National Defense Industrial Association

Production, Manufacturing & Naval Construction (PMNC) Working Group

September 16-17, 2014

Major events for the Working Group

• EVM in a Production Environment Whitepaper Released	October 2011
• Follow-on Brainstorming	January 2012
• Phase II Scope Proposed	March 2012
• Phase II Scope Defined and Approved by Working Group	March 2012
• Phase II Effort Initiated with inclusion of Naval Construction	April 2012
• Working Group Facilitator Transition	May 2012
• Working Group Facilitator Transition	April 2014
• Out brief Review with PARCA & NAVSEA	August 2014
• Complete Review of Cross Reference Checklist	September 2014
• Submit to IPMD Board for review	October 2014

PMNC Team Efforts

- Working group identified six Guidelines; 1, 6, 10, 11, 21, 22 and 23 as different for PMNC environment
- Assigned Guideline Authors with Support Members
- Template for Drafts Developed and Distributed to PMNC team
- Drafts reviewed by team during bi-weekly teleconference
  - Drafts identified by “Draft”, author and date .
  - When consensus reached, “Draft “ replaced with “Final PMNC Team”
- Consensus reached on six of seven Guidelines
- Remaining Guideline, # 23, is being reviewed this week

Start of the Process

	A	B	C	D	E	F	G
1				Comments			
2	EVM Inquiries from the Existing DCMA Cross-Reference Checklist	Does Production Differ from Development?		How is production different than development?	What is recommended for production?	Relevant Source Document Reference (Doc Title / Chapter / Paragraph) (as Available)	Working Group Assessment
3	EVMS Guidelines/Management Characteristics	YES	NO				
211	c. Are retroactive changes to BCWS and BCWP prohibited except for correction of errors or for normal accounting adjustments?	; ; ; Yes;	; ; X; ;x	; ; ; MRP systems typically use "Part Master Data" that reflect the properties of the labor operations steps and material data. Changes to this data will affect all open orders within the factory, including those that have already been earned. Subsequent failure and rejection of a part after installation could cause a "de-earn" of performance.;	; ; ; Retroactive changes must be controlled. Any changes within the MRP system that could generate retroactive changes should be summarized and applied to the current month so that prior month BCWS and BCWP are not altered.;	; ; ; Personal Experience;	Further discussion required
212	31. Prevent revisions to the program budget except for authorized changes.						
213	a. Are procedures established to prevent changes to the contract budget base (see definition) other than those authorized by contractual action?	; ; ; ;	; ; X; ;x	MRP allows for retroactive changes; ; ; ;	BCWS and BCWP need to be controlled and MRP reconcilied with EAC except when baselined. ; ; ; ;	; ; ; ;	Concurrence - is further discussion required?
214	b. Is authorization of budgets in excess of the contract budget base controlled formally and done with the full knowledge and recognition of the procuring activity? Are the procedures adequate?	; ; ; ;	; ; X; ;x	; ; ; ;	; ; ; ;	; ; ; ;	Concurrence - is further discussion required?
215	32. Document changes to the performance measurement baseline.						
216	a. Are changes to the performance measurement baseline made as a result of contractual redirection, formal reprogramming, internal replanning, application of undistributed budget, or the use of management reserve, properly documented and reflected in the Cost Performance Report?	x; ; ; ;	; ; X; ;x	MRP does not have a baseline or ability to controlled changes. ; ; ; ;	Raise level of control to IMS level. ; ; ; ;	; ; ; ;	Further discussion required

Cross Reference Checklist Review

Guideline 22. At least on a monthly basis, generate the following information at the control account and other levels as necessary for management control using actual cost data from , or reconcilable with, the accounting system: (1) Comparison of the amount of planned budget and the amount of budget earned for work accomplished. This comparison provides the schedule variance. (2) Comparison of the amount of the work budget earned and the actual (applied where appropriate) direct costs for the same work. This comparison provides the cost variance.

DCMA Cross-Reference Checklist Criteria	Relevance within Production / Manufacturing & Shipbuilding
a. Does the supplier's system include procedures for measuring performance of the lowest level organization responsible for the control account?	a. No difference from a development program
b. Does the supplier's system include procedures for measuring the performance of critical subcontractors?	b. No difference from a development program
c. Is cost and schedule performance measurement done in a consistent, systematic manner?	c. Production efforts typically use standards to calculate performance for labor scope and receipt/consumption of the BOM for material.
d. Are the actual costs used for variance analysis reconcilable with data from the accounting system?	d. No difference from a development program
e. Is budgeted cost for work performed calculated in a manner consistent with the way work is planned? (For example, if work is planned on a measured basis, is budgeted cost for work performed calculated on a measured basis using the same rates and values?)	e. Clarification: Issues can arise in Production with Out of Station (OOS) or Traveled Work, but the intent of the guideline must still be met. It should not be permissible to earn performance in an account where it is not planned.;

Future Efforts

- Original plan was to submit to IPMD Board, then community for comments.
- Incorporate comments
- Add as an Appendix to IPMD “EVM in a Production Environment” White Paper
- Review of potential impact of DCMA Cross Reference Checklist usage
- Use as guidance / clarification when engaged in a manufacturing, production or naval construction environment
- Future input to NDIA Guide updates
  - NDIA Planning & Scheduling Excellence Guide Update
- Influence to other EVM Users