

NDIA PMSC Government and Industry Session

04 February 2010

Agenda:

Dan Butler called the meeting to order and then Joe Kusick Introduced the guest speaker

Keynote Speaker – Daniel Smith, President Raytheon IDS:

Dan is the Business President of Raytheon Integrated Defense Systems Systems (\$5.6B)

Key focus of his presentation was on understanding what we are in business for, to support our war fighter. Dan provided an overview of the Raytheon Company, from the chief executive, Bill Swanson down to the individual Business Units. Dan spoke to the contributions that Raytheon IDS has made to the overall Raytheon Business and how proud he is of his people.

Dan talked to the importance of program management discipline, the use of the whole suite of tools available to the program manager to execute his/her program. Dan touched on the key metrics that are used at the business level. Proper contracting, using the proper contract type for the technical maturity level of a contract was key. Dan stated clearly the use of FFP contracting for a program or contract that was not technically mature does not serve either government or industry in its purpose to provide product to the war fighter.

Challenges were made to the government and industry attendees to this conference to think innovatively, “think out of the box”, to improve the way we develop, procure, and provide the products to our war fighters that keep this country safe.

- EVMS
- Trend Charts
- IPDS (Internal process which follows a contract from proposal through completion)
- CMMI
- Best Practices (Program Start-up, Program Start Up teams, Closed loop corrective action planning)
- Six Sigma
- Personal commitment and involvement to getting our products to the war fighter

In closing Dan thanked the audience and then took questions.

PARCA Presentation:

Gary Bliss, the appointed head of the Performance Assessment and Root Cause Analysis Department gave his presentation titled: "The immediate future of EVMS within DoD and its Industrial Base"

He stated there are three EVMS Issue Categories

- Institutional- WASRA, PARCA and their implications for EVMS

- Technical- AV SOA and the emerging AT&L Decision Structure

- Policy and EV's changing role- AT&L preferred model of decision making is changing; EVMS compliance will be a program evaluation factor

WASRA (Weapon Systems Acquisition Reform Act) - Created four departments

- Cost Assessment and Program Evaluation

- Developmental Test and Evaluation

- Systems Engineering

- Performance Assessment and Root Cause Analysis

PARCA is being stood up and resources are coming on line within the next three months

- Three functions of PARCA

 - Performance Assessment

 - Root Cause Analysis

 - EVMS

PARCA will own EVMS policy and "will be the police in the highway median with the radar gun"

PARCA will have an EVMS CZARINA

- Bring Coherence to EVMS Policy

- Collection Validation and dissemination of EVMS data to the government decision makers from the central repository

- PARCA will not be responsible for field level implementation and monitoring (DCMA)

- As well as human capital initiatives (A&T)

PARCA will work specific policy changes to achieve the end state of more accurate and timely management information:

- DAES reforms

- EVMS reforms/compliance

- BI tools and SOA data

In summary, PARCA will be the single point of contact for EV Policy, PARCA will aggressively move to improve reporting and compliance, and PARCA will approve EV contract CDRL Plans. Changes are coming quickly to EV and Acquisition, data in general and EV in particular will become more transparently visible throughout the DoD enterprise. PM's/PEO's view of reporting will evolve from presenting and synthesizing data to communicating a compelling vision of what the data mean.

DPAP Items, OSD (AT&L) EVMS Status and Issues:

Mr. Michael Pelkey presented the DPAP presentation of EVM Status and Issues and the proposed DFARS rule business systems. Of key concern to industry is the proposed DFARS rule on business systems.

EVMS Status:

27 Aug 09 Dick Ginman, Dep. Dir for DPAP designated DoD Ombudsman for EVM Issues

2 Nov 09 DoD EVM report transmitted to Congress

4 Jan 10 Gary Bliss Appointed director PARCA

Proposed DFARS rule for Business Systems and Administrations (DFARS Case 2009-D038)

Applies to any contract, of any type, with a requirement to maintain an approved system for Subcontracts, Government Property, Cost Estimating, EVM, MMAS, or Accounting system.

DFARS rule driven by the Commission on Wartime Contracting hearing in Aug of 09.

This Commission found that contractual mechanisms to enforce compliance with the FAR and DFARS through payment withholding are inconsistent and in some cases completely lacking for key business systems.

15 Jan 2010 proposed DFARS rule published for public comment.

Adopts the six business systems defined in the FAR/DFARS

Makes changes to EVMS clause new or revised clauses for other business systems

New Business Systems clause provides for payment withholding of 10% or 5% for deficiencies in each of the 6 business systems

Requires ACO notification of system deficiency

Requires contractor response within 30 days of notification

If ACO determines that the EVMS contains a deficiency the ACO will withhold payments IAW the business systems clause.

Cumulative withholding across all Business Systems shall not exceed 50% of payments due, except where deficiencies are highly likely to lead to improper contract payments being made or represent an unacceptable risk of loss to the government.

There was significant discussion by industry and government on this topic. Government expects industry input. Industry feels strongly that withholds at this rate and severity will damage significantly the industrial base. Remedies already exist in contractual language by contract to achieve the desired state; however, they are not widely understood. Significant concerns abound as to who will be doing the assessment, consistency of applications, and damage to the industrial base.

DCMA Presentation

Earned Value Management Center Update Provided by Mr. Gordon Kranz, Director of Engineering and Analysis Directorate, DCMA

The current organization chart through tier two was presented by Mr. Kranz. His directorate has the EVM Center reporting to him. Their role as currently defined is Policy, Training and Tools to support EV and the government work force center execution. Their Mission is EV compliance and Surveillance.

The topics covered include the centers authority and guidance, Vision and Mission, Guiding Principles, Organization, Agency EVM Policies and Products, Partnering Opportunities with Industry, State of EVMS, and Draft Review Schedule. And a question and answer session.

Authority and Guidance is driven primarily for the DFARS subpart 242.301(41) that assigns the CAO function for EVMS to the DCMA and is reaffirmed in a May 2007 memo for OSD(AT&L) Kenneth Krieg memorandum that reaffirms the DCMA as the Executive Agent for Earned Value Management Systems.

The Vision of the DCMA in short is to influence the implementation of industry-wide compliant EVMS so that reliable and accurate data can be acted upon to execute a program

Mission of the DCMA in summary is to advocate the department's implantation of EVM by developing and deploying meaningful policies, processes, training and toolsets that assist with objective assessment of supplier EVMS plans and verification of continuing compliance with EVMS requirements.

Guiding Principles of DCMA

- Timely execution of the Mission
- Keep a customer focus
- Treat others as valued colleagues
- Be humble and mindful in actions and words
- Be at the forefront of DoD EVM enculturation

Objectives

- Execute the roles and responsibilities of DoD Executive Agent
- Develop, control, and implement the DoD Earned Value Management Implementation Guide and Central Guidance for DoD personnel

Interpret DoD EVMS Criteria

Maintain EVMS Knowledge

Publish and comprehensive annual report on the state of supplier EVMS implementation activities for the Department and Congress

(There are many other objectives, check the presentation material)

The EVM center org chart was presented. This is in the handout. Focus is on Compliance, Surveillance, Analysis, and Training.

Agencies EVM Policies:

- Compliance Review Instructions
- Standard Surveillance Instructions
- Trip Wire Operating Instruction
- EVMS Specialist Certification Program

Product Listing of the DCMA

- EVMS Policy Documents (EVMIG and Operational Instructions)
- EVMS Manuals, Courseware and Training
- DoD EVMS Compliance Review Schedule
- Supplier EVMS Compliance Review Determination Reports
- EVMS Surveillance Plans and Reports (SSI SSP/SSR)

Standard EVM contract language and contract requirements examples

Cost/Schedule Performance Measurement Data Analysis (EVM CPR)

- Trip Wire Analysis and Charts

Independent Budget/Estimates of Costs at Completion (EVM IEAC)

Network/Critical Path Analysis

Schedule Risk Assessments

Topical Whitepapers

Of Key interest to Industry is what was presented by Mr. Kranz on Partnering opportunities:

- System Surveillance Instruction
- EVMIG Revision

- Self Assessment Revision
- EVM Interpretive Instruction
- IMS Analysis Guide
- Compliance Review Instruction

State of EVMS:

Not Good. Of the "big four" compliance reviews

3 of 5 guideline were 50% Non Compliant

Highest NC: Management Reporting and Analysis

Lowest NC: Accounting Considerations

Patterns reflect systemic, OSD/cross-services/cross-industry issues

EVMS Scorecard- Some Progress however still systemic deficiencies

EVMS Implementation concerns:

Industry

Erosion of avenues of communication and problem resolution

Conflicting Contractual Requirements

Proliferation of independent approaches to implementation

Duplicative EVM System reviews (Department Policy Needed)

Declining Experience

Reciprocity

Department concerns

Maturity of industry infrastructure to support ownership of EVMS

Lack of institutionalizing EVM as an integral Management Tool

Varying levels of confidence in reported performance and financial data

Internal oversight lacks sufficient rigor

Consistency of message (Duplicative efforts within the department)

A draft review schedule was presented however industry has requested the companies be identified

DCMA feels the EV is not the problem, understanding EV is not the problem, Not using EV to manage is the problem.

Plan-execute- measure-fix

Program Planning and Scheduling Subcommittee (PPSS) Initiative

This presentation was co presented by Industry and Government. Ms. Rebecca Davies of the Air Force, and Ms. Lil Vayhinger of Raytheon Missile Systems Business spoke to the charter, goals and objectives and the current initiatives under way with Program Planning and Scheduling Subcommittee of the NDIA Industrial Committee on Program Management.

The PPSS was established in response to a need recognized by the NDIA ICPM that program planning and scheduling processes need to be consistently defined, standardized and improved across/between Industry and Government.

The initial focus of the PPSS will be to develop products that improve the consistency, predictability and usefulness of program schedules.

Membership in the NDIA ICPM PPSS is by invitation. Industry participation will consist of a subset of represented ICPM corporate member executives. The NDIA PMSC Schedule working group is also represented. DoD participation will consist of a subset of the ICPM designated senior acquisition leaders.

The PPSS is broken out into a management team and a technical group consisting of representatives from both government and industry.

The products of the PPSS are targeted for completion and implementation within the next two years. The PPSS meets six times annually.

The key products being developed are:

- Joint Industry and DoD schedule management implementation guide to standardize key Elements of schedule planning, construction, and use
- Joint training curriculum for all levels of industry and DoD management
- Sponsor an Industry Day for DoD consultants and software tool vendors
- Develop a joint cultural change management plan to be implemented across Industry and DoD

The PPSS has developed the “Generally Accepted Scheduling Principles” and these statements form the foundation for the guidance that is being developed.

To date there has been excellent collaboration between industry and government

- PPSS meetings have been collegial and productive
- GASP was developed collectively in a short time frame
- Team members are enthusiastic and committed to the cause.

Air Force Presentation Fred Meyer

Fred Meyer provided a thoughtful and insightful presentation on the “Program Management and Acquisition Excellence Initiatives” that the Air Force was undertaking.

Two areas were covered in today’s presentation:

- A Quick Look Assessment using Generally Accepted Scheduling Principles
- Integrated Baseline Review Process Developments

GASP

- Provides the framework to measure the validity and the effectiveness of a schedule
- Integrated into the current suite of schedule analysis tool sets
- Assists in determining the probability of execution of a program
- Integrates well with the DCMA 14 point schedule assessment

Integrated Baseline Review

Current Initiative undertaken by the Air Force is really a “how to”, not a “what is”.
Much more detailed, standardized templates focusing on ensuring all functional experts, engineering , mfg, cost, logistics, contracts and EVMS understand and buy into the plan
Initiative seeks to ensure that the data called for is clearly defined and consistent
Process and tools include a contractor self assessment
Risk is understood
Comparative quantification of cost, schedule, technical, resources and all management risks

Air Force is seeking input and industry expertise to improve the process

NAVY PRESENTATION

There was no Navy presentation due to early departure of Navy attendees due to later flight cancellations and a snow storm. Notes that were passed to the Vice Chair stated that the Navy was holding all DASNs responsible for the use and understanding of the EVMS metrics. Also program reviews were being adjusted to focus on the use of the EVMS data to manage as well as the PM's and PEO's are being required to brief their own EVMS data.

Air Force Update

Bob Loop presented the Air Force Update. Key topics and initiatives included:

- AF EVM roles and responsibilities
- Air Force Use of EVMS Data
- AF EVM Challenges to Industry

AF EVM Roles and Responsibilities and Air Force Use of EVMS Data

Org Chart presented. EVM Focal point role falls under Mr. Blaise Durante. SAF/ACX Acquisition Integration
Key roles and responsibilities include EVM, MAIS/MDAP, Acquisition Program Baseline, and Policy/Breach
Nunn-McCurdy (N-M)/Unit Cost Report

Reviews and other items presented in the Bob Loop's presentation.

- DAES, PEO Portfolio, etc
- Databases include, SMART, DAMIR, EVM-CR etc

As you can see there is a lot of opportunity for consolidation of data bases.

AF EVM Revitalization 2010

Restart the Air Force IPT

- Issue desired qualifications of center EVM Focal Points
- ID EVM Focal Points for every Product, Logistic, or Test Center
- Conduct IPT

Initiatives to address through the IPT

- Revise Air Force EVM Policy
- Institutionalize and standardize use of DCMA Trip Wires on every MDAP program
- Improve Data Quality
- Evaluate Training
- Evaluate Career Path
- Improve EVM analysis and CDRL reviews

AF Challenges to Industry

- EACs not routinely updated
- Reconciliation of data needs to be performed
- Anomalies in data

Note your data is used through the service at all levels of leadership

NASA Presentation

NASA presentation was provided by Mr. Ken Poole. Key topics discussed included:

- Policy and Requirements update
- NASA EVMS Capability Development Status
- EVM Guideline GAP status
- Review Status

Currently updating NASA's Program/Project Management Requirements for Flight Projects, NPR 7120.5 version E est. comp date 3rd Qtr 2010

- Incorporates probability of execution metrics
- Clarifies "baseline" definition
- Provides additional guidance and clarity to EVM requirements
- Targets application of EVM to in house efforts

Responsibility for EVM Capability across NASA assigned to Marshall Space Flight Center, Huntsville, AL

Current Status-

Strong implementation team of both contractors and civil servants with strong EVM experience.

Draft MOU to be signed by key stakeholders

Requirements analysis completed

Performed GAP analysis against existing NASA systems process and procedures where ANSI 748 guidelines not being met.

NASA has completed Agency level handbooks for Program Planning and Control functional areas dealing with: Scheduling, WBS, IBR's, and Control Account Manager Roles and Responsibilities

Two Pilot projects have been selected for validation and test.

Bottom line, NASA is serious about engraining EVMS into their DNA. (See presentation for more information)

MDA update

The MDA update was provided by Dave Melton, MDA/DOV

Dave provided an MDA EVM overview. It is implemented on 12 Major programs that have a CBB of 31.5B. Currently there is a 2.4B projected VAC (2.9B) without single point adjustments.

MDA EVM Policy Currently being reviewed and updated

- 2 directives (EVM and IBR)

- 2 Handbooks (EVM Contracting Requirements and IBR)

- Policy Memos (Contract Requirements, IBR, Single Point Adjustments, and Level of Effort)

Overarching MOA with DCMA

After Dave presented Program data, he then discussed the current areas of emphasis for the MDA:

- IBR's will be conducted at least annually

 - Improve Schedule Risk Assessments and "deep dives"

- Review 100% of baseline

- Make use of MDA/DOV IBR support teams

PMs trained on IBRs as an Annual best practice

PMs required establishing plan for annual review of baselines

The overarching MOA with DCMA will focus on Independent EAC's, IBR's, and Surveillance, Schedule Integration, Managerial Analysis, Trip Wires and Schedule assessments.

In closing Mr. Melton stated that there needs to be improvement in the EVM/Schedule integration and they will be leveraging off of best practices that are found at other DoD Agencies.

WBS Handbook to Mil Standard Update

Neil Albert provided the status to this activity. I summary Neil stated that Government and Industry continue to work together to ensure that there are common definitions and applications. Software and technology WBS and definitions have been incorporated into all appendices. Construction effort has been delayed due to lack of participation from Corp of Engineers and Navy Facilities. There is currently a coordinated effort with Logistics /O&M effort by OSD CAPE.

The anticipated schedule for publication is to finish the definitions and rewrite by end of March. Have government/industry review in April, and publish the final version in August 2010.

Program Management Outreach

Jane Spriggs provided an overview of the initial meeting to set up the working group. There was significant attendance to the group with 23 attendees representing 16 companies. Key actions completed were:

- Finalization of
 - Purpose
 - Charter
 - Near term goals and objectives

Bottom line, this group is going to address issues and concerns that affect the day to day challenges a program manager faces as they relate to people, processes and tools. The intent is to have work products to draw the interest of a Program Manager and to provide the collaboration and sharing to move industry and government to the next level. There is intent from this group to broaden the current charter of the PMSC to be less “EVMS/Policy/Compliance” Centric. Good start, however there is a lot to effort to go.

Update of PMSC Guides

Dave Roberts and Gay infanti presented. Dave provided the overview and key current focus items.

Current decision is to complete the update to the IBR guide. There has been significant government participation.

- More emphasis on the pre award IBR section

Guide was distributed to industry and government for a 30 day comment period on 1.5.10. Limited response to date.

The updated IBR guide has numerous changes intended to:

- Improve applicability and use for non DoD agencies and in house IBRs
- Improve consistency of the IBR process across all stakeholders
- Added content to address both types of IBR, pre and post award
- Increased content and focus on risk/opportunity assessment and management
- Clarified that an IBR is NOT an EVMS review

The intent and plan is to approve and publish a revised IBR guide after the PMSC vote tentatively scheduled for the May NDIA meeting.

Services Working Group

Effort is complete; white paper on the implementation of EVMS in a service environment has been published.

Program Stability Working Group

Neil Albert spoke to the status of this working group. The objective of the working group is to efficiently integrate with the acquisition process given that change is inevitable. The goals as defined include:

- Integrate Existing Performance Management with Existing Acquisition Processes
- Eliminate Waste and Reduce Rework maintaining an integrated performance measurement baseline
- Streamline the Program Performance and Acquisition interfaces
- Minimize Deconstruction

Neil discussed the typical chaotic environment that affects the ability to plan, notably high risk, ill defined requirements, unstable funding, ongoing contract change, TRL levels not appropriate to the contract type etc.

Potential solution discussed in the presentation was to reinvigorate the rolling wave approach. There was much heated discussion on this topic. The way in which the graphics were portrayed brought issue with how a WBS is constructed and when.

Much of the discussion centered around how to properly do rolling wave planning and at what level. In summary, given the discussion there appears to be great interest in this existing mechanism to do planning. The question however is at what level you hold the planning packages and what is the commonly understood guidance.

In summary, this was a discussion provoking presentation.

Production EVM Working Group

Kim Herrington led the discussion. Given that this was the initial meeting, and the interest was great the team flushed out a purpose, mission and objectives. They will be working on an operation cadence and there will be more specificity to the targeted and agreed to goals and objectives as this team conducts its working meetings over the next few months. It is hoped that guideline documentation would be an end product from this team that would be accepted by government and industry.

Dan Butler then called the meeting to conclusion and those remaining headed to the airport, however most headed to the bar.