

Wiley Series in Systems Engineering and Management  
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# DECISION MAKING IN SYSTEMS ENGINEERING AND MANAGEMENT

Second Edition

Edited by  
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DALE L. HENDERSON

 WILEY

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**Second Edition**

Edited by

**GREGORY S. PARNELL  
PATRICK J. DRISCOLL  
DALE L. HENDERSON**



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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.*

# ***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 and a good understanding of systems thinking and the system life cycle. Next, we introduce Project 1, a system decision problem that the students may encounter in which, as the assumed primary decision maker, they can easily determine their values, solution alternatives, measure scores, and basic life cycle costs. Example problems might be buying a car or selecting a graduate program of study. The students read Chapter 9 and the introductory parts of the four chapters describing the four phases in the systems decision process (Chapters 10-13). They then apply these concepts to their system decision problem. The effort culminates with a presentation and a paper that demonstrate the degree to which each student understands the multiple objective decision analysis (MODA) mathematics used to evaluate the value of the alternatives. Following this, we present the fundamentals and the practice of systems engineering using

Chapters 6 and 7. This is also a good time to give the first exam.

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