



DCMA

Defense Contract Management Agency



Earned Value Management

Where We've Been and Where We're Headed

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30 January 2008



Topics

- □ DCMA's Mission
- □ What We've Done
- ☐ What We've Seen
- ☐ Where We're Heading
- ☐ Keys to Success



DCMA's Mission

- ☐ Executive Agent for Earned Value Management Systems
 - > Role Re-affirmed 03 July 2007 in USD(AT&L) Memo
 - √ Function as the Subject Matter Expert for EVMS
 - ✓ Responsible for Determining Initial and Ongoing EVMS Compliance
 for All DoD Suppliers
 - o Prime
 - o Subcontractor
 - o Shipbuilding



DCMA's Mission

- □ DCMA Consistent in It's Approach and Message
 - Standard Review Methodology
 - ➤ Standard Surveillance Operating Manual (SSOM) Signed by DCMA Director
- □ DCMA Re-energizing EVM within Pentagon
 - > Institutionalized Trip Wire Process for DAES Reviews
 - ✓ DOUSD(AT&L) Using the Data and Asking Questions
 - > Recent Review Results Have Heightened Interest



What We've Done

- □ New Center Facility at Pax River Opened 09/08
- ☐ Center Staff to Increase to 44 by 3Q08
- ☐ Conducted 39 DoD EVMS Reviews
 - 4 Initial Visits
 - > 5 Corrective Action Plan Progress Visits
 - 5 Progress Assistance Visits
 - > 9 Validation Reviews
 - > 11 Compliance Reviews (4 Nunn-McCurdy)
 - > 5 Nunn-McCurdy Initial Assessments
- ☐ Continued Support to AT&L DAES Reviews



What We've Seen In Plant

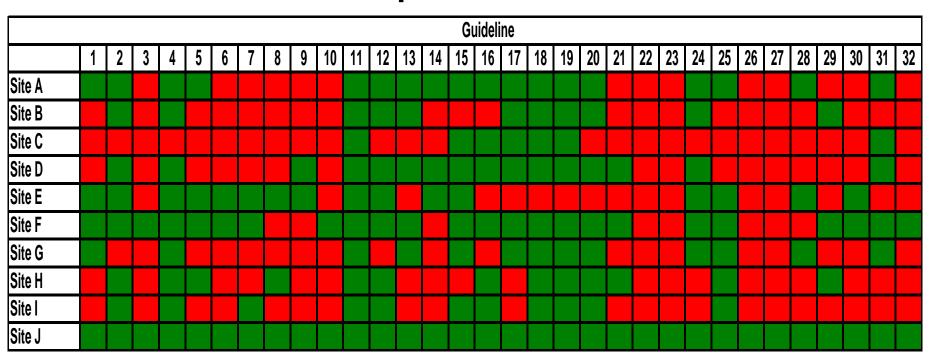
☐ Systemic EVMS Weaknesses

- > Across Programs, Suppliers and Buying Commands
 - √ CAM Knowledge Problems
 - √ Span of Control Issues
 - ✓ Inadequate Schedules
 - ✓ Data Integration and Integrity Problems
 - ✓ Undisciplined Work Authorization and Change Control Processes
 - √ Poor Variance Analyses
 - ✓ No Formal Corrective Action Processes
 - √ Inadequate Estimate at Completion Procedures
 - ✓ EVM Used to Report Data, Not as a Management Tool



What We've Seen In Plant

Validation/Compliance Review Results





What We've Seen in Contracts

- ☐ Hidden Over Target Baselines
 - Overruns Rolled Into Contract Target Costs
 - ✓ Reprogramming Adjustments Not Reported in CPR
- ☐ Incorrect/Conflicting EV Contract Requirements
 - > FAR Clauses Cited
 - DFAR Clauses Omitted
 - > H-Clauses and SOW That Direct System Violations



Where We're Heading

- ☐ Moving Towards Competency Alignment
 - > EVM Function is First
 - > Field Resources Report Directly to EVM Center
 - Process has Begun
- ☐ Finalizing EVM Center Schedule for CY 2008
 - Publication Targeted for mid-February
 - ✓ Initial Validation Reviews
 - ✓ Compliance Review Follow-ups
 - √ ASN(RDA) Actions
 - ✓ Toolset Development and Training Plans



Where We're Heading

- □ Deployment of the SSOM and Associated Training
 - > SSOM Designed for Consistency and Discipline
 - √ Risk Based Assessments
 - ✓ EVM Center Reach-back Capability
 - Supplier Collaboration is Key to Success
 - > Training to Commence in March 2008
- ☐ Streamlining our Review Process
 - Reducing Team Size
 - > Fewer CAM Discussions
 - > Developing New Tools to Access and Assess Data
 - Using Databases to Standardize Review Outputs



Keys to Success

- ☐ Get DCMA Out of the Compliance Review Business
 - > <u>NOT</u> DCMA's Preferred Modus Operandi
 - > Can't be Done Without Proactive Industry Involvement
 - ✓ Admit That Problems Exist and Act
 - ✓ Strive to Continually Improve People, Processes and Tools
 - Current Process is Arduous
 - √ Financial
 - o Cost to DCMA for Two-Week Review ~\$270K
 - o Cost to Supplier to Develop/Implement Corrective Action
 - o Lost Opportunity Costs for Both Sides

✓ Personnel

- o Suppliers in Panic Mode Race to Compliance
- DCMA Team Stretched Thin
- More Top Level Scrutiny for All Stakeholders



Keys to Success

- ☐ Focus Attention and Resources on Surveillance
 - Competency Alignment Brings Resources
 - > SSOM Brings Standardization
 - > Continuous Improvement vice Compliance Reviews
 - Collaboration with Industry Is Required