Panel Discussion: Potential Impacts to EVM System Descriptions from EVMSIG

NDIA-IPMD Meeting
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Facilitator:
Dan Lynch

Panel Members

Mr. Joe Kusick

(Raytheon)

Mr. Randy Steeno

(Boeing)

Mr. Pete Wynne

(Lockheed Martin)

Ms. Sung-Soon Stultz

(Rockwell-Collins)

Mr. Gary Humphreys

(Humphreys & Assoc)

(circa 1973)

- EVMSIG released/signed 3/9/15
- Reflects results of adjudication process
- Revision(s) to existing System Description?

- # **Discussion Points**
  - Freeze Period / GL29
  - $0 Work Packages ("emergent work") / GL10
  - Alignment of "technical performance" to plan (BCWS) and accomplishment (BCWP) / GL7
  - Allowance of Subcontractor MR in Prime PMB / GL14
    - (Contractor decision)
  - ETCs at Work Package Level / GL27
  - Multiple SDs (see backup)
  - MRP/IMS relationship at WP level / GL6

Potential Impacts to EVM System Descriptions from EVMSIG

Backup ($0 WPs)

- Topic: Flexibility for some level of actuals without budget for emergent work (Guideline 10)

- Shipbuilders Comments: "Flexibility for some level of actuals without budget should be allowed if managed and controlled to specified thresholds. Emergent work will arise and budget may not always be applied before the start. The guidelines interpretation needs to be sensitive to government directed changes where work is authorized and started before a scope is fully assessed."

- DoD EVMSIG:
  - By definition, work packages must have budget. Government acknowledges there can be multiple ways to ensure budget is associated with emergent work. Contractor procedure for ensuring budget is associated with emergent work is expected to be documented in EVM System Description.
  - Government also acknowledges the process for ensuring budget is associated with emergent work may be demonstrated in various ways; testing protocols will be used to evaluate the implementation of those procedures.
    - "Distributing all control account budgets to either work packages or planning packages ensures the Performance Measurement Baseline (PMB) is planned at an executable level that aligns with how meaningful performance measurements will be obtained."
    - "A work package/planning package shall not have a budget without an assigned scope of work. Conversely a work package/planning package shall not have authorized scope without associated budget." (See GL 9 for work auth.)

Potential Impacts to EVM System Descriptions from EVMSIG

Backup (Freeze Period)

- Topic: Definition of Freeze Period (Guideline 29)

- NDIA Comment: "Reach Agreement on definition of 'freeze period'"

- DoD EVMSIG:

  – Defines purpose of a freeze period; clarifies which accounting periods are considered prior, current, and future; and, based on that clarification, specifies which guidelines control PMB changes.

    - "The primary intent of any freeze period is to maintain forward planning discipline and the integrity of the PMB. Contractors should establish a period of time during which baseline changes must be limited to customer-approved contract actions, rate changes, and economic price adjustments. (See Figure 12: Notional Freeze Period.) Supporting rationale for changes in the freeze period must be documented in baseline change control documentation."

    - Figure 12: Notional Freeze Period

Oct	Nov	Dec	Jan	Feb
Earlier Periods (Time Now -2…n) ←	Prior Period (Time Now-1)	Current Period (Time Now)	Next Period (Time Now +1)	Future Periods (Time Now +2…n) →
RETROACTIVE CHANGE PERIOD (GL 30)		FREEZE PERIOD (GL 28 & 29)		PLANNING PERIOD (GL 28 & 29)

Potential Impacts to EVM System Descriptions from EVMSIG

Backup (Multiple System Descriptions)

- Topic: Perceived differences in guideline interpretations will require multiple System Descriptions (SDs)

- NDIA Comment: "By having any differences to the established 748 GLs, contractors fear a need for multiple System Descriptions to satisfy multiple entities."

- DoD EVMSIG:
  – There are no differences to the Guidelines between the EIA-748 and DoD EVMSIG. Since the transition from the Criteria to the Guidelines in the 1990s, DoD has always recognized the Industry Guidelines in Section 2, EIA-748. Section 3, EIA-748, supports Industry's needs for commercial and Fixed Price contracts. Likewise, the DoD EVMSIG supports the DoD's need for high dollar, high risk and cost type contracts.
  – The need for multiple SD has been firmly mitigated since the DoD and IC share the same interpretations in the DoD EVMSIG. OSD and the CAIWG may meet as needed if the Civil agencies seek to better understand the purpose and use of the new DoD EVMSIG.
    - "The DoD requires the management system and processes (i.e., tools, techniques and procedures) used by the contractor's program management staff to be formally documented in either a stand-alone EVM System Description (SD) or in a set or series of integrated process descriptions/procedures that describe the contractor's approach to a compliant EVMS. This documentation will describe how the contractor's business processes and associated data/work products meet the intentions of the 32 Guidelines."
    - "Adding the EVM requirement to established program management business disciplines should not necessitate a major reorganization or refitting of current processes. It is expected that contractors will implement an EVMS by leveraging existing management processes and tools already used to conduct business. "
    - "The Guide provides the DoD Strategic Intent behind each guideline as well as the specific attributes required in a compliant EVMS. Those attributes are the general qualities of effective implementation that are tested in support of determining EVMS compliance as it relates to the 32 Guidelines."

Potential Impacts to EVM System Descriptions from EVMSIG

Backup (MRP/IMS at WP level / GL6)

- Topic: Provide clarification for Guideline 6 with regards to production schedules? The wording requiring "work packages" in the IMS.

- Issue: Local DCMA auditors/reviewers and Industry struggling to understand the intent.

- DoD EVMSIG:
    - *"Production programs are often planned using inputs from a Manufacturing/Enterprise Resource Planning (M/ERP) System that include the detailed efforts (work orders, production orders, work bills, etc.) used to manage the procurement and assembly of material with the associated labor. These systems are used as the basis for planning and statusing the detailed efforts which are aggregated, with the appropriate interdependencies and sequencing preserved, within the network schedule (IMS), minimally at the work package level, for critical path analysis."*