



# **NDIA PMSC Update 10 September 2013**

*Tracie Thompson*

# Topics

- Board Update
  - PMSC Activities
    - Board Strategy Meeting
    - Recommend move to Division
  - Working Group Update and Review
  - Current Environment – Highlight of Special Interest Areas
    - General Committee Discussion Topics
    - PARCA request for 32 Guideline Input/DFARS Update
    - DCMA CAR Process Update (as related to EVMS)
  - Upcoming PMSC Activities
    - Integrated Program Mgmt Conference – CPM Connection – Neil Albert
    - NDIA/ Govt Collaboration Meetings Re-invigorated- Carol Boser
  - 2013 / 2014 Meetings
  - Summary
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# Board Update

- Chair – Tracie Thompson, Term ends May/June 2014
- Vice Chair – Carol Boser. Will need Vice Chair elected in June 2014
- Officers at Large (Limited to 12) – Wayne Abba, Neil Albert, Bill Altman, Eric Christoph, Buddy Everage, Scott Gring, Kim Herrington, Dan Lynch, David Ricci, Randy Steeno, Sung Soon Stultz, Joan Ugljesa
- Active Past Chairs – Dan Butler, Gary Humphreys, Joe Kusick, Pete Wynne

Need Vice Chair Nominations

# PMSC Board Strategy Meeting

- PMSC Board Offsite Strategy meeting held 8/27-28/2013 at LM in Sunnyvale
  - Reconfirmed PMSC Meeting Operating Model
    - 1/3 Internal (Guides, documents)
    - 1/3 Interface with Government Counterparts
    - 1/3 Using EVM to better manage programs
  - Agreed to recommend move to a Division
  - Review of board member roles and responsibilities
  - Considered request from G. Kranz regarding 32 Guidelines – Initial letter sent.
    - Discussed forward plan to review what a new policy might look like
  - Discussed Reciprocity and letter from CAIWG

# Transition to Division - Recommendation

**Background:** Currently the Program Management Systems Committee is aligned under the Procurement Division of NDIA. Earlier this year the PMSC asked General Farrell to consider elevating the PMSC to a Division. He responded that as long as Procurement and PMSC agree and address any concerns, he would concur.

- The Board recommends the PMSC move to a Division within NDIA
- The Board recommends a name change to “***Integrated Program Management Division***”
  - Our focus remains on Earned Value Management as the core of Integrated Program Management
  - Scope expands to address other aspects of Program Management which interface and impact EVM
    - Examples: Agile, WBS, IMP, Risk and Opportunity Management
  - Charter will be updated and distributed prior to next meeting
- A vote on the move will be taken at the January 2014 meeting

# PMSC Working Groups

Working Group	Lead	Comments
Civilian Agency Industry Working Group (CAIWG)	Jerald Kerby Tracie Thompson	Regular meetings with subgroups working scalability, reciprocity
Clearinghouse	Pete Wynne, Mellissa Gilbert – <a href="#">New Leaders</a>	In addition to formal issues, this forum allows industry members to discuss concerns and best practices
Contracts	Nick Pisano	Various issues including Stop Work orders, Business Systems Rule impact on PBPs; CAS Harmonization

# Working Groups – Government Involvement

- Gordon Kranz has scheduled meetings with all Working Group leaders
- Gordon will be working to assign people from government to support several of the groups
- Results have been very positive – we are already seeing results

# PMSC Working Groups, continued

Working Group	Lead	Comments
Guides IBR Guide – Neil Albert Intent Guide – Mike Cuticchia	Dan Butler, Joan Ugljesa	System Acceptance Guide, Intent Guide Update, IBR Guide Update in 2013
Planning And Scheduling	Carla Gilhuys/ Yancy Qualls	This group maintains the PASEG, and comments on Schedule related documents; Charter to be developed
Risk & Opportunity Management	<a href="#">Steve Barnoske – New Leader</a>	Assessing Charter
Production (PMNC)	Scott Gring	Actively analyzing DCMA cross reference checklist related to EVM in a Production environment

# PMSC Working Groups, continued

Working Group	Lead	Comments
Program Management	Bill Altman, Stewart Tague	Working Predictive Measures Guide; LinkedIn Site with 360 members; new member outreach
EV for Sustainment and Service Contracts	Lisa Wolf, Jason Miller	Developing guidance on the use of EV on Sustainment and Service type contracts
XML Working Group	Joan Ugljesa	Recent activity related to IPMR DID

Thank You to the Working Group Leaders and Participants!

# General Committee Discussion with Board

- This afternoon there will be an opportunity to discuss issues as an industry committee
- Policy related issues
- Surveillance related issues
- Examples
  - Schedule Margin related to IPMR DID / Guide
  - CARs in which the costs outweigh the benefits to system integrity
- See separate forms – fill out for discussion this afternoon

**Provide Input for Group Discussion**

# PARCA Request

- Gordon Kranz requested input on 32 Guidelines
  - Looking for more effective application of EVM
  - Production Contracts? Service Contracts?
  - Contract type driven? Dollar Thresholds?
- Board responded with a preliminary letter
- Further discussion this afternoon in open committee forum

**Provide Input to Influence Policy**

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# DCMA Update of CAR Process – Industry Feedback Heard

- CAR Process being rewritten – release is imminent. Potential changes:
  - Level I and II CARs will be issued to the subcontractor with a redacted copy to the prime for informational purposes. However, if the subcontractor does not correct the deficiencies, a Level III may be issued to the prime. For those systems not covered by the DFARS Business System Rule, a prime could potentially receive a Level III.
  - For deficiencies in systems covered by the DFARS Business System Rule, the prime will be informed as per above.
- Recommend once notice is received, prime remains in constant communication with both the subcontractor and DCMA to possibly preclude CAR from being elevated.
- DCMA plans to effect changes consistent with the above concepts and hold a follow-on meeting with industry six months after implementation to see how it's working.

Check the DCMA website under Quality Assurance, Corrective Action Process: <http://www.dcma.mil/policy/>

# Upcoming Activities - IPMC

- Integrated Program Management Conference (IPMC)
  - “Finding Opportunities”
  - November 18 – 20, 2013
  - Bethesda, MD
- NDIA PMSC Teams with the College of Performance Management (CPM) for educational opportunities in the Spring at EVM World and in the Fall at IPMC

<http://ipmconference.org/conference-program/>

# Upcoming: Collaboration Meetings

***PMSC is working collaboratively with Government agencies to insure effective Integrated Program Management Processes are implemented efficiently in a time of fiscal constraint...***

- The Collaboration meetings held in 2011/2012 with DCMA will be renewed beginning in October 2013
- The meetings will be expanded to include PARCA in addition to DCMA
- Meetings will be strategic rather than tactical

Working to develop a stronger relationship with DCMA and PARCA  
for the benefit of Industry and Government

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## 2014 Meeting Plans

- 2014 Meetings – All in Washington, DC area to facilitate Government, Civilian agency attendance
    - Sponsors needed for lunch and receptions
      - Dates:
        - January 28-29, 2014
        - June 17-18, 2014
        - September 16-17, 2014
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# Member Role and Value to You and Your Company

- You are the Program Management Systems Committee
- Your Role: Active participant to the committee including working groups, shaping Guides and input to PARCA and DCMA.
- Value to you and your company
  - Take the message of the current environment back to your company
  - Influence EVM and PM related guidance (ANSI 748, Intent Guide, IBR Guide, etc.)
  - Networking opportunities
  - Professional enhancement through contributions

**“Help Move the Needle”**

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# Summary

- The PMSC Working Groups are active and producing value added feedback to government and industry
- The PMSC is actively influencing policy
- The PMSC is working collaboratively with government to help ensure effective implementation of EVM - Industry and Government will have to leverage off of each of our best practices
- Focus must be maintained on working through issues which affect the execution of our programs and maintain the compliance and acceptance of our program management systems
- NDIA PMSC remains the repository of corporate knowledge on the proper use, guidance and implementation of EVMS as an effective program management tool.



# Back Up

# 2013 Strategic Plan Reflects Broad Objectives in Charter

Serve as an effective vehicle for exchange of views/information between government and industry on Integrated PM (IPM) processes and Earned Value Management (EVM)

Foster understanding and effective relationships between government and industry regarding the development, documentation and maintenance of IPM processes

Provide government with industry perspectives on policies, practices, needs, issues within PMSC purview

Safeguard NDIA interests by carrying out policies/aims/purposes as identified in Procurement Division and PMSC Charters and NDIA By-Laws

**Program Management Systems Committee  
Streamlined Strategic Plan**

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# 2013 Objectives and Actions

Item #	2013 Objectives	2013 Action Plan - <a href="#">Status</a>
1	Support the OSD office of Performance Assessment and Root Cause Analysis (PARCA) in the resolution of issues with industry and DOD components. Work with OSD/PARCA to find areas of consensus to improve the working relationship and communication between DOD EVMS stakeholders	<ol style="list-style-type: none"> <li>1. PMSC Clearinghouse process -<a href="#">Ongoing</a></li> <li>2. PARCA issue resolution process-<a href="#">Ongoing</a></li> <li>3. Conduct PARCA/PMSC collaboration meeting - <a href="#">10/22/13</a></li> <li>4. Respond to PARCA EVM policy documents</li> <li>5. Set up Sustainment/Services WG - <a href="#">Established</a></li> </ol>
2	Collaborate on the resolution of disparate EVM documentation emanating from multiple sources. Initiate an effort to streamline, consolidate, and strengthen EVMS guidance for use across industry and the government.	<ol style="list-style-type: none"> <li>1. CAIWG WG works this issue within their community- <a href="#">Ongoing</a></li> <li>2. Work with DCMA, PARCA and buying commands to drive consistent guidance –<a href="#">Ongoing</a>, <a href="#">working Stop Work orders</a>, etc.</li> </ol>

# 2013 Objectives and Actions, continued

Item #	2013 Objectives	2013 Action Plan- <a href="#">Status</a>
3	Balance the operational approach of the DCMA EVM Hubs with the realities of the current contracting environment.	<ol style="list-style-type: none"><li data-bbox="1147 362 1846 519">1. Continue DCMA/PMSC collaboration meetings – <a href="#">Restart Q4 2013</a></li><li data-bbox="1147 534 1846 862">2. Distribute surveys on industry day meetings on best practices for a variety of topics in order to identify consistencies/inconsistencies in EVM practice. <a href="#">Start Sept 2013</a></li><li data-bbox="1147 876 1846 1019">3. Establish meetings (face to face and/or telecons) with DCMA leadership - <a href="#">Boser</a></li></ol>
4	Clarify that EVMS is a management process supporting program management and owned by individual companies	<ol style="list-style-type: none"><li data-bbox="1147 1052 1846 1209">1. PMSC Committee meetings, especially panel discussions - <a href="#">Ongoing</a></li></ol>

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# 2013 Objectives and Actions, continued

Item #	2013 Objectives	2013 Action Plan- <a href="#">Status</a>
5	Engage at all levels of DOD and industry to jointly improve the use of EVM by Program Managers and support revitalized EVMS training and certification processes.	<ol style="list-style-type: none"><li>1. Support PARCA initiatives to improve DOD PM training via DAU</li><li>2. Support CPM training at major conferences (EVM World &amp; IPM) – <a href="#">EVM World Complete</a></li></ol>
6	Encourage more focus on the Integrated Baseline Review (IBR) process, including pre-award IBRs	<ol style="list-style-type: none"><li>1. Update IBR guide – <a href="#">In Process</a></li><li>2. Contracts WG to discuss application of FAR clause encouraging pre-award IBRs</li></ol>
7	Recommend and encourage reciprocity of EVMS acceptance amongst all government agencies	<ol style="list-style-type: none"><li>1. Continue discussions at CAIWG – <a href="#">In process</a></li></ol>

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# 2013 Objectives and Actions, continued

Item #	2013 Objectives	2013 Action Plan- <a href="#">Status</a>
8	Implementation of the IPMR DID by the industry as intended	<ol style="list-style-type: none"><li data-bbox="1122 339 1856 558">1. Establish a community of practice specifically for the IPMR implementation, set up a LinkedIn group for IPMR</li><li data-bbox="1122 558 1856 672">2. Support the update of the IPMR guide – <a href="#">Complete</a></li><li data-bbox="1122 672 1856 829">3. Ensure PARCA participation in PMSC meetings – <a href="#">PARCA very active in PMSC</a></li></ol>
9	Promote awareness of the PMSC and the PMSC website	<ol style="list-style-type: none"><li data-bbox="1122 858 1856 958">1. Update and streamline website - <a href="#">Updated</a></li><li data-bbox="1122 958 1856 1129">2. Discuss changed/new content at PMSC meetings – <a href="#">Discussed in January</a></li><li data-bbox="1122 1129 1856 1229">3. Develop press releases for NDIA magazine to promote the PMSC</li></ol>

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# 2013 Objectives and Actions, continued

Item #	2013 Objectives	2013 Action Plan
11	Production EV Working Group	<ol style="list-style-type: none"><li>1. Complete initial review of DCMA X-reference Checklist</li><li>2. Adjudicate WG Initial Assessment</li><li>3. Review WG Output with PMSC</li><li>4. Brainstorm best method for communicating results</li></ol>
12	Contracts Working Group	<ol style="list-style-type: none"><li>1. Continue to evaluate and formulate opinions and potentially direction on various contract issues relating to EVM such as data retention, EV application on contracts, stop work issues and various other topics.</li></ol>

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# 2013 Objectives and Actions, continued

Item #	2013 Objectives	2013 Action Plan
13	Planning and Scheduling Working Group	<ol style="list-style-type: none"><li>1. Work with PARCA, GAO and other groups as it pertains to Planning and Scheduling topics to ensure consistency and applicability.</li><li>2. Maintain the PASEG.</li><li>3. Support continued advancements in planning and scheduling theory, practice and implementation.</li><li>4. <i>Explore best practices in integrating risk and opportunity management with planning and scheduling process.</i></li></ol>
14	Service and Sustainment Working Group	<ol style="list-style-type: none"><li>1. This is a new (re-formed) WG that will begin in 2013. 2013 action plan will be to form the group, develop the charter for the WG, and begin the process of addressing EV in a service and sustainment environment.</li></ol>

# Current Environment - Stop Work Order (SWO)

Awaiting Gov't Response

## ● Problem Statement

- Cost Type Contracts Not Always Properly Reflecting the Impact of a SWO on the Contract Target Cost (CTC) and resultant basis for Fee calculations
- There are no issues with Actual costs and associated payments calculations
- Tendency Is To Remove Actual Costs (or even Remaining Estimate) From the CTC Value Instead of Budgeted Values

## ● Background

- Genesis: We Contract for Original Budget Units (e.g.: “A Program for Five Aircraft”)
    - Problems Occur - the First 2 Aircraft overrun cost significantly with a forecast for even more significant total cost overrun at completion
  - Stop Work/ Delete Work Should ALSO be at the Original Budget Units (Each Original Budget Unit [Aircraft] Budgeted at \$ XM)
    - Should Remove 3 times \$ XM for the SWO on the 3 Remaining Aircraft
    - Attempting to Remove Actuals (\$ XM PLUS \$ YM) or Remaining Estimate (\$ YM) would make the resultant CTC Go Negative
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# Current Environment – DCMA CAR Process

## ● Problem Statement

- DCMA released a Corrective Action Process Instruction 12/10/12 that indicates Prime Contractors will receive CARs for Subcontractors
- Various companies addressing this
- PMSC Initiated letter which went from NDIA's Gen. Farrell to Mr. Charlie Williams
- Dialogue initiated – Update from David Ricci later today

Check the DCMA website under Quality Assurance, Corrective Action Process: <http://www.dcma.mil/policy/>

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