NDIA PMSC Joint Government/Industry Day

August 10, 2011

Welcome, call to meeting – Joe Kusick. Joe thanked Northrop Grumman and Dr. Chino and reviewed the agenda for the day. Joe introduced Dr. John Chino, VP for Corporate Programs, Quality and Engineering at Northrop Grumman.

Dr. John Chino – VP Corporate Programs, Quality and Engineering, NG Presentation

Welcome Address. See presentation materials, including Corporate Program Management Council structure and function, Program Management Initiatives, Key Program Management Processes, Why Programs are Successful, Traits of Successful Program Managers. Referred to Non-advocate Reviews.

Presentation centered on the Northrop Grumman Organizational Structure, continuous process improvement as well as the nature of the management councils and cost efficiency initiatives.

Q&A:

- How are PM career plans affected by assignment to long term programs? We develop a milestone based exit plan, for example, a PM can leave after completion of CDR.
- To what extent does Business Development use Program Management processes? BD bridges the gap between pursuit and uses a Gate Review process to ensure handoffs.
- How do you help PM's with an organized and framed strategy or battle rhythm? There is a program start-up review that requires a weekly plan. We expect to see a CCB established and meeting, even if there are no changes, to get the rhythm going. Dr. Chino and the sector President review minutes, results, and output of the CCBs.
- Do you have magic for getting engineers to want to be CAMs and IPT leads? We encourage, not force them, we mentor them. You can tell which engineers have business skills; we set them up to be deputy PMs.
- How do you involve suppliers in the risk and opportunity process? We ask them for risks and opportunities and it is part of our quality review with the supplier.

Keynote Address – Joseph Sweeney, DCMA Executive Director Portfolio Management & Integration

See presentation materials. Presentation included DCMA – what's changed/what hasn't changed. Why we are all here? The warfighter, including Joe Sweeney, Jr. Mr. Sweeney reviewed the DCMA organizational structure by section. Path Ahead – same goals – get programs successfully completed. DCMA-NDIA collaboration needed, with an understanding and appreciation for each party. Goal to speed the decision making and problem resolution process. Mr. Sweeney touched on the current proposed reorganization of the EVMS center and stated that there will be more oversight and control over the various CMO's by the DCMA COO and EVMS functions. It was stated that the proposed organization structure would be in place by first quarter fiscal 2012 (October 2011). Mr. David Kester would be taking up the new role reporting directly to Marie Greening and would be responsible for compliance reviews, operational audits, and Nunn McCurdy reviews. Mr. Sweeney also stated that the DCMA was still working through a process for the implementation of the interim business systems DFAR rule. Most of the items asked by the audience were still in work.

Q&A:

- Is there a problem with tools and training standardization? DCMA has made a lot of strides in training. A training and certification program has been developed with DAU. It is critical that we get this right.
- How do you see DCMA integrating with the pharmaceutical industry? We are not there yet, but we need to get there through groups like this.
- What kind of measures of effectiveness are you looking at in terms of the re-structuring? Looking for "no surprises", predictability. We didn't have the resources and there was no predictability on dates, resolution times, responses. We don't have these measures yet, we need to get to a predictive process. We need to fix it.

- How are you doing with staffing and resources? We are doing better. The staffing reductions are not supposed to impact acquisitions. We know that we have to have the right people, especially with the DFARS Business Clause implementation.
- We've been unofficially told that DCMA will no longer be doing Civilian Agency validations. Is that true? As far as Sweeney knows the MOA is still being honored. There are more and more requests, though.

Joe Kusick thanked Mr. Sweeney and each person in the room introduced themselves.

Panel Discussion on Integrated Baseline Reviews, Moderated by Gary Humphreys
Panel: Nanette Bouchard, VP of Program Management for Boeing Defense, Space & Security; Bennett Croswell, President of Pratt & Whitney Military Engines; Mary Dickens, Principal Assistant Responsible for Contracting/Director, Contracting and Acquisition Management Office, US Army Space and Missile Defense Command; Blaise Durante, Member Senior Executive Service, Deputy Assistant Secretary for Acquisition Integration, Office of the Assistant Secretary of the Air Force for Acquisition; Richard Gilpin, Deputy Assistant Secretary of the Navy (Air Programs); Rear Admiral William Shannon, III, Program Executive Officer for Unmanned Aviation and Strike Weapons.

Gary: *PMs are doing great things for industry and reviews have moved from validations to Subsequent Application Reviews to technical baseline reviews. Then Bill Smart combined them into the Integrated Baseline Review (IBR). Can you comment on the value of the IBR?*
Durante: Baselines are really important when money gets tight. We look for what is not performing and get rid of it. We look to terminate programs with crappy baselines. If you don't have a good system, you are screwing yourself. If you don't get a good baseline up front, you're in trouble. It's a management tool. It's great to have a policy, but we are looking for it to be enforced.
Croswell: It takes leadership. One of the most difficult jobs is to be a CAM. It's usually their fourth or fifth job in addition to being an engineer and the CAM skills are not taught in engineering school. IBRs are important because it gives the basis for the program and allows the CAM to align with the customer and be successful.
Bouchard: It's good to see IBRs moving away from EVM Compliance Reviews and more to the middle with technical and risk focus.
Mary: If an IBR is done properly, it can tell you what you expect to have happen. It's amazing that after going through negotiations we still don't know what we agreed to. Pre-award reviews would be good and should be used more, then follow up with changes. We are consistently confronted with surprises which is a bad deal for everyone. With fiscal constraints, it is crucial to instill discipline and hold both industry and government accountable.
Gilpin: One of my jobs at NAVAIR was to track how many aircraft were lost. In this crisis we have lost more aircraft as a result of allowing programs to run over cost. We must use discipline in Program Management. Every time we allow overruns we take tools out of the hands of the war fighter.
Shannon: We have to make a point with leadership – even if you have requirements in stone, if you don't know how the operational testers will test, the requirements will change. In terms of defining the baseline, there is a tendency to go quantitative. But qualitative drives the program. You have to ask what does operational test need and expect. We must understand this and get it agreed to by all. I don't think I've ever really seen an integrated baseline. Government also has to be held to the same standard as industry. Tons of GFE and GFI needs the same rigor.

Gary: *Let's assume a good, well conceived baseline is in place. What do we need for maintenance and surveillance?*
Shannon: If Program Management is relying on the EV specialist to bring monthly CPI/SPI, then the PM isn't managing. They have to know what's going on at the CAM level. There was a recent program with a .99 SPI, everything Green, then the next month a rolling wave adds up front LOE and takes 50/50 percent complete, and everything falls apart. The data has to be good.
Gilpin: We need a clear understanding of the estimate and what goes into it. We need good open conversation. At IBR, does everything match your expectations from the proposal? Who's briefing the EVM stuff? Is it the CAM or the IPT Lead? The IPT lead should be able to discuss all of this.

Dickens: Having the right metrics and managing to appropriate trends is critical. It has to be a team effort. There is a tendency to bring data to too low of a level where it's not meaningful. Bad news doesn't usually get better. Another key area is major subcontract management. The subcontractors cannot be disconnected from the technical requirements. Sometimes there is no flow down. You have to ensure the level of detail on the subs is correct.

Humphreys: Should *there be any guidelines on LOE? Subcontractors?*
Bouchard: We use tripwires and metrics like CPI to TCPI comparisons. We are working on tools. We expect PMs, IPT leads to brief EVM. They must have the right training and it has to be part of the operating rhythm. With subs, you have to flow down and expect them to report. You have to roll in large risks and opportunities from the subs. You have to do internal surveillance as well. We have to challenge to make sure we don't get too much LOE, since it does creep up. You have to monitor it and clean it up. We use metrics, operating rhythm, and government involvement.
Croswell: When something is dynamic it should be LOE, although you still have to manage it. For example some of the testing you are not sure how it will go so it needs to be LOE. As far as subcontracts, we have IBRs with the large subs and include them as IPT leads. We have a good process with large subs, but the challenge is with the smaller ones. You have to have a good process for Risk and Opportunity. The CAMs have to be rigorous.
Durante: How do we surveill ourselves? What is Program Management? It is risk management. IBRs mitigate risk. If you have a weak baseline, you're surveilling crap. I would hope most contractors have baselines before you sign the contract. Requirement creep doesn't come from the user, it comes from the engineers. The technical baseline changes. The top primes are mostly integrators of subs, they don't make anything themselves anymore. The subs have to have earned value requirements and the PM needs to know the problems before they show up in the EV data. You have to surveill all the way up and down. You need to have a good baseline and you have to have good risk management.

Gary: Metrics. What do you look at? How often?
Croswell: We have monthly program reviews. We look at cost and schedule variance, trends in cost variance and schedule variance. We need to drive IPTs to find risk and opportunities. They are quick on risk but slow on opportunities. You can't punish the innocent. There has to be an incentive for CAMs to take this on.
Bouchard: We look at CPI and SPI monthly with a three or six month average so it's not too insensitive. CPI and SPI at the Control Account level of course. As far as CAMs, we just looked at CAM responsibility and are working to put it at an IPT level instead of the engineer level. We are trying to roll up/raise the CAM level because of the amount of training involved. Make it a part of management.
Durante: I look at program metrics. I look at the health of programs. Cost, schedule, funding. It's amazing how many programs are "Green" in technical and performance but going south in cost and schedule. What are the metrics based on? They can't be based on a house of sand. It would be nice if the data matched what was going on. Contractors need to think about the new contracting rules, like FPI holding back 20% until the end of the CLIN. How does that affect the baseline?
Dickens: I look at key metrics as part of program reviews and then drill down to root cause. You ask, "how will you get back on track?" You have to ask the right questions. What are the details for how you will get back on schedule? It's a best practice to ask questions on root cause.
Gilpin: You are looking at history when you look at metrics. If you are at .99 and haven't done the hard stuff it may be an issue. How are you doing on margins – MR, technical requirements like weight? Everyone wants to do the right thing. You have to know the requirements and have discipline. LOE is a challenge. I disagree with Mr. Croswell – if you've done your System Engineering right, there is a specific product and not LOE.
Shannon: I look at MR as a percent of the remaining allocated budget. Look at MR trends. I look for a Risk and Opportunity data base with costed risk and target dates. I like to look at CPI/SPI at level 3 for masking. An example is material came in early but Software is only at .8. We might have a problem.

Humphreys: *Is there a correlation between cost growth and pre-award IBRs?*
Shannon: I was told pre-award IBRs were illegal in source selection.
Dickens: Industry has to decide if it's worth the investment in a competitive environment. You do have to be careful with pre-award IBRs not to give any competitive information away.

Wayne Abba – Pre-award IBRs are allowable under the FAR as allowable cost.
Shannon: On the government side those doing source selection are not always those who execute the program. The pre-award IBR helps make sure it's not just a cost selection.

The panel was thanked.

Ken Spiro, Staff Specialist to the Deputy Assistance Secretary of Defense for Strategic and Tactical Systems. Presentation: Probability of Program Success (PoPS)
See Presentation Slides.
Q&A:
- Are you sharing this data or tool with industry? The NDIA – ICPM committee has been briefed. The tool is available, but others are waiting to see the outcome.
- There is a category called Planning Execution/Contractor Performance – what does that mean? Should DCMA be involved in that? The programs provide the data. The Navy has about 100 questions; the Air Force has about 150. Navy response: we have yet to be asked a question we couldn't answer from our data.
- DCMA asked why isn't DCMA information used. This helps the overseer focus in on the portfolio. The data needs to be rolled together in the future.
- What oversight does this replace or is it in addition? We are still evaluating the value so we are not sure yet.
- Where are the DAU three questions, how's your program doing on cost, schedule, and performance? It is in there at the drill down level. Provides foundation. This tool is trying to keep it simple.
- How frequently are the metrics updated? Each service has their own schedule. The Air Force is monthly, the Navy at Gate reviews, this will have to be decided.
- Looking back, how successful has PoPS been in predicting? We have had a lot of false positives, we show a dip and then a correction.

Gordon Kranz, Deputy Director of PARCA, Responsible for EVMS Policy for PARCA and Director of Government IPT for EVMS.

Gordon covered the current roles and responsibilities of PARCA. Introduced his current team members and summarized his key initiatives which include an issues resolution process, chair of the DOD EVMS IPT, and the control of the common data repository as well as the data management plans and DID and DFAR updates for all matters EVMS related.

See Presentation Slides

Q&A:

- Where is the intersection of DCMA and PARCA on policy? PARCA policy guides when to use EVMS on contracts whereas DCMA policy is related to implementation and interpretation of the policy.
- Gordon would like to support a non-attribution forum with DCMA.

John Cuddy, DCMA EVM Center and EVMOD Update, Engineering & Analysis (E&A) Directorate

Mr. Cuddy provided an in depth overview of the current DCMA organization. He touched on the business system DFAR rule and the current "work in process" as DCMA is laying out a process for the implementation and enforcement for all six business systems. He addressed the current reorganization of the EVMS center as well as the continued delay of DCMA in getting out the various instructions and guides relating to EVMS implementation, surveillance, and reviews. Most guides now look like they will not be out until the first or second quarter of 2012.

See Presentation Slides

Q&A:

- What is the number of people migrating from the EVM Center to the Directorate? About 30, requisitions are open
- Which operations group handles the D.C. area? Headquarters. About 17% of all the contractors are in Virginia and Maryland.
- Related to the Central Repository, as data is submitted is there an expectation that the CAR system would expose information? Not at this point. The purpose of the CAR system is to standardize the process. In the future there may be some related access.
- Is the MOA with DCAA referred to in the presentation recent? Yes, it was recently signed.
- Regarding the validation review backlog, is there any chance of entertaining a different process? Using a risk based approach now with dialogue in process. The current industry guidelines say 18 months.

Dan Butler, ANSI 748 Update

Dan Butler talked to the current work in process, stated that the refresh process was presented to OSD and all EVMS IPT stakeholders in June. It was pointed out that this is a refresh however we will take all comments providing they make sense and there is a practical business case. This activity must complete by July of 2012.

(See presentation slides)

Q&A:

- Are you enlisting the support of the IC or Civilian Agencies? Yes, through PARCA and the DoD EVM IPT. Dan will be contacting agencies such as OMB and FAA.

Dan Butler, ISO PM Standard

See Presentation by Miles Shephard, Chair of ISO Programme Portfolio

Joe Kusick, NASA Update presented in Jerald Kerby's absence

See NASA Update Slide Presentation by Jerald Kerby

Ivan Bembers, NRO

Ivan left NGA in May and took position with NRO as the EVM Focal Point.

- IBRs and reporting will continue
- Focusing on integrating cost estimating and EV
- Collaboration opportunities are sought
- In a budget constrained environment the cost of program management and how it is presented on BOEs is important. The EVM maturity level represented is interesting.
- Differences between subcontractors and primes.
- Think about if you can improve in how you represent your EV maturity level –it's easy to cut if it just sounds like you are delivering financial reports.
- Ivan is interested in working with others on best practices in Agile SW development.
- Discussion on Subcontract Management strategy related to EV. Need to work collaboratively on waiver requests. Suggestion that companies have a process for waivers.

John McGahan, OSD Central Repository DCARC

See Presentation Slides

Q&A:

- Is there a yearly back-up? There is no requirement, but it could be requested.

- Who is the target customer for the Central Repository? Program Managers go here to approve data items. There are 250-300 users from DCMA/DCAA, about 100 OSD users, and Program Offices.
- How does industry get access and information? www.DCARC.PAE.OSD.MIL
- What happens during the locked 10 day window? Program Office EV analysts review data for accuracy.

Dr. Robert Rovinsky, Director of IT for the FAA, CAIWG Update

See Presentation Slides

- Would like to propose leveraging the PMSC meetings for a third day as a Civilian meeting.
- Challenge is finding the right voice in OMB, Civilian agencies are also reorganizing
- Need to show how EV works in the Civilian Agencies, perhaps a pilot?

David Melton, Missile Defense Agency

See Presentation Slides

Q&A:

- Is MDA only baselining and contracting incrementally? To some extent. Requirements changes cause baseline changes.

Beau Willis, Navy Update

- Mr. Willis introduced the Navy team present at the meeting. EVM goes all the way up to the Secretary of the Navy. Sup Ship does their own EV Surveillance. In FY12 they will implement changes as a result of the baseline process.
- Navy is supportive of going to ACAT 2 and 3 programs for inclusion in the Central Repository.
- Question: Has any action been taken by DCMA as a result of the letter from Admiral Shannon? Yes, DCMA has responded.

Shannon House, USAF EVM Update

See Presentation Slides

Q&A:

- Are you using the Central Repository? Yes, for ACAT 1 programs. The rest are submitted by contractors.
- What is the relationship between the new IBR guide for the Air Force and the Industry IBR guide? Not sure what the differences are. Currently piloting new IBR process.

Working Group Outbriefs:

Bill Altman – PM Outreach Working Group

See Presentation Slides

Q&A:

- In addition to reaching out to Program Managers, should we be reaching out to CAMs? I don't think we should expect CAMs at this venue.

Nick Pisano – Contracts Working Group

The new lead of the Contracts Working Group is Nick Pisano.

See Presentation Slides

In need of Government representation – contact Nick if you are interested

Pete Wynne, Kathryn Flannigan – Clearinghouse Working Group

See Presentation Slides

Setting up a process to confirm existing issues and handling one-off issues (industry only). The process for determining the Industry position needs to be defined before bringing an issue to the government.

Kim Herrington, Earned Value for Production Working Group

See Presentation Slides

The white paper has been written and is being reviewed by the Board of Directors. Anticipate releasing it to the members in late September after Board review and approval.

Buddy Everage, System Acceptance Guide

See Presentation Slides

Rewrite was started in February 2011. The focus has changed from "reciprocity" to "what constitutes compliance." The update should be ready to present in November for a vote.

Wrap up for the day – Joe Kusick

Joe thanked Northrop Grumman for hosting and thanked the Government attendees for their strong presence and participation. He thanked the Board of Directors as well.