



# Earned Value Management

**Where We've Been  
and  
Where We're Headed**

---

**Presented By:**

**Frederick Meyer**

**Director, Earned Value Management Center**

**30 January 2008**

# Topics

---

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

- ❑ **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**
      - Prime
      - Subcontractor
      - Shipbuilding

- ❑ **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**

## ❑ 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

Guideline																																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
Site A	Green	Green	Red	Green	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red	Green	Green	Red	Red	Green	Red	Red	Green	Red	Red									
Site B	Red	Green	Red	Green	Red	Red	Red	Red	Red	Red	Green	Green	Green	Red	Red	Red	Green	Green	Green	Green	Red	Red	Red	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red
Site C	Red	Green	Red	Red	Red	Green	Green	Green	Green	Green	Red	Green	Red																				
Site D	Red	Green	Red	Green	Red	Red	Red	Red	Green	Red	Green	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red										
Site E	Green	Green	Red	Green	Green	Green	Green	Red	Green	Red	Green	Green	Red	Green	Red	Green	Green	Red	Red	Green	Red	Green	Red	Red	Red								
Site F	Green	Red	Red	Green	Green	Green	Green	Red	Green	Red	Red	Green	Green	Red	Red	Red	Green	Green	Green	Green	Green												
Site G	Green	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Green	Red	Green	Red	Green	Green	Green	Green	Red	Red	Red	Green	Green	Red	Red	Green	Red	Red	Red	Green	Red
Site H	Red	Green	Red	Green	Green	Red	Red	Green	Red	Red	Green	Green	Red	Red	Red	Green	Red	Green	Green	Green	Green	Red	Red	Red	Green	Red	Red	Red	Red	Green	Red	Red	Red
Site I	Red	Green	Red	Green	Red	Red	Green	Red	Red	Red	Green	Green	Red	Red	Green	Red	Green	Green	Green	Green	Red	Red	Red	Red	Green	Red							
Site J	Green																																

- ❑ **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**

- ❑ **Get DCMA Out of the Compliance Review Business**
  - **NOT 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**
      - Cost to DCMA for Two-Week Review ~\$270K
      - Cost to Supplier to Develop/Implement Corrective Action
      - Lost Opportunity Costs for Both Sides
    - ✓ **Personnel**
      - 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**