systems decision making but incorporates our learning based on teaching students and helping senior leaders solve significant challenges in many important problem domains.

The major changes include an increased focus on risk analysis as a key tool for systems thinking and decision making; explicit inclusion of cost analysis in our solution design phase; additional techniques for the analysis of uncertainty and risk in the decision making phase; and a revised solution implementation chapter more aligned with project management literature.

With the new material, this second edition can be used as an undergraduate or a graduate text in systems engineering, industrial engineering, engineering management, and systems management programs. In addition, the book is an excellent resource for engineers and managers whose professional education is not in systems engineering or engineering management.

We hope that the material in this book will improve your problem solving skills by expanding your system thinking ability, increasing your understanding of the roles of systems engineers, and improving the systems decision making processes required to solve the complex challenges in your organization.

BRIGADIER GENERAL TIM TRAINOR, PH.D.
Dean of the Academic Board

United States Military Academy
West Point, New York
September 2010

Foreword to the First Edition

The Department of Systems Engineering is the youngest academic department at the United States Military Academy. Established in 1989, the department has developed into an entrepreneurial, forward-looking organization characterized by its unique blend of talented military and civilian faculty. This book is our effort to leverage that talent and experience to produce a useful undergraduate textbook focusing on the practical application of systems engineering techniques to solving complex problems. Collectively, the authors bring nearly two centuries of experience in both teaching and practicing systems engineering and engineering management. Their work on behalf of clients at the highest levels of government, military service, and industry spans two generations and a remarkably broad range of important, challenging, and complex problems. They have led thousands of systems engineering, engineering management, information engineering, and systems management students through a demanding curriculum focused on problem solving.

Teaching systems engineering at the undergraduate level presents a unique set of challenges to both faculty and students. During the seven years I served as the department head, we searched for a comprehensive source on systems engineering for undergraduates to no avail. What we found was either too narrowly focused on specific areas of the systems engineering process or more intended for practitioners or students in masters or doctoral programs.

While conceived to fill the need for an undergraduate textbook supporting the faculty and cadets of the United States Military Academy, it is designed to be used by faculty in any discipline at the undergraduate level and as a supplement to graduate level studies for students who do not have a formal education or practical experience in systems engineering.

The book is organized around the principles we teach and apply in our research efforts. It goes beyond exposing a problem-solving procedure, offering students the opportunity to grow into true systems thinkers who can apply their knowledge across the full spectrum of challenges facing our nation.

BRIGADIER GENERAL (Ret.) MICHAEL MCGINNIS, PH.D.

Formerly
Professor and Head,
Department of Systems Engineering, 1999–2006
United States Military Academy

Executive Director
Peter Kiewit Institute
University of Nebraska

Preface to the Second Edition

WHAT IS THE PURPOSE OF THE BOOK?

The purpose of this book is to contribute to the education of systems engineers by providing them with the concepts and tools to successfully deal with systems engineering challenges of the twenty-first century. The book seeks to communicate to the reader a philosophical foundation through a systems thinking world view, a knowledge of the role of systems engineers, and a systems decision process (SDP) using techniques that have proven successful over the past 20 years in helping to solve tough problems presenting significant challenges to decision makers. This SDP applies to major systems decisions at any stage of their system life cycle. The second edition makes several important refinements to the SDP based on our teaching and practice since the first edition was published in 2008. A sound understanding of this approach provides a foundation for future courses in systems engineering, engineering management, industrial engineering, systems management, and operations research.

WHAT IS THIS BOOK?

This book provides a multidisciplinary framework for problem solving that uses accepted principles and practices of systems engineering and decision analysis. It has been constructed in a way that aligns with a structure moving from the broad to the specific, using illustrative examples that integrate the framework and demonstrate the principles and processes for systems engineering. The book is

not a detailed engineering design book nor a guide to system architecting. It is a complement to engineering design and system architecting. It introduces tools and techniques sufficient for a complete treatment of systems decision making with references for future learning. The text blends the mathematics of multiple objective decision analysis with select elements of stakeholder theory, multi-attribute value theory, risk analysis, and life cycle cost analysis as a foundation for trade studies and the analysis of design solutions.

WHO IS THIS BOOK FOR?

The first edition of this book was intended primarily to be a textbook for an undergraduate course that provides an introduction to systems engineering or systems management. Based on the recommendations and requests from a host of academic and professional practitioners, this second edition extends much of the existing material and adds new material to enable the book to be comfortably adopted as a graduate text or a text in support of professional continuing education while remaining a valuable resource for systems engineering professionals. The book retains all of the features that readers identified as useful for any individual who is leading or participating in a large, complex systems engineering or engineering management process. Not surprisingly, readers of the first edition have highlighted the usefulness of the approach we present to other disciplines as well, such as human factors engineering, law, history, behavioral sciences, and management, in which the object of focus can be conceptualized as a system.

WHY DID WE WRITE THIS BOOK?

We authored the first edition of this book to fill a critical gap in available resources that we (and others) needed to support systems engineering projects that our faculty, and hence our students as future systems engineers, were being asked to engage with concerning high-visibility, high-impact systems in both government and corporate settings. Moreover, it was nearly always the case in these projects that key stakeholders vested in the potential solutions demanded-large amounts of decision support throughout the engagement horizon. Thus, systems engineering with a systems decision-making emphasis had evolved to be our primary professional practice with clients and yet the field was lacking a single source that students and practitioners could turn to for guidance.

Specifically, there were three immediate needs driving us to the task. First, we needed a textbook for our lead-in systems engineering courses offered by the Department of Systems Engineering at the United States Military Academy at West Point. Second, we needed to more fully describe the problem solving process that we developed and successfully applied since the Systems Engineering Department was formed in 1989. The process introduced in this book, called the systems decision process (SDP), is the refined version of this process we currently use. Lastly,

we wanted to document the problem solving lessons we have learned by hard knocks, happenstance, and good fortune as leaders, military officers, engineering managers, systems engineers, teachers, and researchers.

We teach two foundational systems engineering undergraduate courses at West Point that serve a broad clientele. SE301, Foundations of Engineering Design and System Management, is the first course we offer to our approximately 100 academic majors each year. These majors include systems engineering, engineering management, and systems management. The first two of these are programs accredited by ABET Inc.

This is the course where our faculty make "first contact" with each new class of talented students. Based on a host of discussions with students, faculty, and external stakeholders to our curriculum, we concluded that this needed to be the flagship course of the department, taught by our most experienced faculty; to communicate a fundamentally different thought process than that emphasized by other engineering fields; and to change the way our students thought about problem solving and their role in the process. Moreover, the course needed to set the professional standards required to put our students in front of real-world clients with real-world systems decision problems at the start of their senior year, to support the requirement of their year-long senior capstone experience.

The other course, SE300, Introduction to Systems Engineering, is the first course in a three-course Systems Engineering sequence taken by 300–400 nonengineering majors each year. Rather than simply providing an introduction to a field that was not their academic major, we structure this course to deliver value to the students both in their chosen majors and as future decision makers in their role as military officers. These design considerations became part of our plan for the first edition of the textbook, and we retained these for the second edition as well.

HOW DID WE WRITE THE BOOK?

We wrote the book in the manner that we advocate good systems engineering be applied in practice. The editors led a team effort that leveraged the expertise of each of the authors, several of whom were personally responsible for the structure of the downstream courses for each of our academic majors. In this manner, each author could craft critical material in direct support of later courses so that the book retained value as a reference beyond the initial program course.

A host of regularly scheduled collaboration and communication sessions were used to develop and refine the terminology, content, and voice used throughout the book. The concept maps in each chapter serve two purposes. First, they define the key concepts of the chapter. Second, they help us identify a common lexicon for the book. Since the book includes a systems decision process, we tried to incorporate several illustrative examples as an integrating tool that would carry the reader through the various systems decision process chapters. Our faculty and students read and evaluated each of the chapters for clarity, consistency, and ease of use.

As with most iterative processes, we learned a great deal about our own programs in the process. The writing of this book became a wonderful means of cross-leveling

knowledge and understanding among the faculty as to the emphasis and content that was being taught across our curriculum. This book and the approach contained within have significantly contributed to our curriculum assessment process, enabling us to more clearly articulate program and course outcomes and objectives in a manner that communicates value return while aligning with accepted professional standards. Valuable feedback from faculty and students using the initial three preliminary printings and the first edition has been incorporated into this edition.

HOW IS THIS BOOK ORGANIZED?

The book is organized in three parts. Part I provides an introduction to systems thinking, system life cycles, risk management, systems modeling and analysis, and life cycle costing. Part II provides an introduction to systems engineering, the practice of systems engineering, and systems effectiveness. Part III introduces the systems decision process (SDP) and describes the four phases of our systems decision process: problem definition, solution design, decision making, and solution implementation, in addition to the primary environmental factors that house important stakeholders and their vested interests. The systems decision process can be used in all stages of a system life cycle. The final chapter provides a summary of the book.

GREGORY S. PARNELL and PATRICK J. DRISCOLL

West Point, New York
July 2010

Acknowledgments

We would like to acknowledge several individuals for their contributions and support for this second edition. Our design editor, Dale Henderson, again did a superb job on many design details that add quality to this work. The department leadership under COL Robert Kewley continues to provide great support and encouragement for the project. Thanks also go to many of the U.S. Military Academy Department of Systems Engineering faculty contributed to what was to become the Systems Decision Process (SDP).

The editors would like to thank the chapter authors for their hard work and flexibility as we defined and refined many of the concepts included in the book. Crafting a text such as this is a challenging undertaking. Having a tight production schedule adds to this challenge in a significant way. Their continuing level of patience, professionalism, and commitment to the project is acknowledged with our heartfelt gratitude.

A great example of this flexibility was how the Rocket Problem, developed for the first edition by Dr. Paul West, was quickly accepted and used as the example to present the concepts in Chapters 10–13. It continues to prove its usefulness for many of the extended concepts and new material of this second edition. We would also like to acknowledge COL Kewley's development of the Curriculum Management System example, along with the real system that has been implemented at our institution as a result. We also thank COL Donna Korycinski for a very careful read of the initial manuscript and many helpful suggestions for clarification.

We continue to extend thanks to the many, many cadets who have taken courses in the Department of Systems Engineering. We honor their commitment to service with our best efforts to inspire and lead them. Their enthusiasm and high standards make us all better teachers and better leaders. Finally, the entire project team would like to thank their families for their selfless support and encouragement during this demanding book project.

G. S. P.
P. J. D.

Thoughts for Instructors

COURSE DESIGN USING THE BOOK

This book has been designed as a systems engineering and management textbook and as a reference book for systems engineers and managers. There are lots of ways to use this material for undergraduate and graduate courses. Chapter 1 is always a good place to start! Part I (Chapters 2 through 5) present systems thinking. Most courses would probably want to start with at least Chapters 2 and 3 to set a good foundation in systems thinking and the system life cycle. Chapters 4 and 5 can be introduced next or during presentation of the systems decision process in Part III. Part III is designed to be presented sequentially but is based on knowledge provided in Chapter 1 through Chapter 5. Chapters 6 and 7 introduce systems engineering and describe systems engineering practice. They can be presented before or after Part III. The most advanced mathematics of the book is in Chapter 8, and Chapter 11, Section 11.4. These can be omitted in an introductory course since they may be covered in other courses in your student's academic program. Instructors will want to supplement the course with additional material.

AN EXAMPLE UNDERGRADUATE COURSE DESIGN

We use the text for our undergraduate systems engineering and management fundamentals course, our introduction to systems engineering course for nonengineering majors, and our year long capstone design course for academic majors. The fundamentals course is taken by our systems engineering, engineering management, and systems management majors, whereas the introductory course is the first of a three course systems engineering sequence taken annually by about

350–400 students. The capstone design course is the final, integrative experience for our students. We have found it useful to have the students learn the systems decision process from three perspectives: a personal systems decision with known or relatively easy to determine alternatives (e.g., buying a car); a complex systems integration problem involving multiple decision makers and stakeholders (e.g., adding new components to perform new missions with an existing unmanned aircraft system); and a complex systems design involving multiple stakeholders with challenging implementation issues (e.g., the IT illustrative example presented at the end of each chapter in Part III of the text).

Figure 0.1 provides the flow of the course material using this approach. We begin with Chapters 1 through 3 to provide an introduction to the course material

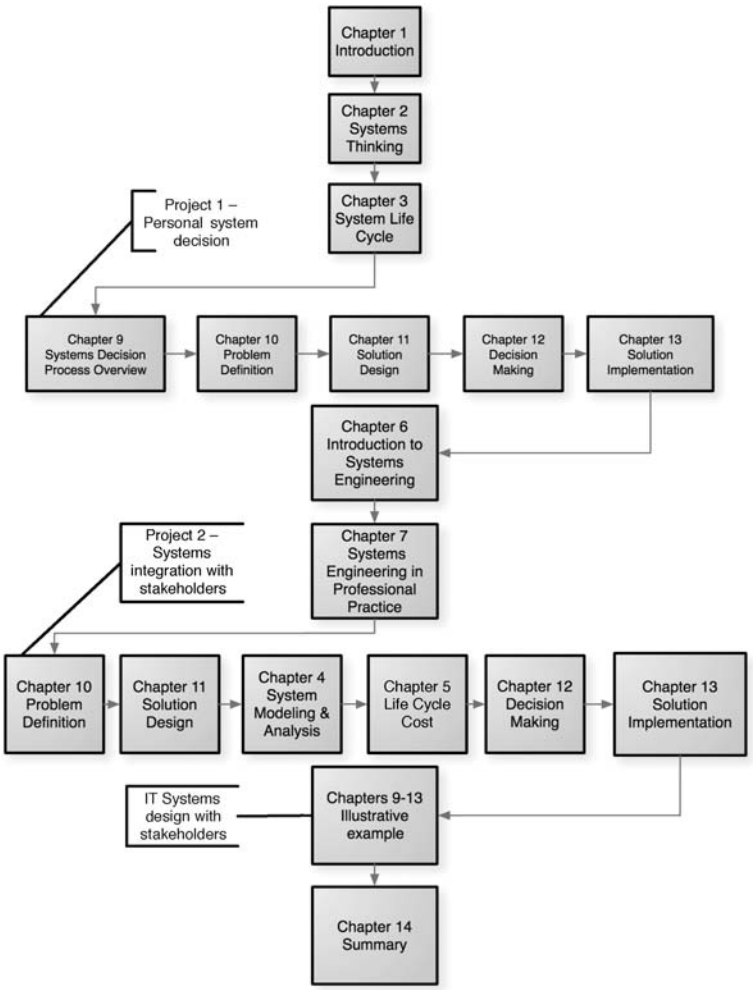

Figure 0.1 Course design with two projects and one illustrative example.