

DCMA
Defense Contract Management Agency



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NDIA PMSC

Managing the Future of DoD Acquisition w/ Earned Value Management

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I. Acquisition System Customer

Strategic End State: DCMA's Acquisition Customers receive excellent Contract Administration Services and the management information needed to make sound business decisions.

Agency Strategic Priority: Deliver timely predictive/decision quality information to buying activities and the Acquisition Enterprise through robust financial, industrial, and supply chain analysis and by exploiting DCMA specialized expertise in earned value management, the defense supplier base, and cost monitoring and containment.

Strategic Initiatives:

Initiative #1: Enhance DCMA's performance as the Department's Executive Agent for Earned Value Management Systems

- Validation
- Surveillance
- Analysis

EVMS: DoD Executive Agent - What We Do-

Function as the Department's Executive Agent for Earned Value Management Systems (EVMS)

- DFAR Subpart 242.302 (41)
 - › Assigns the Contract Administration Office (CAO) function for EVMS to the DCMA, including the responsibility for reviewing EVMS plans and verifying initial and continuing compliance with DoD EVMS criteria
 - Conduct EVMS reviews (initial validation reviews and post acceptance reviews for cause) to verify initial and continuing compliance of supplier management systems
 - Review EVMS plans to determine adequacy
 - Conduct periodic surveillance of EVMS to determine continuing compliance of supplier management systems
 - Determine when a supplier EVMS validation should be suspended or withdrawn
- July 2007: OSD(AT&L) Kenneth Krieg policy memorandum reaffirms DCMA's function as the DoD subject matter expert for EVMS

EVMS: DoD Executive Agent - Benefits of What We Do -

- Ensures for the SECDEF that contractors establish and use approved EVM Systems for the acquisition of major weapon systems
 - Weapon System Acquisition Act of 2009
- Ensure that contractors implement ANSI-748 compliant EVM Systems:
 - › Ensures a clear definition of work prior to beginning that work
 - › Presents a logical plan for accomplishing the work
 - › Provides an objective measure of accomplishments
 - › Early and accurate identification of trends and problems
 - › Accurate picture of contract status
 - › Basis for course correction
- Allows department program managers and integrated product teams to be backed by management systems that provide immediate access to reliable and accurate data and information on program costs, schedule, and technical performance
 - Simultaneously manage the basic elements of a program:
 - › Resources, Time, Money, Scope

Weapon Systems Acquisition Act of 2009

- Amendment (S.454) for Earned Value Management
 - › To require the Secretary of Defense to apply uniform earned value management standards to reliably and consistently measure contract performance, and to ensure that contractors establish and use approved earned value management systems

SEC. 207 Earned Value Management

- a) **Enhanced Tracking of Contractor Performance**
- b) **Enforcement Mechanisms**

SSOM /SSP Defined

- The Standard Surveillance Operating Manual (SSOM) outlines DCMA's standard surveillance process and provides detailed descriptions of the process steps to be used in developing a Standard Surveillance Plan (SSP).
- DCMA Contract Management Offices (CMOs), working through the DCMA EVM Center, must develop SSPs using a risk-based surveillance approach.
- The SSP:
 - Is an agreement among parties and a high level framework that sets expectations for surveillance.
 - Establishes the surveillance approach, risk criteria, and annual schedule.
- Surveillance may be conducted independently or jointly with team members participating from the supplier and government program office. However, the CMO is always responsible for executing surveillance on contracts that that have an EVMS requirement.

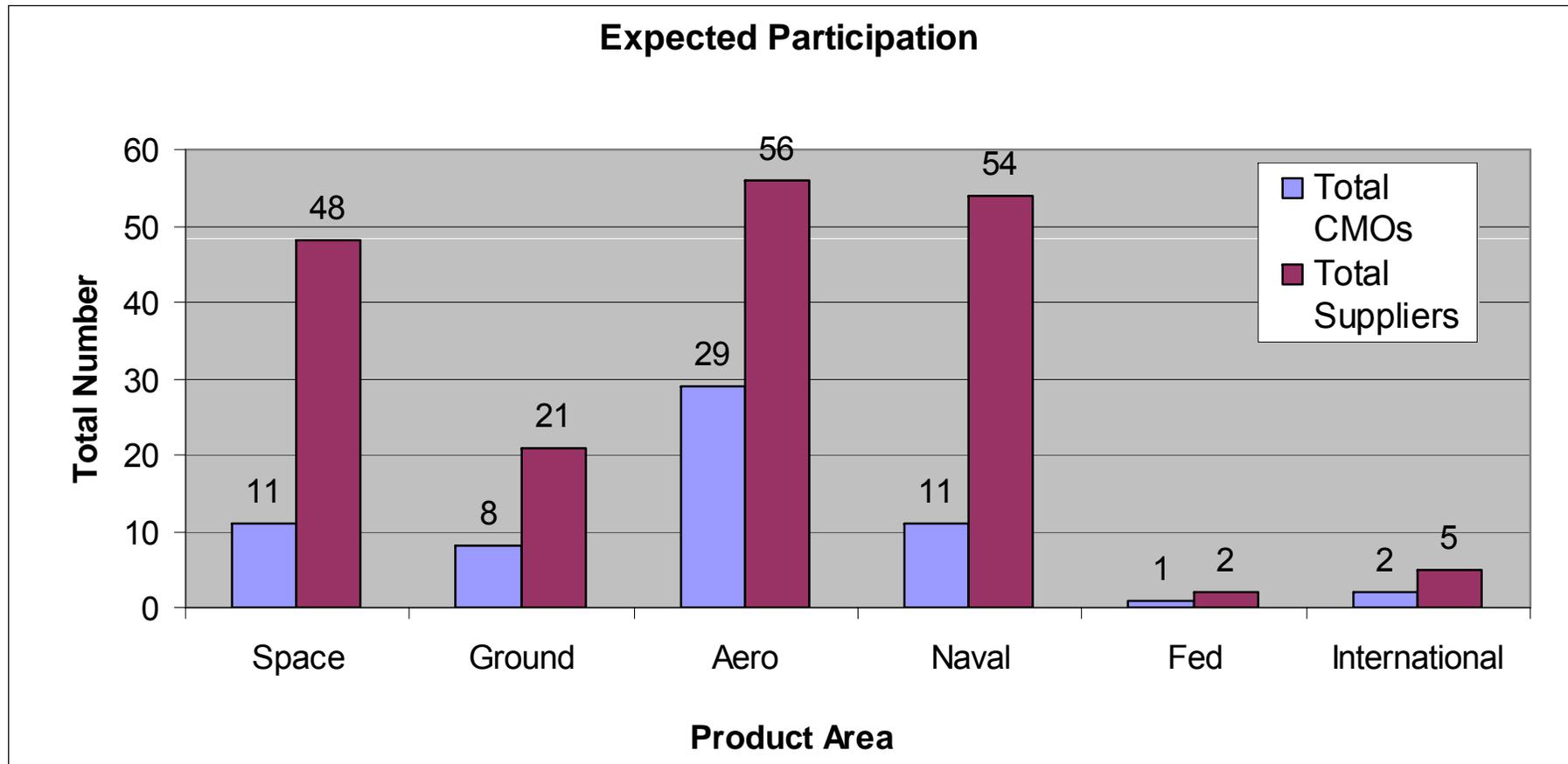
Why is this Important?

- Meet Director strategic plan (Initiative #1)
 - Collectively fulfill DOD Executive Agent role/resp.
- Provides quantitative and qualitative measures directly related to EVMS compliance (to include surveillance) requirements
- Enforces standardization across the agency
 - Internal Controls
- Empowers CMOs to take ownership

Roles and Responsibilities

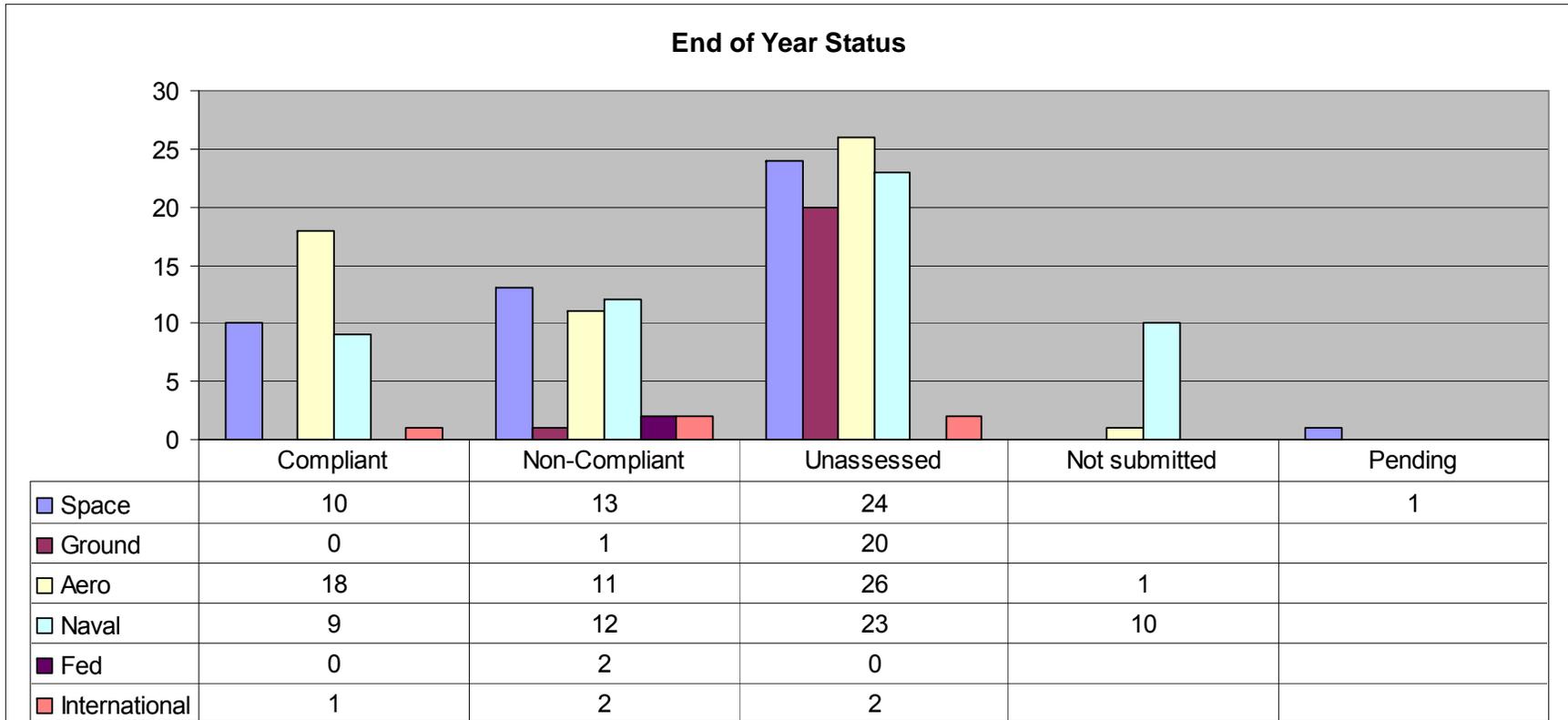
- From the Headquarters, Earned Value Management Center (EVMC) perspective:
 - Enforce uniform application of a standard process
 - Act as the check point to ensure a consistent approach
- From the Contract Management Office (CMO) perspective:
 - Empowered to organize, develop, and implement SSOM to optimize CMO's strengths
 - Supports the CMO as our Subject Matter Experts for each program it supports
 - Encourages taking ownership and pride in success at the local level

SSOM – SSP expectations



186 Suppliers - 62 CMOs

Resulting Compliance Status

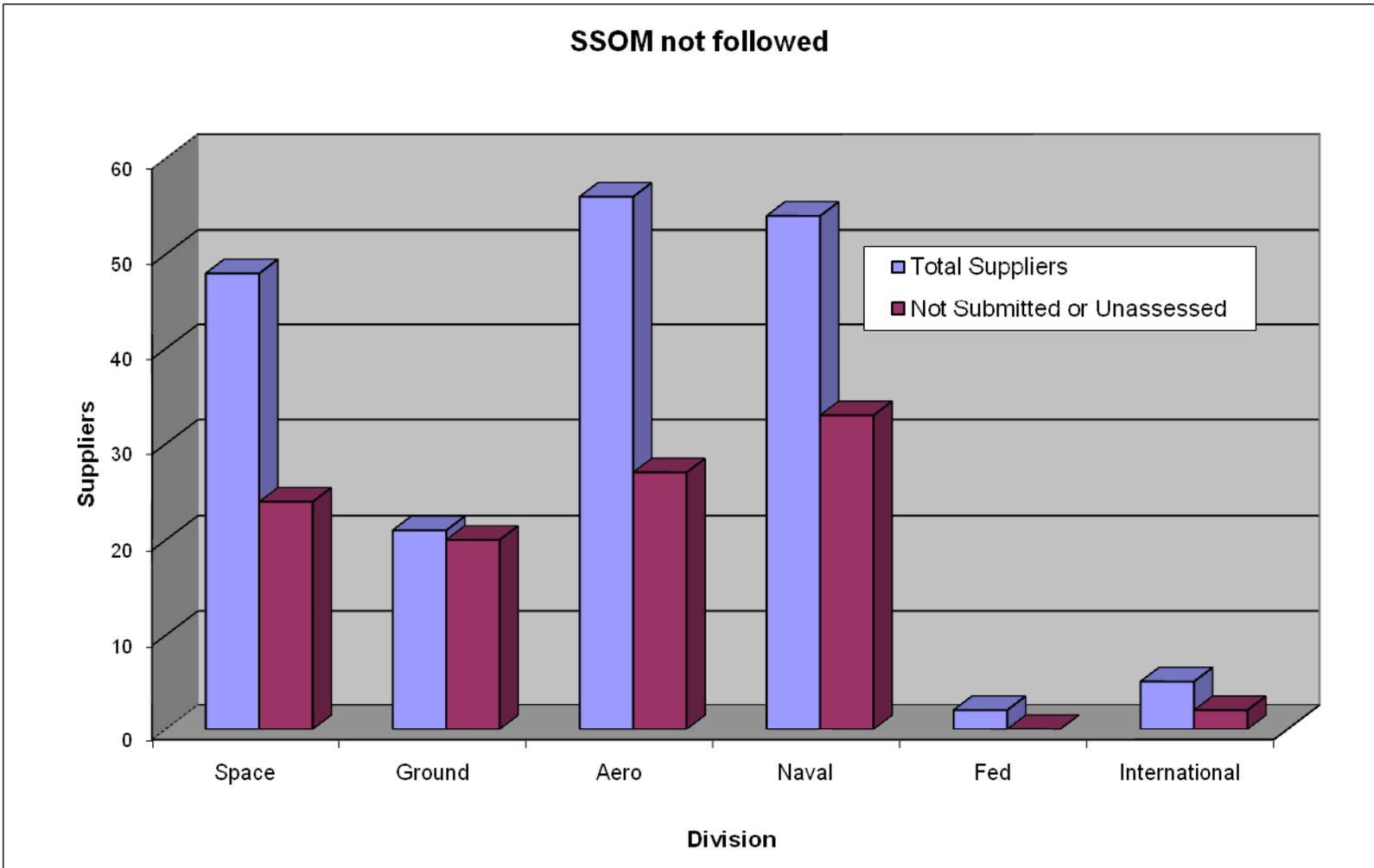


- 38 suppliers were rated compliant
- 41 suppliers were rated non-compliant
- 95 suppliers were rated un-assessed
- 11 had a not-submitted status
- 1 is still pending

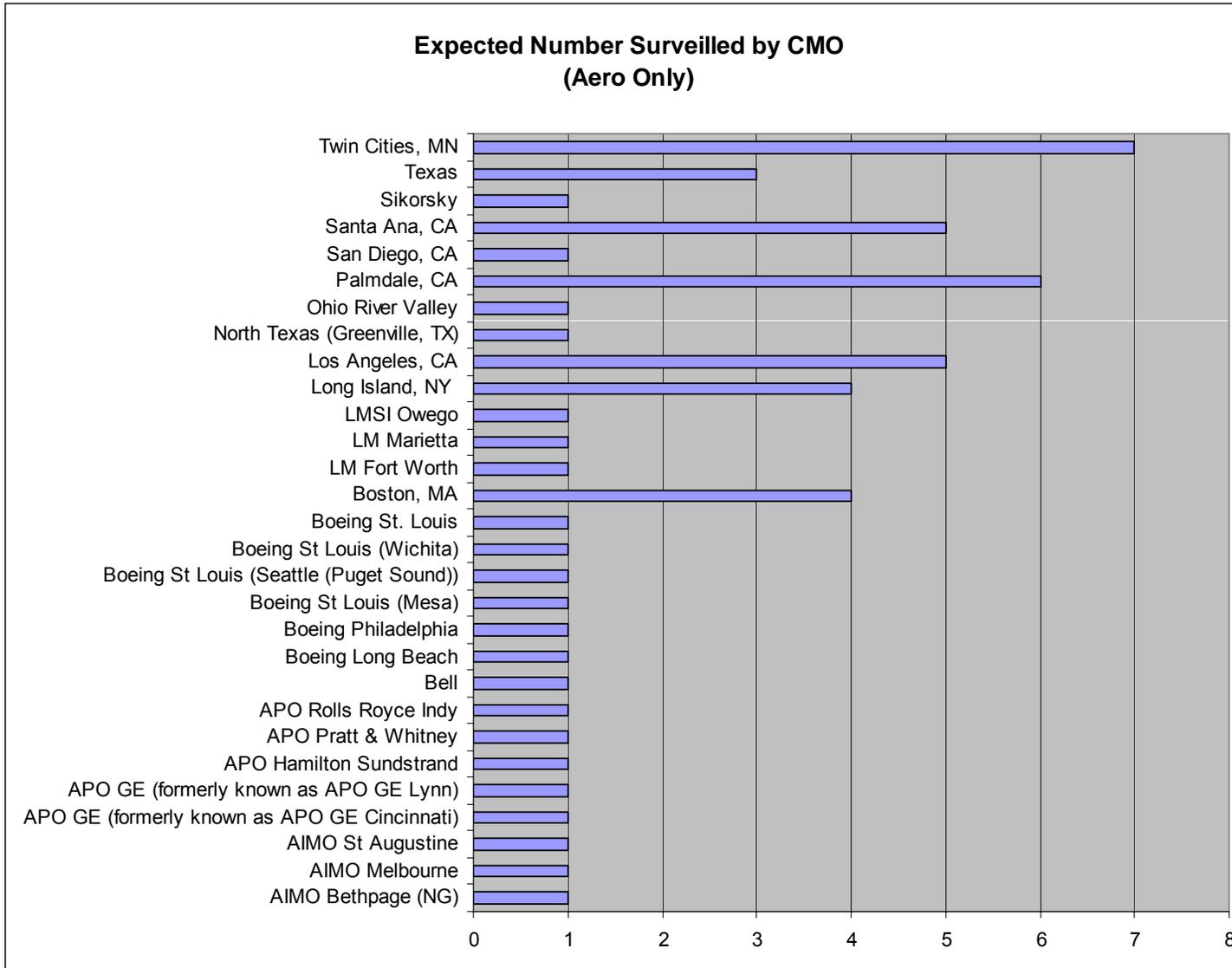
Observations from the Data

- Reasons for Un-assessed (95):
 - CMO Resource constraints (other priorities)
 - No approved SSP coming from the EVM/C
 - Not all 32 guidelines / 9 processes surveilled within one year
 - Supporting evidence of assessment not provided
 - Other SSOM requirements not implemented or followed
 - Late in starting/completing the SSP

EOY Results – By Division & Supplier

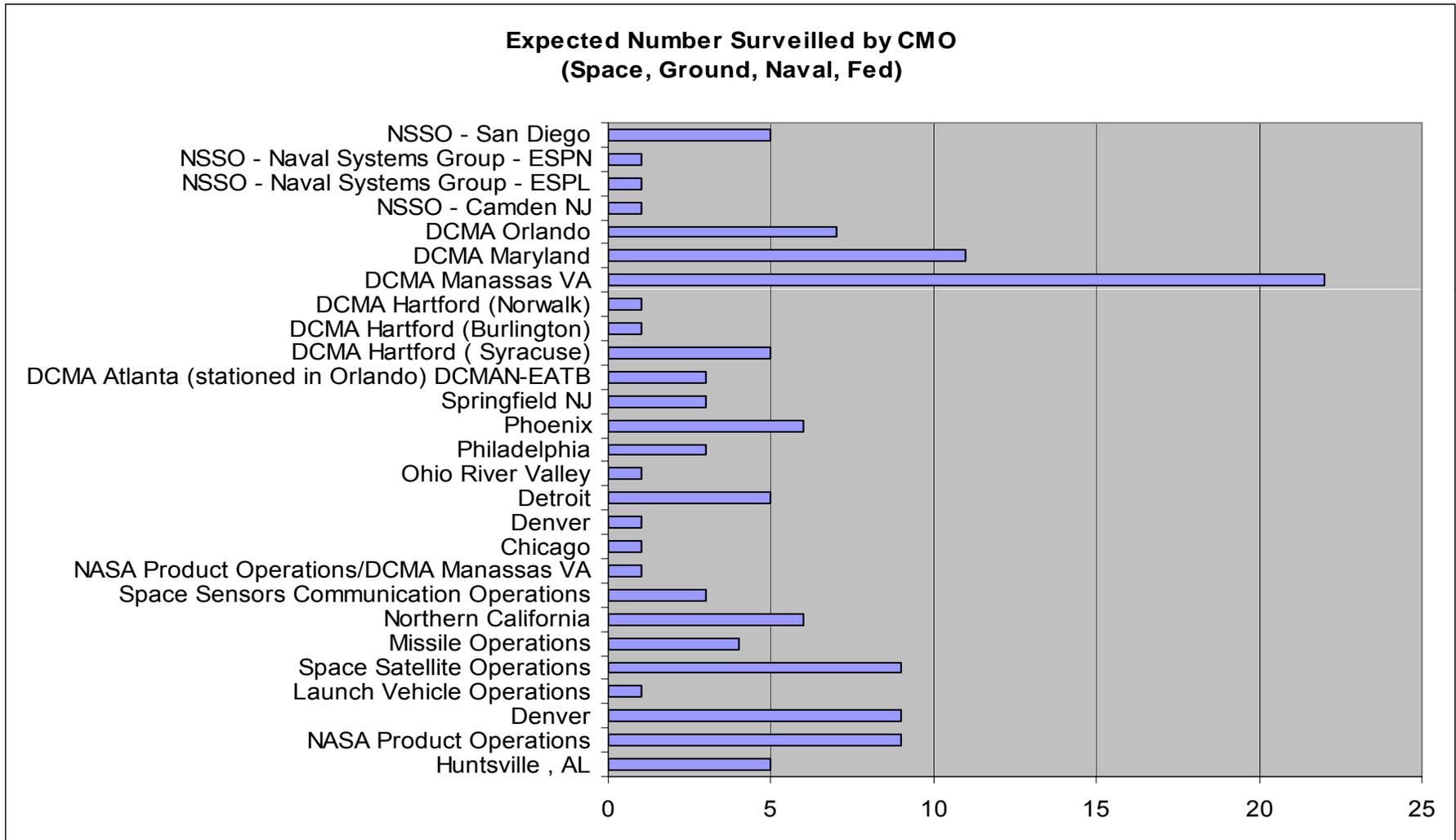


Surveillance Numbers



Surveillance Numbers

Expected Number Surveilled by CMO
(Space, Ground, Naval, Fed)



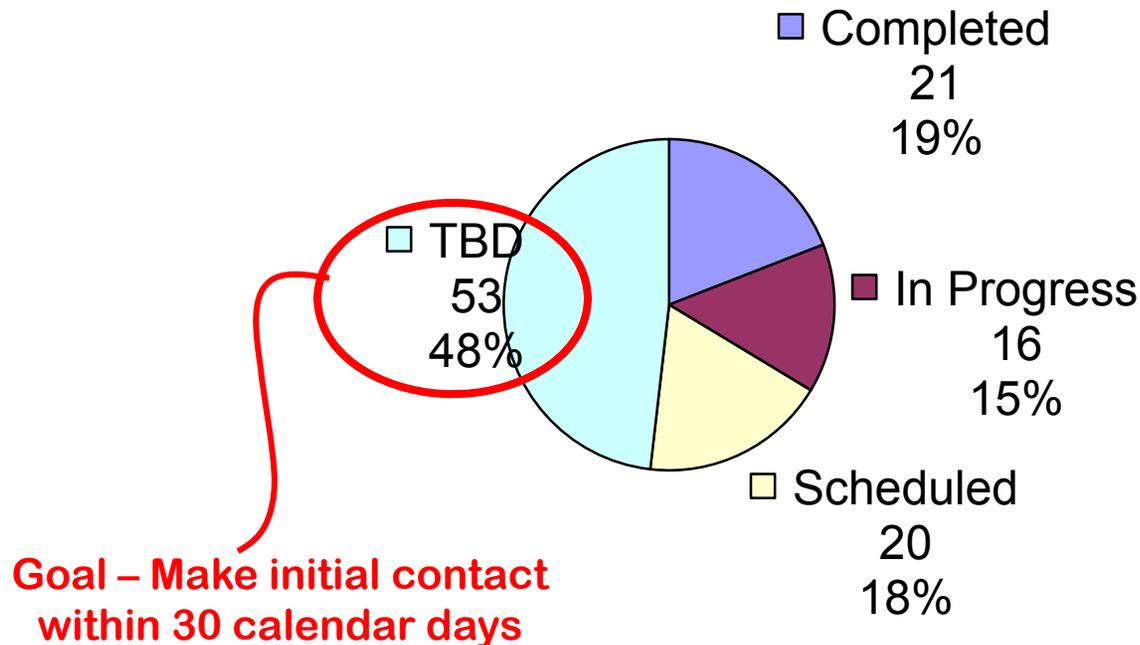
CY2009 Review Schedule

DCMA Review Calendar 2009													4/15/2009
PRODUCT LEAD	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Review Type
Aero	1 - LM EW	Rpt Write-Up CAP Assmt Revw Prep	7 - BEUC *	Rpt Write-Up CAP Assmt	Revw Prep	10 - AERO V	16 - GDRS	Rpt Write-Up CAP Assmt Revw Prep	22 - GA-EMS	24 - i-Robot	27 - Honeywell NM	Rpt Write-Up CAP Assmt	Validation
Ground	2 - GE Avionics *	Rpt Write-Up CAP Assmt Revw Prep	5 - GDC4S-WIN *	Rpt Write-Up CAP Assmt	11 - GDAMS-EFV *	Rpt Write-Up CAP Assmt Revw Prep	17 - BECHTEL Blugrass (6-10) 18 - BECHTEL Pueblo (20-24)	Rpt Write-Up CAP Assmt	Rpt Write-Up CAP Assmt Revw Prep	25 - AWB	28 - Special	Rpt Write-Up CAP Assmt	Implementation
Space	Revw Prep	3 - VIASAT *	Rpt Write-Up CAP Assmt Revw Prep	29 - USA *	Rpt Write-Up CAP Assmt Revw Prep	12 - Orbital	19 - ITT SYST	13 - ULA	23 - LM Grand Prairie	Rpt Write-Up CAP Assmt Revw Prep	20 - ATK	Rpt Write-Up CAP Assmt	Follow-On
Naval	CAP Assmt	4 - Beverage *	6 - NGS/MS (SHIP) *	9 - Moorestown *	CAP Assmt	14 - P & W	CAP Assmt Revw Prep	31 - GDAIS	Revw Prep	26 - LM Syracuse	21 - LM Marinette	Rpt Write-Up CAP Assmt	Surveillance
Fed	Surveillance					15 - Accenture *	Surveillance					RFC	

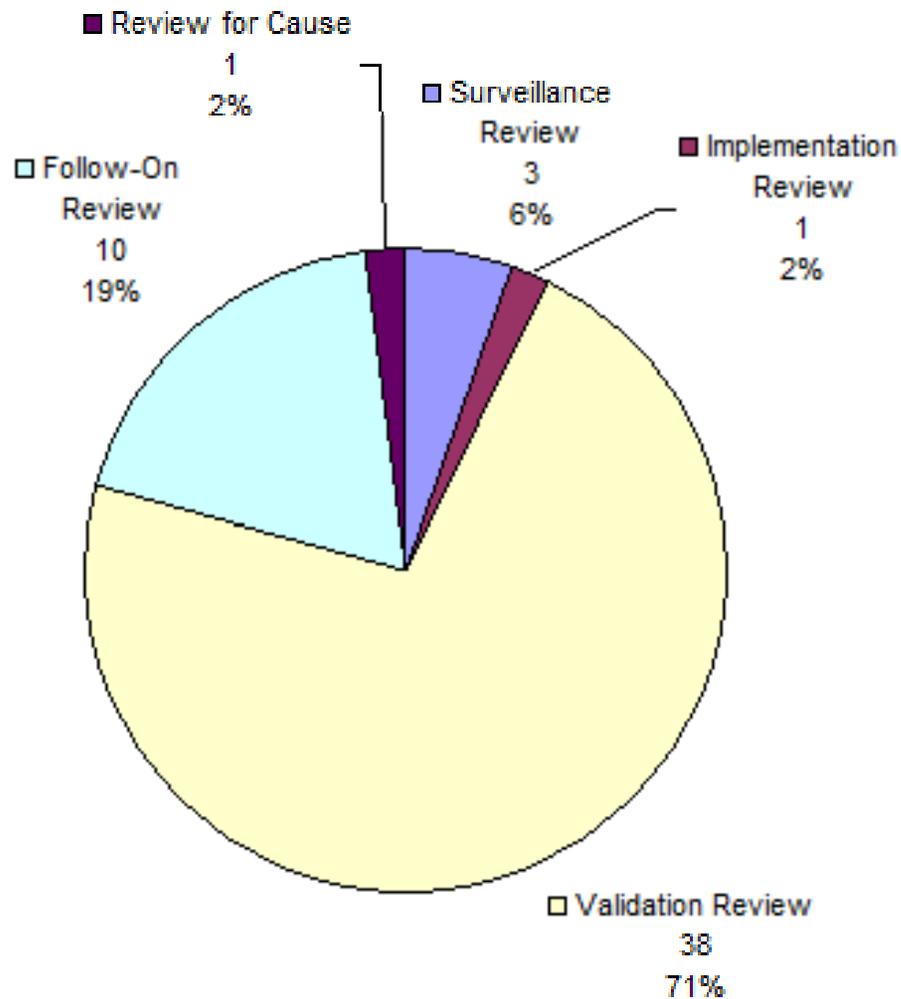
* E-2 NM

Status for all Reviews (including TBD)

Status for All Reviews (Including TBD)



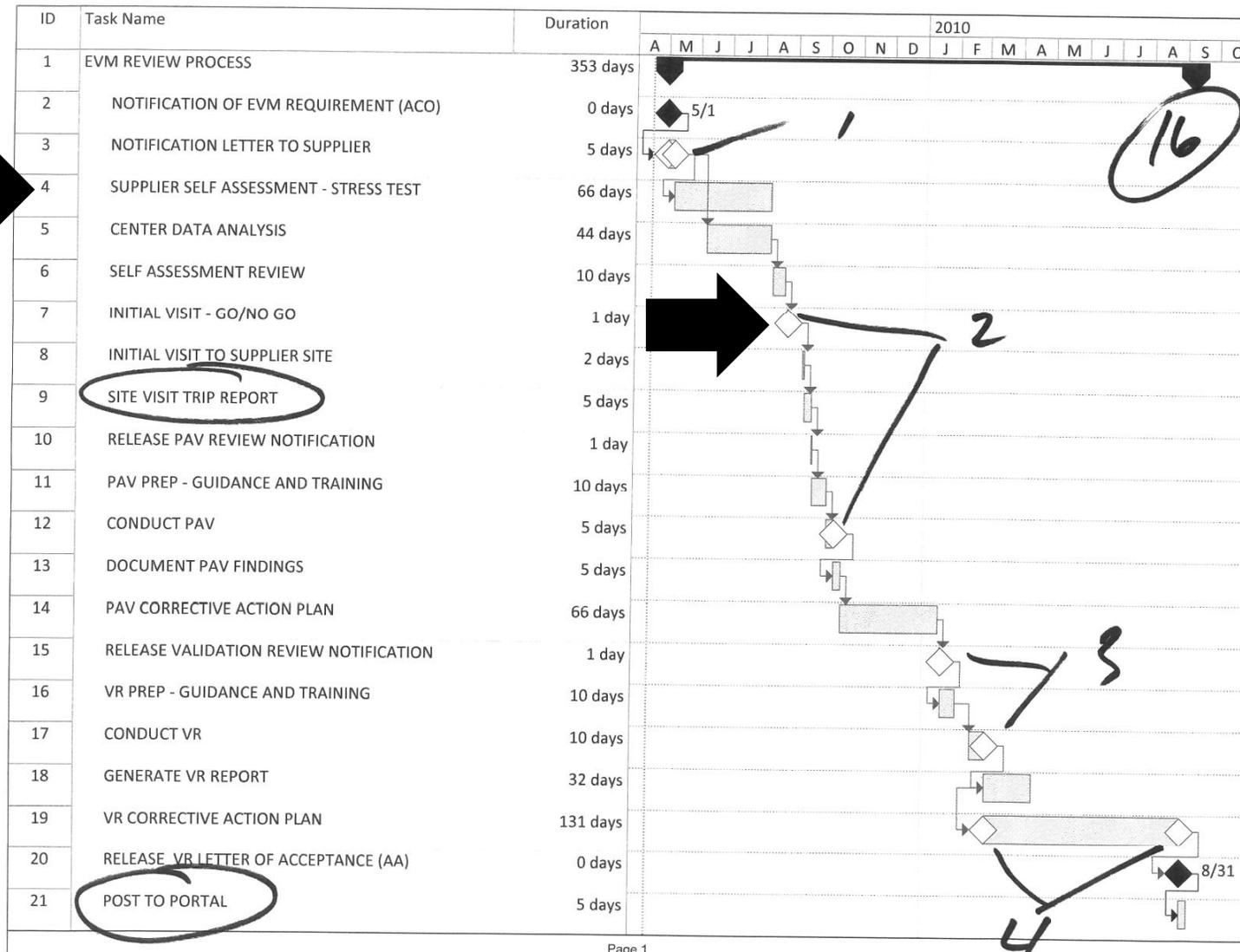
TBD Review Breakdown



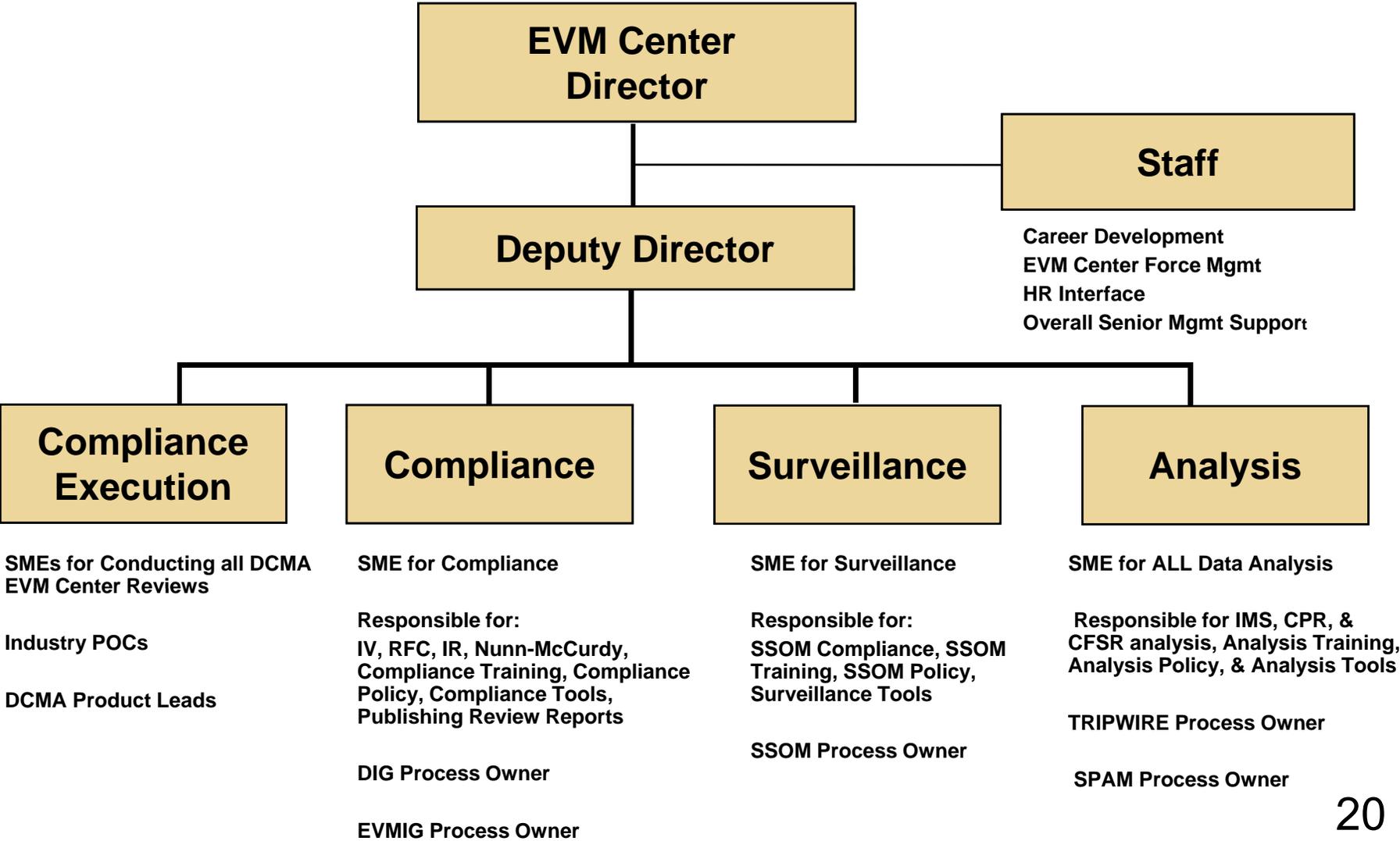
How Can We Do More....

- Competency align all EVM personnel under the EVM/C
- Add more personnel to the EVM/C and Field
- Greater contribution coming from the Field, Services, and DCAA
- Re-engineer EVM/C processes (streamline steps, look at less, document less, i.e., 1040A, delegate)
- Realign the EVM/C to processes vs. product
- Suppliers to take on more of the burden
- More disciplined Go/No-Go decision (cost/benefit)
- Eliminate EVMS requirements

EVM System Process



EVM Center – Process Aligned



Overarching EVMC Performance Indicators

Strategic Initiative Alignment:

Strategic Initiative #1 - Enhance DCMA's performance as the Department's Executive Agent for Earned Value Management Systems

Objective of Execution Plan:

More effectively execute the DCMA DFAR role and requirements for EVMS and its responsibilities as DoD's Executive Agent for Earned Value Management Systems (EVMS). The EVM Center will ensure that suppliers' EVMS are implemented, maintained and continuously improved in accordance with the guidelines set forth in the *American National Standard Institute/Electronic Industries Association Standard-748, Earned Value Management Systems*.

Performance Indicator:

1. Execution of EVM System Validation and Compliance Reviews

- Green \geq 85% of Compliance Review Milestones are completed within 10 work days of baseline deadline
- Yellow 75 - 84% of Compliance Review Milestones are completed within 10 work days of baseline deadline
- Red $<$ 75% of Compliance Review Milestones are completed within 10 work days of baseline deadline

Overarching EVMC Performance Indicators

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Objective of Execution Plan:

More effectively execute the DCMA DFAR role and requirements for EVMS and its responsibilities as DoD's Executive Agent for Earned Value Management Systems (EVMS). The EVM Center will ensure that suppliers' EVMS are implemented and maintained in accordance with the direction set forth in the *Standard Surveillance Operating Manual (SSOM)*.

Performance Indicator:

- 2. Development of Standard Surveillance Plan (SSP)**
- 3. Delivery of Standard Surveillance Reports (SSR)**
- 4. Document EVM System Compliance Issues (CARs)**
- 5. SSP Turnaround time (Center)**
- 6. CAR Turnaround time (Center)**
 - Green \geq 85% of CAR disposition by within 10 work days of receipt
 - Yellow 75 - 84% of CAR decommissioned disposition by within 10 work days of receipt
 - Red $<$ 75% of CAR disposition by within 10 work days of receipt

Overarching EVMC Performance Indicators

Strategic Initiative Alignment:

Strategic Initiative #1 - Enhance DCMA's performance as the Department's Executive Agent for Earned Value Management Systems

Objective of Execution Plan:

More effectively execute responsibilities as DoD's Executive Agent for Earned Value Management Systems (EVMS), the EVM Center and CMOs will consistently develop and deliver predictive analysis and forecasts using EVM data in accordance with the guidance set forth in the *Trip Wire Operating Manual (TWOM)*.

Performance Indicator:

7. Delivery of (CMO) EVM Trip Wire Analysis

8. Delivery of (Center – Enterprise) EVM Trip Wire Analysis

- Green \geq 85% of Trip Wire Analysis is completed by deadline in accordance w/ TWOM requirements.
- Yellow 75 - 84% of Trip Wire Analysis is completed by deadline in accordance w/ TWOM requirements.
- Red $<$ 75% of Trip Wire Analysis is completed by deadline in accordance w/ TWOM requirements.

Overarching EVMC Performance Indicators

Execution Effectiveness of EVM System Validation and Compliance Review based on 4 Milestones:

Milestone	Baseline Work Days
1. Notification Letter	10
2. Conduct PAV	19
3. Conduct VR	21
4. Successful CAP	132

Overarching EVMC Performance Indicators

- Recognize Milestone importance varies
- Composite metric based on weights assigned to milestones

MILESTONES	WEIGHT
MS 1 (notification)	1
MS 2 (PAV)	2
MS 3 (VR)	2
MS 4 (CAP)	3

Composite VR Metric Example

- 4 reviews
- Review 4 completed only through PAV
- CAP not completed on time for Review 3

MS	Rev 1	Rev 2	Rev 3	Rev 4	TOTAL	MAX Possible	Milestone Score	Milestone Color
1	1	1	1	1	4	4	100%	Green
2	2	2	2	2	8	8	100%	Green
3	2	2	2		6	6	100%	Green
4	3	3	0		<u>6</u>	<u>9</u>	67%	Red
					24	27		

Composite metric = $24/27 = 89\%$ = **Yellow**

Hot List

- Update to the DCMA Standard Surveillance Operating Manual
- Creation of a "Clearinghouse Activity" to deal with industry government oversight and implementation issues
- POC for each company
- Definitions on materiality, identification and closure of level 1 CARs, and the reduction of the required CAPs
- DCAA usurping the charter of DCMA as the Executive Agent of EVMS
- Creating a template by Company, Business, location, site and "Cage Code" so that the DCMA can baseline those sites
 - Tasking Memorandum No. 09-262-Subject: Annual Update of the EVMS Supplier Validation List
- Formalize and expedite EVMS review requests via portal (Time stamp)
- Rethink EVMS Validation Review Methodology
 - Suppliers to take on more of the burden
 - More disciplined Go/No-Go decision (cost/benefit)