

DEFENSE CONTRACT MANAGEMENT AGENCY



DCMA

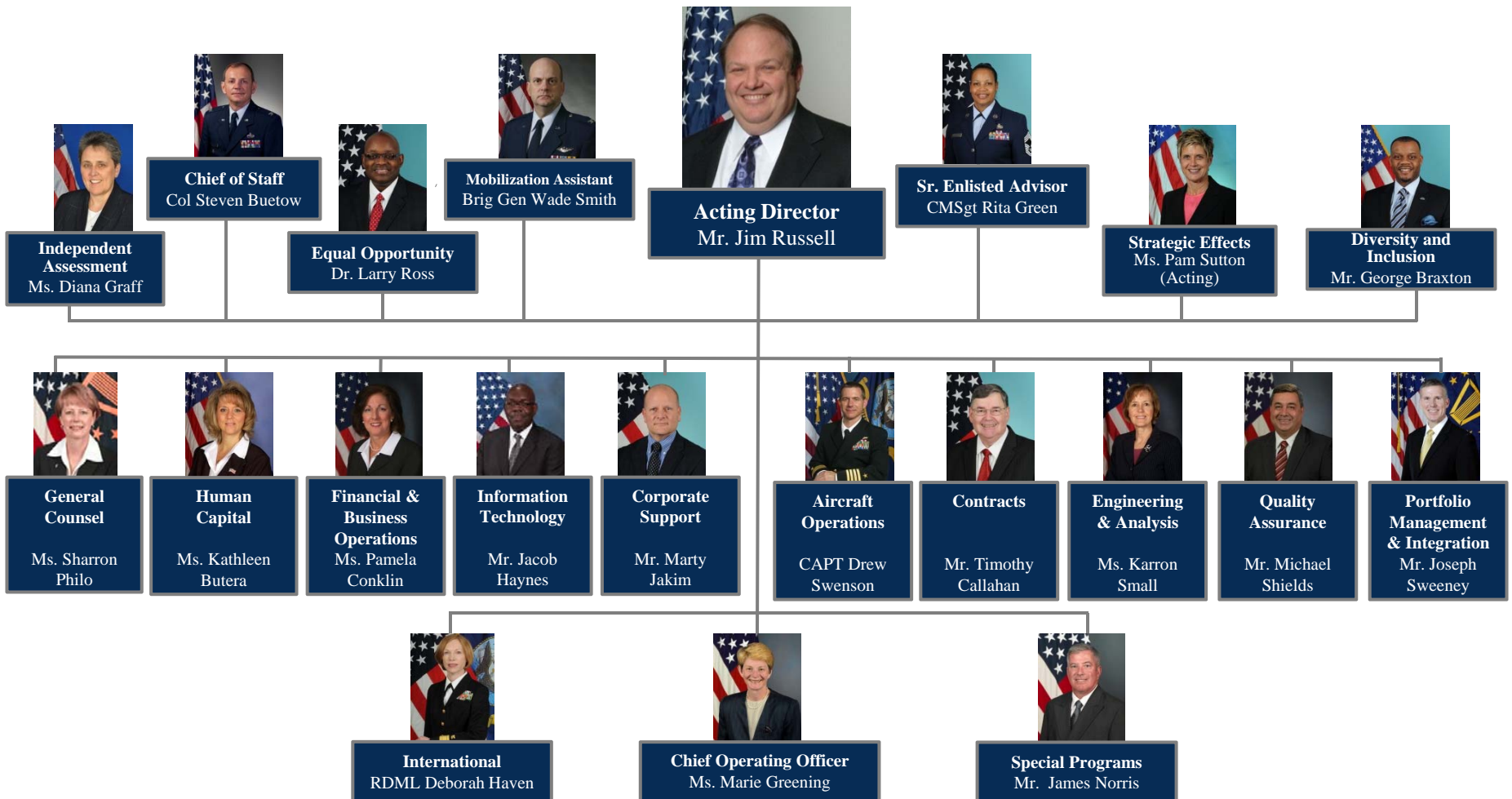
ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

DCMA EVM Update

Presented By:
Mr. Joseph Sweeney
Executive Director,
Portfolio Management & Integration

April 30, 2014

Organizational Chart



Current as of 11/25/13

DCMA Lines of Service (LoS)

Contract Administration Support and Services and Support
Contracting Purchasing System Reviews
Cost and Price Services
Property Management and Plant Clearance Services
Small Business Support
Contract Termination Services
Quality Assurance Services
Contract Safety Services
Transportation Services
Major Program Support
Supply Chain Support
Earned Value Management
Engineering and Manufacturing Services
Industrial Base Analysis Services
Aircraft Operations Services



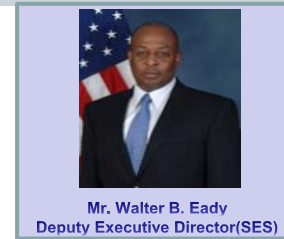


Portfolio Management & Integration Directorate

Providing Information to the Customer

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Legend
Chester, VA (Rivers Bend)
Philadelphia, PA
Arlington, VA



Industrial Analysis Center

- Support OUSD(AT&L) Manufacturing & Industrial Base Policy (MIBP) and Services on IB Sector Fragility & Criticality (FAC) and Industrial Capability Assessments
- Execute Defense Infrastructure Sector Lead Agent (DISLA) responsibility for Defense Industrial Base (DIB) Sector within the Defense Critical Infrastructure Program (DCIP)

Major Program Support Division

- Deliver independent Program Assessments (“Contract Performance”, “Management”, and “Production”) on MDAPs to monthly OSD DAES (Defense Acquisition Executive Summary) Reviews via DAMIR, and to the Service PMs. DCMA insight influences OSD Program SAW (significant acquisition watchlist) and DAES Review Selections.

Earned Value Management Division

- Agency’s focal point for EVM and EVMS interface with Industry, DoD, Services, DAU College of Contract Management (CCM), and other Government agencies.
- Develop/Deploy effective policies, training, and tools to advance efficient assessment of contractor EVMS business system compliance and EVM program analysis

Supply Chain Support Division

- Leverage in-plant presence to assure DCMA enterprise contract admin data on Prime and Sub-tier Supply Chain is collected and available to independently assess performance and provide Supply Chain Insight for Customers on Sub-tier Relationships, Supply Chain Surveillance Risks, and Subcontractor Supplier Performance

Integrated Policy Division

- Formulate, coordinate, deploy, and manage customer-related policy, tools and training processes: Industry Management Councils, Customer Engagement, Customer Satisfaction, Memoranda of Agreement./Understanding, Workload Acceptance, and Distinguished Visitor Notifications.

Service and Joint/Non DoD Portfolio Divisions (24 geographically dispersed Customer Liaison Reps)

- Agency’s Primary POC for executing strategic customer engagements to Communicate Requirements, Priorities & Concerns with OSD, SAEs, PEOs and Senior Sustainment Customers. CLR locations include: AMCOM, NAVAIR, NAVSEA, AFMC, SMC, and DLA



PMI EVM Line of Service

Mission: DFARS 242.302 (S-71)

- Department's Contract Administration Office function for Earned Value Management Systems (EVMS), including the responsibility for reviewing supplier EVMS plans and verifying initial and continuing compliance with DoD EVMS criteria

Impact

- Enables AT&L to readily access qualified and reliable contract performance data to make informed/timely decisions and to forecast completion costs on Major Defense Acquisition Programs (MDAPs).
- Increased efficiency resulting in reduction of backlog of DFARS required EVMS (business system) validations and corrective action plan close-outs for a large number of cost and incentive type contracts impacting MDAPs.

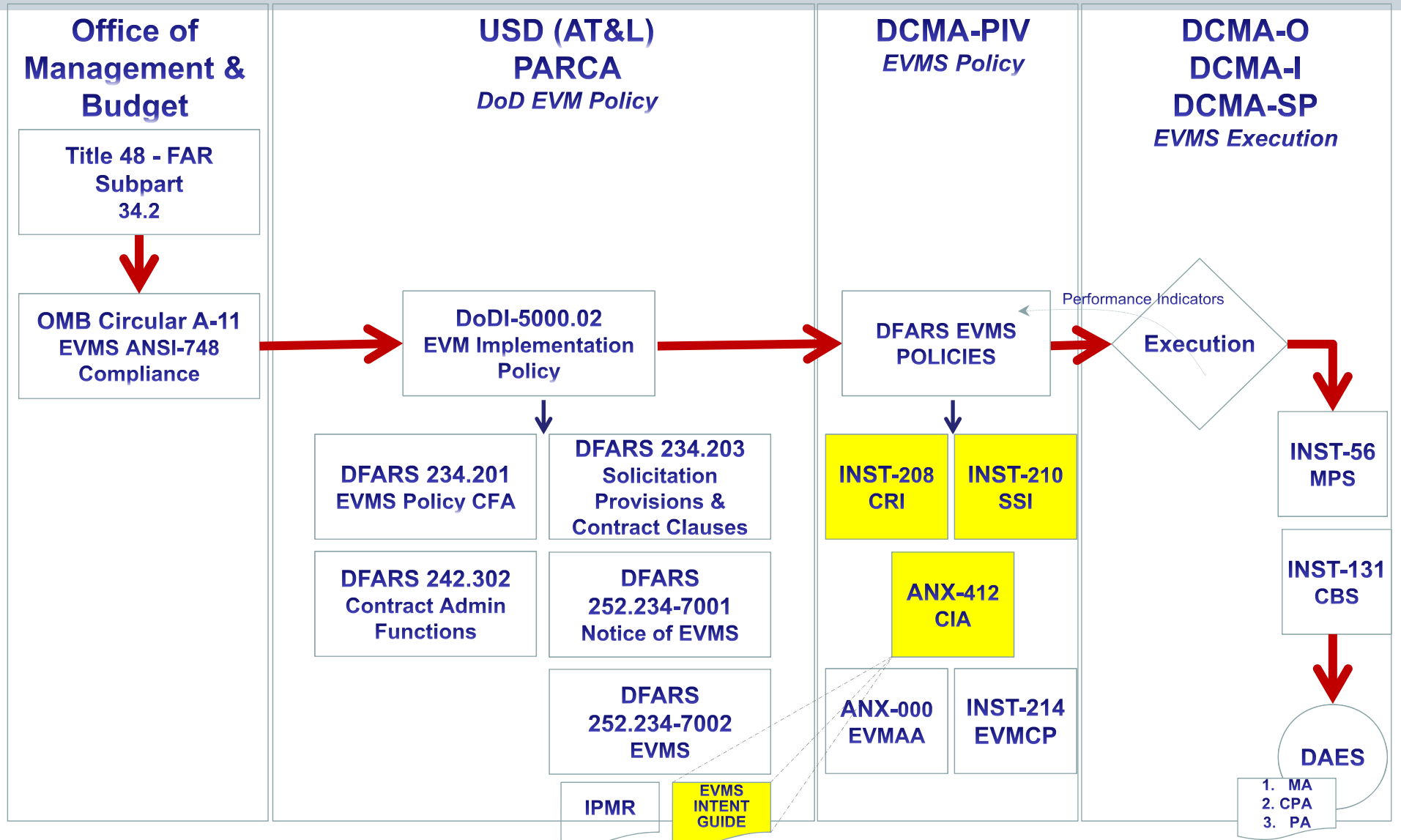
Functions:

- Agency's focal point for EVMS interface with Industry, DoD, and other Government agencies
- Deploy effective policies, processes, and toolsets to advance efficient assessment of contractor EVMS compliance & EVM program analysis
- Partner w OSD, DAU College of Contract Management (CCM) to enhance EVM Competency
- Enhance DCMA/OSD communications and collaboration w Industry through recurring exchanges and outreach

Strategic Level Inter-Relationships

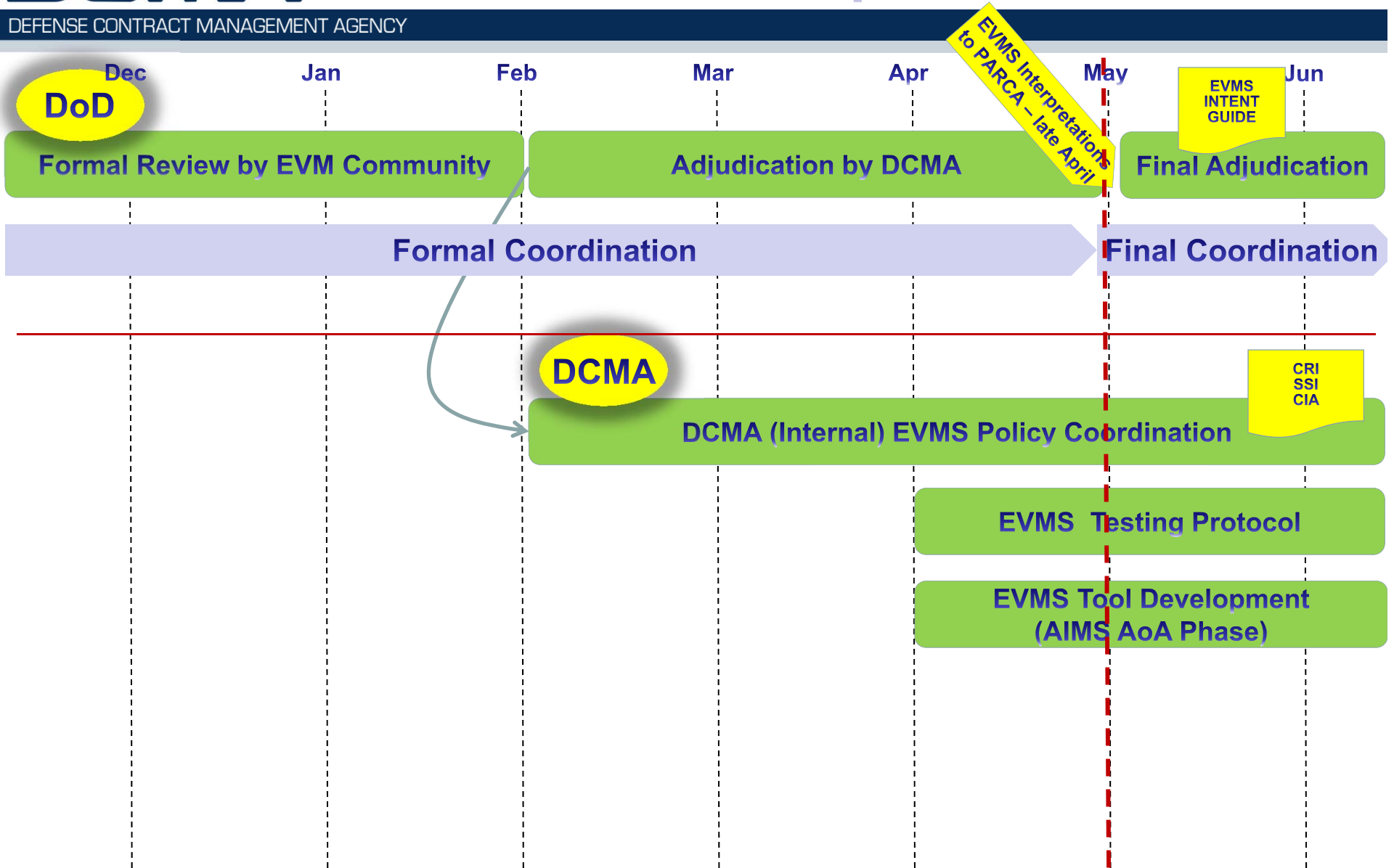
Critical Path to DCMA EVM Operations

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- **Analytics and Information Management System (AIMS) technology solution enters formal AoA Phase**
- **DCMA ANSI/EIA-748 EVMS GL Compliance Interpretations initiative resulting in significant reductions to GL Attributes**
- **Compliance Review Instruction (CRI) revision completed**
- **Pilot w/ LM Aero, Ft. Worth, TX to implement data driven EVMS surveillance methodology proceeding with favorable results**
- **DCMA EVM Certification program expected to resume in CY15; Three (3) CCM EVMS Instructors soon to be announced**

EVMS GL Interpretation Initiative



DEFENSE CONTRACT MANAGEMENT AGENCY



DCMA

ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

DCMA EVM Update

Presented By:
Mr. David Kester
Director, EVM Policy and Strategy

April 30, 2014

ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

‘DATAFYING’ EVMS COMPLIANCE

- Can EVMS data uncover issues before they appear?
- How can we know which CAM is not maintaining his or her EAC?
- How can we tell if things are getting better or worse?

Correlation between using analytics and better performance

Keys:

- Leaders who “get it”
- Enculturation of EVM as an accepted norm and best practice that ties to the bottom line
- Processes that revolve around the facts
- Technology to capture, sort and make sense of the data

Enduring Wisdom . . .

“Management is a practice like medicine, results are not in theory but in what happens.”

» Peter F. Drucker



Goal: Taking EVMS Compliance from Tax Law to Turbo Tax

Traditional Approach

Data Driven Approach

- 1. Increase Consistency*
- 2. Reduce Complexity*
- 3. Remove Costs*

Data (Blood) Draw

**Traditional
Approach**

99 *Artifacts*

**Data Driven
Approach**

39 *Artifacts*

61%

A large green arrow pointing downwards, indicating a decrease in artifacts from the traditional approach to the data-driven approach.

Feb/Mar 2014

**DCMA
Before**

**Attributes: 155
Test Steps: 330**

**DCMA
After**

**Attributes: 63
Test Steps: 136**

59%

A large green arrow pointing downwards, indicating a decrease in the number of attributes from 155 to 63.

Guideline # 20

Identify unit costs, equivalent unit costs, or lot costs when needed.

- ~~20N1 20D1 Manufacturing Requirements Planning (MRP) project cost collection structure.~~
- ~~20N2 20D1, 20D2 Enterprise Requirements Planning (ERP) support the identification of unit costs, equivalent unit costs, or lot cost when needed including differentiation of work in process. Expressed in terms of labor, material, other direct cost, indirect cost, as well as distinguishing between recurring (e.g., production) and non-recurring (e.g., design, development, travel, and non-recurring expense) costs.~~
- ~~20N3 20D1 Identify unit, equivalent unit, or lot costs by type and amount of material as necessary on production-type efforts.~~
- ~~20B1 20D1 The contractor's system provides unit costs, equivalent unit or lot costs in terms of labor, material, other direct, and indirect costs~~
- ~~20B2 20D2 The contractor has procedures which permit identification of recurring or nonrecurring costs as necessary~~
- ~~20A1 20D1 The system can identify unit costs, equivalent unit or lot costs in terms of labor, material, other direct, and indirect costs (Bowman)~~
- ~~20A2 20D2 The system can segregate recurring or non-recurring costs as necessary (Bowman)~~
- ~~20A3 20D2 The MRP/ERP system supports unit costing and recurring and non-recurring segregation (NDIA)~~

20D1 The contractor's system has the capability to provide unit costs, equivalent unit or lot costs in terms of labor, material, other direct, and indirect costs as required by the contract.

20D2 Recurring or nonrecurring costs can be identified as necessary or required by the contract.

ANSI/EIA-748 Guideline Classifications

Guidelines

32

Attributes

63

Test Steps

136

*1.97 per
Guideline*

*2.16 per
Attribute*

Attribute - *A quality or characteristic of a Guideline which makes it distinct from other Guidelines*

NDIA

156

60%



Bowman

170

63%



DCMA

63

Attribute - *A quality or characteristic of a Guideline which makes it distinct from other Guidelines*

	NDIA		Bowman		DCMA
Organization	16		22		7
P&B	49	57%	67	69%	21
Accounting	26		21		15
Analysis	28		46		14
Revisions	37		14		6

- **Data Driven EVMS Surveillance Pilot @ LMA Ft. Worth, TX**
- **Data Driven EVMS Surveillance Pilot (Phase II) will expand to other locations starting in the fall**
- **Data Driven EVMS Surveillance Policy (SSI) rewrite underway**
 - **Current surveillance process of quarterly assessments not expected to change in the near term**
 - **Potential to adjust frequency based upon positive surveillance results (e.g., risk based)**
 - **Trend analysis of test metrics and thresholds to drive focused corrective action**
- **Possible Data Driven application to upcoming EVMS Validation(s) and Compliance Review(s)**