

# **OTB/OTS Panel**

## **September 12, 2017**

**Tony Finefield**  
**Finefield Consulting**

**“The value in Earned Value must be earned!”**



# Discussion Approach

**NDIA**

- **Introductions**
- **Overview of the OSD AT&L OTB/OTS Guide**
  - History
  - Structure
  - NDIA Comments
- **Panel Member Comments/Experiences**
  - Tony Finefield, Finefield Consulting
  - Julie Miller, Leidos
  - Melissa Elliot, Raytheon
  - Denise Kerby, MDA
- **Discussion Session**

## ➤ Panel Members:

- Tony Finefield, Finefield Consulting
- Julie Miller, Leidos
- Melissa Elliot, Raytheon
- Denise Kerby, MDA




- **History**

- Multi-agency/organization working group established 2002: NIMA (NGA), NASA, DOD (OSD, AF, Navy), Contractors (CSC, Windmill International), Consultants (McManagement Group, Perf. Mgmt. Associates, Finefield Consulting)
- Goal: gather into one document all guidance relative to the need determination and implementation of an OTB/OTS.
- Published May 7, 2003
- OSD adopts and publishes December 5, 2012

- **Structure:**

- Chapter 1. What is Formal Reprogramming?
- Chapter 2. Recognizing the Need
- Chapter 3. The Formal Reprogramming Process
- Chapter 4. What Do We Expect?
- Chapter 5. How Do I Manage After the OTB/OTS Is in Place?

- **Appendices:**

- APPENDIX A – SAMPLE PCO LETTER
  - APPENDIX B – EXAMPLES OF SINGLE POINT ADJUSTMENTS
  - APPENDIX C – IPMR FORMATS 1 AND 3
  - APPENDIX D – GLOSSARY OF TERMS
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- **NDIA Comments, December 31, 2016:**
  - The incorrect term *cost growth* is **still** used in Chapter 1
  - A rebaselining does **not** imply a Reprogramming action.
  - The word *contingencies* with respect to MR use should **still** be deleted.
  - The descriptive steps in Blocks 3, 4, 6, 7, 9, and 12 in Figure 3.1 are incomplete.
  - The formula in Chapter 3 for implementing an OTB with SV and CV Variances retained, “TAB = BCWP + ETC,” is **still** incorrect
  - The use of the expression *consumed to date* involving MR debits in Chapter 3, Paragraph 3.5.7.3, should **still** be corrected to *debited to date*.

- **NDIA Comments, December 31, 2016:**
  - The term *Contract Budget Baseline* in the Glossary of Terms, OTB amount definition, should **still** be corrected to *Contract Budget Base*.
  - The revised Glossary of Terms, Appendix E, still does not include applicable terms/definitions; such as OTS, VAC, and SLPP.
  - While the Glossary includes the correct definition of a Formal Reprogramming, there is still no mention of a PMB that exceeds the Contract Completion Date; i.e., an OTS.
  - The statement in the Glossary that it “provides definitions for terms and acronyms used in this Guide” should still be corrected to *abbreviations and acronyms*.

# Panel Member Comments/Experiences



- **Tony Finefield, Finefield Consulting**
- **Julie Miller, Leidos**
- **Melissa Elliot, Raytheon**
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12th Annual  
International Integrated Program  
Management  
Conference  
Tysons Corner, Virginia

# OVER TARGET BASELINE

Presented By:  
Tony Finefield  
Air Force Space and Missile Systems  
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Los Angeles AFB, CA

# TOPICS

- Definitions
- Concepts
- Guidelines
- Processes
- Discussion

# Definitions

## 1. Over Target Baseline (OTB)

a) **Over:** *prep.* **1.** above in place or position; **12.** in excess of; more than; **23.** beyond the top or upper surface or edge of something.

b) **Target:** *n.* **1.** an object, as one marked with concentric circles, to be aimed at in shooting practice; **2.** anything to be struck with missiles; **3.** a goal or end to be attained; **4.** an object of abuse, scorn, derision, etc.

c) **Baseline:** **1 :** a line serving as a basis; *especially :* one of known measure or position used (as in surveying or navigation) to calculate or locate something.

(Merriam Webster Dictionary)

# Concepts

- **OTB's should not be considered until all reasonable management actions have been taken to achieve target cost.**
- **Cost variance to date does not justify an OTB.**
- **The value/schedule for the remaining work is the prime consideration for OTB need determination.**
- **An OTB should only occur once during the life of a contract.**
- **Implementation of an OTB does not automatically suspend Earned Value reporting requirements.**

# Guidelines

- **Contract should be more than 35% but less than 85% complete using pre-OTB data:  $BCWP/BAC$**
- **The projected cost growth is 15% or greater:  $((EAC-ACWP)-(BAC-BCWP))/BAC-BCWP$**
- **There are more than 12 months of effort remaining.  
or**
- **Everyone will get better management information!**

# OTB Handbook

- Idea grew out of Fall 2000 Conference
- OTB Handbook Team Formed
- Met to establish structure
- Team Members assigned chapters
- Inputs gathered, "smoothed", correlated
- Draft presented at CPM Conf. Spring '02
- Final to be presented at Fall '02 Conf

# OTB/OTS Motto

**“The best laid schemes o' mice and men  
Gang aft a-gley;  
And leave us naught but grief and pain  
For promised joy.”**

*To a Mouse*

**Robert Burns. 1759-1796.**

# Process

Steps

Issues

- Contract Award
- Lay-in PMB
- Perform Work
- Incur Variances
- Deplete MR
- Request OTB
- Start Again



# Process

## Steps

- **Contract Award**
- Lay-in PMB
- Perform Work
- Incur Variances
- Deplete MR
- Request OTB
- Start Again

## Issues

- Negotiation Losses
- Under-bids
- Proposal Errors
- Delayed Award

# Process

## Steps

- Contract Award
- **Lay-in PMB**
- Perform Work
- Incur Variances
- Deplete MR
- Request OTB
- Start Again

## Issues

- MR Establishment
- Front-loading
- Subcontract Negotiations
- "I forgot"
- "Square-filler" IBR

# Process

## Steps

- Contract Award
- Lay-in PMB
- **Perform Work**
- Incur Variances
- Deplete MR
- Request OTB
- Start Again

## Issues

- Start Late
- Design Inadequacies
- Late Material
- Inappropriate Resources
- Inadequate Resources
- Constructive Changes

# Process

## Steps

- Contract Award
- Lay-in PMB
- Perform Work
- **Variations Grow**
- Deplete MR
- Request OTB
- Start Again

## Issues

- Reduced Budgets
- Increased Resource Consumption
- Continuing Changes
- Optimistic Estimates

# Process

## Steps

- Contract Award
- Lay-in PMB
- Perform Work
- Incur Variances
- **Deplete MR**
- Request OTB
- Start Again

## Issues

- Rework
- Rate Changes
- Budgeting to Costs
- Budgeting for Rolling Wave Increases

# Process

## Steps

- Contract Award
- Lay-in PMB
- Perform Work
- Incur Variances
- Deplete MR
- **Request OTB**
- Start Again

## Issues

- Reality Sets In
- Estimate Remaining Effort
  - Schedule Extension?
  - Capture Work Scope?
  - Resource Requirements?
  - Remaining Risk?
- Baseline to Estimate

# Process

## Steps

- Contract Award
- Lay-in PMB
- Perform Work
- Incur Variances
- Deplete MR
- Request OTB
- **Start Again**

## Issues

- Zero the Variances
- Establish MR
- Establish CA Budgets
- Conduct IBR
- Perform Work

# OTB Example #1

- Fixed-price contract
- New EVM System
- Multiple Subcontractors
- Multiple "Customers"
- Multiple Owners
- Changing Requirements
- Corporate Cap on Costs
- Too Little - Too Late!
- System Too Complex
- Data Problems
- Unstable Requirements
- Cap led to useless estimate...useless baseline

**Bottom Line: Waste of time!**



# OTB Example #2

- Cost-plus contract
- "Black" Program
- Multiple Major Subcontractors
- Pushing technology
- Multiple System Deviations
- Subs "factored" for reporting
- Technical scrub of ETC
- Prime/Subs at the same time
- Baseline Review focused on deltas from ETC
- Everyone supported
- Followed the system!
- +/- 2% Deviation

**Bottom Line: Did it right!**

# Tony's Bottom Line

1. **Contract-type is a factor in effective implementation**
2. **An effective IBR **EARLY** is essential**
3. **OTB Implementation  $\neq$  Program Failure**
4. **OTB “reputation” works against greater use**
5. **All players must be committed to the OTB**
6. **Contractor **MUST** coordinate with the customer**

# Panel Presentations & Discussion

