

NDIA IPMD Meeting Minutes

Industry Meeting – January 27, 2015

1. Ms. Carol Boser, IPMD Chair, called the meeting to order and welcomed all the attendees. Carol thanked Raytheon Missile Systems for sponsoring the meeting and Dan Lynch (vice chair) for arranging the event. Carol reviewed the agenda for both days and noted there is a form to provide input/ask questions for the meeting. As is the committee's normal practice, all attendees introduced themselves.
2. Note: These minutes are intended to supplement the charts shown during the presentations (as applicable). Charts (with some exceptions) will be uploaded to the IPMD website shortly after the meeting.
3. Carol provided an IPMD update. She reviewed the IPMD objectives, showed the current board members, discussed the board election, highlighted the active working groups and mentioned the agreement we have with the UK equivalent to the IPMD (APM). She focused on the various changes in our environment and closed with the 2015 meeting schedule.

The candidates for the board meeting are Robert Jennings (Raytheon) and John Duval (CSC). Carol noted the voting list provided in the packet which indicates who can vote on behalf of the NDIA member companies.

Carol highlighted the 2 new working groups – Agile and Prime/Subcontract management and noted that the Production EVM working group is completing its effort.

The major points she discussed relative to the operating environment are:

- The new DoD EVMS Interpretation Guide – expected to be released at the end of January. The guide will be what the government will use to determine whether an EVMS is compliant
- DoDi 5000.02 Table 8 update has been released. Major change is that work scope should be considered when applying EVMS (work scope should be measurable and discrete). A DFAR deviation process is available if the work scope is not applicable.
- Carol noted the recent release of a Schedule Margin memo from PARCA dated 12/17/14. The memo clarifies the purpose and use of schedule margin. A future joint industry/government meeting is planned to further ensure consistent interpretation.

The next meetings are: April 14-15 at the Westin in Crystal City, VA and Aug 25-26 at the same location.

4. Mr. Ed Miyashiro from the Raytheon Company provided a welcome and keynote address. Mr. Miyashiro's current role is to lead Raytheon's Evaluation Team which provides assistance to programs within the company. He spoke on achieving business success. He asked the question – what can you do every day to make your customer and your business successful. He shared his insights on why programs succeed (program teams have the right skill set, clear roles and responsibilities, and strong risk and opportunity process/culture) or fail (inadequate supplier oversight, poor process discipline and poor IMS are the most frequent reasons) and discussed the importance of integrated program management. He addressed what a successful PM looks like and challenged the audience to consider what we can do to increase the profitability of our companies.

Ed noted that the key attributes for a successful program manager are being a master strategist (ensure program survival and drive future growth), a disciplined manager (execute contracts under cost and ahead of schedule targets), a shrewd business person, an engaged leader and a relationship cultivator.

5. Dr. Keoki Jackson from Lockheed Martin addressed the IPMD on the subject of “The Future of Program Management”. Program performance, affordability and relevance are standard tenets of sound program management – what can continue that and improve in the future? He first noted some of the historical perspectives including the issues noted in the 1986 Packard Commission report. Many of the issues (chronic instability in funding, poor requirements and cost estimates, the need to build prototypes, inadequate competition, the need for multiyear procurements, and overcomplicated and rigid processes) are still issues today.

Today we have Better Buying Power guidelines which are trying to address many of the historically chronic issues. How can we respond to these challenges? Many of the items are similar to Ed's prior discussion – well understood scope/requirements, realistic baselines (technical, cost and schedule), rigorous PM processes.

What has changed from 30 years ago to today? Keoki listed industry consolidation, global supply chains, computing power/big data, product complexity and level of integration, budget constraints, breakdown of the “regular order”, high operational tempo of recent wars, and many other factors.

What are today's opportunities? Use data analytics to change the way we manage.

- Program management – use the power of big data/data analytics, drive for predictive analysis, increase automation, use information for decision making
- Supply Chain – understand supplier risks and market assessments, get ahead of disruptions and speed recovery of supplier issues

- Production – improve factory flow, eliminate bottlenecks, drive efficiency
- Overall key for the future – program agility (anticipate and plan, reduce cycle times – field quickly and less expensively)
- Playing to win (proactive, risks balanced, strategic focus, outcome oriented) vs Playing not to lose (reactive, risk averse, tactical focus, process oriented)

6. A break was conducted

7. Mr. Andrew Uhlig spoke on the subject “Schedule Risk Analysis (SRA) – Building Models and Validating Estimates with Historical Data”. Andrew noted that doing this analysis on a regular basis it enhances the use of an IMS as a management tool. Andrew discussed the use of various common distribution curves in modeling data for SRAs. He showed data from his business using specific examples of baseline duration from development programs. Conclusion is that distribution curves don’t always fit the data. What is the alternative – build your own custom distribution curves (assumes you have a database to be able to do so).

He broke down the actual data distribution between those that finished better than planned, those on plan, and those longer than planned. By using the discrete function he can then combine into one overall distribution. This new distribution curve proves to match much more closely to what real data shows. It can then be used for other SRAs and will likely be more accurate.

Andrew next addressed approaches to collecting data (3 point estimates for example) – two main methods: (1) “art” – getting inputs from program team or (2) mathematical – using data to come up with the estimates. He further discussed using historical data to develop the 3 point estimates. Analyzing historical programs he has discovered that using historical data has resulted in more accurate simulations than those predicted using program driven 3 point estimates. Andrew suggests that you can save time by running the analysis using historical data and then providing those results to the program team – can then tweak certain task duration if needed.

8. Mr. John Kanicsar provided an outbrief from the Production (specific title is Production, Manufacturing & Naval Construction) working group. John provided a history of the working group from release of the white paper in Oct 2011 to recent “phase 2” activities including bringing in the Naval Construction companies. He discussed the inputs made to PARCA relative to the DoD EVMS implementation guide. Lastly he noted the completion of the cross reference checklist (phase 2) which will occur today. It will then be provided to the board for approval and then be added to the white paper as an appendix.

9. Ms. Joan Ugljesa discussed the Application Guide update. Joan reviewed the NDIA IPMD guide process and steering group. She highlighted all the guides and pointed the group to the NDIA IPMD website. She showed the status of the various guides to the update cycle. The Application Guide will be voted on today. The Application Guide discusses the context of applying EVM during the program lifecycle and how to use all the NDIA guides in concert with each other. The guide is primarily for federal agencies (non-DoD). The changes were mainly cosmetic (typos, abbreviations, consistency with other guides), new content around opportunities/risks were added. Lastly updated references were made (ie IPMR vs CPR). The most significant updates were to Section 6 which references all the other guides.
10. Mr. Gary Humphreys presented the candidates for IPMD board membership (to fill one open slot vacated by Wayne Abba). The 2 candidates are Robert Jennings (who could not attend in person due to a DCMA review) and John Duval. Resumes/bios were included in the packet provided to all attendees. Gary discussed the voting process for both the board position and the Application Guide. John spoke on his qualifications and reasons for running to be on the board. The voting was conducted with results to be provided later this afternoon.
11. A break for lunch was conducted.
12. Carol called the committee back to order and announced the election results. Mr. John Duval was elected to the IPMD board and the Application Guide was approved.
13. Mr. Dan Lynch led a discussion on the feedback the IPMD provided to PARCA on the new DoD EVMS interpretation guide. Joining Dan were Mr. Pete Wynne, Ms. Joan Ugljesa, Mr. Joe Kusick and Mr. Dan Butler. This group received and processed all the industry comments for the new DoD EVMS interpretation guide. The presentation Dan showed was the same as what was presented to PARCA in December. Dan noted that 531 comments were received. After the comments were vetted and duplications eliminated, the IPMD submitted 247 comments to PARCA. Dan provided the numerical distribution by each of the 32 guidelines, and reviewed the types of comments submitted.

PARCA has indicated that the guide will be published soon. Mr. Gordon Kranz will discuss the guide further at tomorrow's joint government/industry meeting.

14. Ms. Sung Soon Stultz and Ms. Caroline Cremisi discussed the Prime and Subcontract Management working group. The WG was formed at the last meeting – the objective is to discuss and address the needs of both prime and sub in DoD contracts. The WG received additional feedback from a workshop at the Nov 2014 IPM meeting. Coming out of that meeting there were 5 categories of issues/concerns – (1) EVMS compliance, (2) contractual flow down from prime to sub, (3) integration issues, (4) timing, and (5) a general category for all other issues.

The WG has identified a team of full time participants and is still open for other members. The WG will meet this afternoon during the WG timeslot. The group is split into 2 sub groups (A) compliance and flow down and (B) integration and timing. The WG plan will be to develop a white paper that contains best practices. The draft schedule is to have a first draft by May and a second draft by August. After review and approval, the plan is to have a published product by January 2016. A listing of the various issues by category was discussed.

15. A break was conducted.
16. Mr. Buddy Everage provided an Energy Facility Contractor Group (EFCOG) update. The EFCOG is a DOE based group that is similar to the IPMD. Buddy provided the briefing on behalf of Rick Milligan who is a leader of the EFCOG and unable to attend. The EFCOG's goal is to foster mutual understanding and working relationships between DOE and industry similar to NDIA. An EFCOG sub group named Project Delivery focuses on EVMS and program management similar to the IPMD.

Areas of emphasis are process discipline and compliance, surveillance and certification (DOE does their own), and training and site support for EVMS. A website is used to share best practices for use by the DOE contractor community. Current efforts are on CPRs (DOE does not use IPMR as of yet), Variance Analysis, Peer Reviews across different sites/contracts, and the establishment of a training class library.

One item the EFCOG uses for training are various "snippets" (videos) that address various topics. They can be accessed publicly at the site below:

- http://www.efcog.org/wg/pm_evms/EVMS_Snippets.htm

17. Mr. Pete Wynne and Mr. Gary Humphreys provided a Clearinghouse update and discussed various open issues and concerns pertinent to the IPMD. Pete reminded everyone that they can provide questions/issues on the form distributed in the packet. One question that was provided asked about whether current month baseline changes are considered retroactive. Pete noted that it depends on whether the budget is being applied for new work starting in the current period or possibly for purposes that are primarily used to cover past variances. Pete noted that DCMA is working to be more consistent in this area and to recognize that "emerging work" can be valid. Others noted that some hubs clearly view this as retroactive. We expect DCMA to address this at tomorrow's meeting.

Gary next addressed subcontractor MR. Historically subcontractor MR has been treated multiple ways (combine with Prime MR, put in summary level planning package, etc). As long as the method was disclosed/discussed in Format 5 it was not considered an issue. Recently CARs have been issued that it must be in a planning package. After discussions, we now believe that DCMA will allow multiple methods as long as it is reconciled and clearly identified where it resides.

Pete also discussed issues regarding flow down of EVMS DIDs to suppliers. Pete noted that PARCA has verbally stated that prime's are not required to flow down item for item to subcontractors. It is the prime's decision unless formally directed by the customer. Pete also discussed the idea of single point adjustments being used in circumstances other than OTBs. Shane Olsen has stated that they are OK in internal replans as long as they are justified and controlled.

The next item discussed was the one month lag of supplier data. This has been historically done in most cases. Recent pushes have been to incorporate in the same month. Again Shane Olsen noted that this is still acceptable. While it may be preferred to incorporate in the same month, there are many reasons why a lag may be necessary (timing of calendars, timing of when data is due, etc.). Another topic is the idea of "routine rate changes" should not be driven back retroactively. Pete noted the word routine would cover things like rate updates. Non-routine would be things like a rate re-structure where pools are changing, new categories are being created, etc. In those cases it could be acceptable to change the rates retroactively for the year (typically changed in the current period to make the cumulative budget equal to the desired outcome).

Pete also noted the discussion around zero budget work packages. First, Pete mentioned that DCMA has stated that in some instances a zero budget WP can be explained. More importantly, some companies have received CARs for not having budget against certain elements of costs in a WP. Shane Olsen has stated that there are clearly reasons (make vs buy) why there may not be budget against every element of cost.

Gary brought up the topic of PGIs – a mechanism used by DoD to issue quick instructions to clarify guidance prior to updating things like DFARs. Gary mentioned the discussion around Authorized Unpriced Work where funding is limited but companies budget the full amount of work in future periods. It is noted that the IMPR DID and IPMR guide treat this differently. DCMA may confuse funding and budget. The IPMD has been seeking clarification on this topic, possibly through a PGI. As of yet this has not occurred.

A similar topic is the stop work order and the deletion of work off of a contract. There has been questions over what amount would be removed from the contract target cost (industry believes it would be BCWR). In some cases the EAC or associated ETC may be different (higher). Some program offices are requiring the ETC to be removed. But this means that one would be removing more cost/budget than what was provided in the original contract. In some scenarios, it could be that one would remove more dollars than what is on contract which is clearly not possible. While the IPMD has been pushing this, it still has not been adequately addressed.

18. The IPMD working groups convened and met for approximately 1 ½ hours. The working groups that met were: Clearinghouse, Program Management, Services and Sustainment, Planning and Scheduling, Surveillance Guide, Agile, and Prime/Subcontract.
19. A networking event hosted by Raytheon was held.

