

DEFENSE CONTRACT MANAGEMENT AGENCY



**DCMA**

ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

# DCMA EVMS UPDATE

## NDIA INTEGRATED PROGRAM MANAGEMENT DIVISION

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ACQUISITION INSIGHT  GLOBAL ENGAGEMENT





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## DCMA STRATEGIC INITIATIVES – DRAFT

- **OBJECTIVE:**

Modernize contractor oversight methods and practices to maximize effectiveness while reducing industry cost of compliance

- **INITIATIVE:**

In partnership with industry associations, DAU, professional associations and other interested parties study the costs to industry associated with establishing and maintaining an approved EVMS

- **GOAL:**

Identify potential alternatives and approaches to reduce the cost of EVMS compliance and identify possible risk tradeoffs that provide a significant dollar return to the department





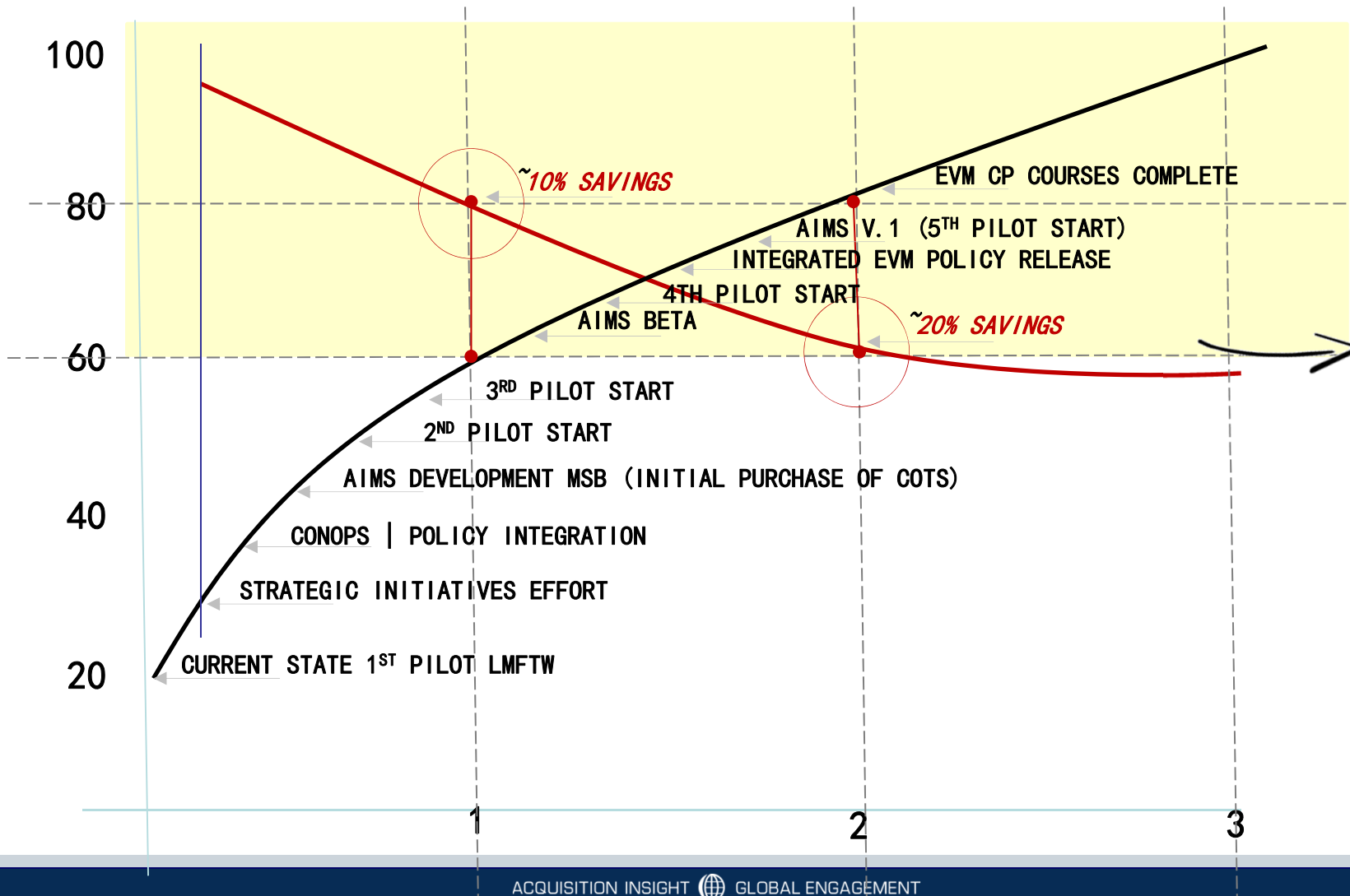
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## **EVM MISSION SUCCESS - WILL REQUIRE FRESH THINKING (DATA DRIVEN) AS WELL AS OPERATIONAL AND STRUCTURAL CHANGES:**

- 1. PERFORMANCE** - Decisions are quicker, giving the EVM mission greater agility and mobility to obtain desired results, eliminates duplication and reduces costs, presents one face to the customer  
...industry and government stakeholders and customers want and deserve a consistent and clear message
- 2. COLLABORATION** - Direct inputs lead to more support for decisions, fewer behind-the-scenes power struggles and disagreements, consistent messaging to external stakeholders
- 3. ADAPTABILITY** - Employees are more adaptable in changing or unique circumstances, due to a smaller integrated structure and lack of bureaucracy



# DCMA EVM MISSION ROADMAP





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## WHAT'S ON THE ROAD AHEAD FOR DCMA

- Rethink Approach And Structure
- Collapse And Integrate EVM Policies
- Introduce New Technologies And Toolsets
- Continue To Strengthen Our Workforce
- Focus Attention On Early Detection And Prevention EVMS Oversight Strategies





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## DATA DRIVEN - TRANSFORMING HOW DCMA EXECUTES ITS DFARS EVMS COMPLIANCE MISSION

1. Provide Clarity
2. Ensure for Consistency
3. Reduce or Eliminate Costs





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## WITH RELEASE OF THE OSD EVMSIG, WHAT'S NEXT?

DCMA role for executing compliance and implementing remains unchanged by the EVMSIG as stipulated :

- Section 1.2: "...when DoD is the cognizant federal agency, the Defense Contract Management Agency (DCMA) is responsible for determining EVMS compliance."
- Section 1.1: "...agencies and organizations charged with conducting initial and continuing EVMS compliance activities will establish amplifying agency procedures and/or guidance to clarify how the respective agencies and organizations are implementing this guide to include the development of evaluation methods for the attributes associated with each of the 32 guidelines."



## CONTINUE TO DEVELOP GUIDELINE ATTRIBUTE CLASSIFICATIONS (A.K.A PROTOCOLS)

- EVMS compliance interpretive guidance is designed as a classification system, providing a system of diagnostic interpretations for classifying ansi-748 guidelines, including classifications of a variety of attributes and tests<sup>①</sup>. This system is designed to map EVMS compliance definitions to corresponding guidelines together with specific attributes, assigning for each test points and weighting factors.
- Tests and weighting factors expected to be reassessed periodically for currency and relevance

① EVMSIG Section 1.1



## ANSI/EIA-748 GUIDELINE CLASSIFICATIONS UPDATE



**52% Reduction In Attributes**  
**62% Reduction In Test Steps**

Guidelines  
**32**

Attributes\*  
**155 Before**  
**63 After**  
**73 EVMSIG**

Test Steps  
**330 Before**  
**136 After**  
**127 EVMSIG**

**2.31 Per**  
**Guideline**

**1.72 Per**  
**Attribute**

**\*Attribute** - A Quality Or Characteristic Of A Guideline  
That Makes It Distinct From Other Guidelines

# DEVELOPMENT OF OPERATING MANUAL UNDERWAY

## PLANNING, SCHEDULING, AND BUDGETING DISCUSSION

The Planning and Budgeting guidelines (Guidelines 6-15) are especially important to an organization for several reasons. These guidelines focus on key management attributes essential for identifying short and long-term resource and performance objectives and developing the plans and strategies for achieving the desired results. The Planning and Budgeting guidelines give manager awareness of how today's decisions will affect tomorrow's opportunities. A critical evaluation of time-phased budgets and related plans, and an evaluation of their performance on a continuous basis will further a manager's capability to identify emerging risks and formulate mitigation plans and strategies.

### GUIDELINE 6 DEFINITION – SCHEDULE WORK (High Risk Guideline)

Schedule the authorized work in a manner which describes the sequence of work and identifies significant task interdependencies required to meet the requirements of the program.

3 The schedule describes the sequence of work (horizontal integration) should consider the significant interdependencies that are indicative of the actual way the work is accomplished at the level of detail to support program critical path development

The contract/project master schedule should identify key milestones and activities that recognize significant constraints and relationships. **3** Scheduling should interface with other planning and control systems to the extent necessary for measurement and evaluation of contract status. On a Master Schedule, the "key" milestones should be included, (examples are: contract milestones, major development and production decisions (such as DSARC-1, DSARC-2, etc.), prototype testing, subcontracted or Government furnished equipment delivery dates, end-item delivery dates.) The use of such "key" milestones ensures that the planning and budgeting activities of the various functional organizations use identical points of reference for task planning and performance measurement schedules. Without this consistency, performance measurement is distorted. It is imperative that the key milestones be properly identified and communicated to all lower level planning functions. For example, "key" milestones established by a Master Schedule should be incorporated into the applicable intermediate schedules and down to the detailed schedule with time control accounts. Such "key" milestones also facilitates inter function communication by defining future activities- which may be impacted by current activity delays. **Of prime importance here then, is that the contractor define what constitutes a "key" milestone in its EVMS Description and identify all "key" milestones in the Master Schedule. It then becomes**

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Incumbent upon any system reviewer to ensure that no contract "key" milestones have been overlooked, ignored, or otherwise omitted.

4	3A Test Step 06-3A: Are actual start and finish dates valid for tasks and milestones?	Metric 06-3A-01: $x = (\# \text{ of incomplete tasks and milestones with either actual start or actual finish past status date}) / (\text{Total } \# \text{ of incomplete tasks and milestones})$ Threshold: $x < 5\%$	5
	3B Test Step 06-3B: Are forecast start and finish dates valid for tasks and milestones?	Metric 06-3B-01: $x = (\# \text{ of incomplete tasks and milestones with either forecast start or forecast finish before status date}) / (\text{Total } \# \text{ of incomplete tasks and milestones})$ Threshold: $x < 5\%$	
	3C Test Step 06-3C: Are start-finish relationships used in the schedule?	Metric 06-03C-01: $x = (\# \text{ of start-finish relationships on incomplete tasks and milestones in the IMS schedule}) / (\text{Total incomplete tasks and milestones with relationships})$ Threshold: $x \leq 2\%$	
	3D Test Step 06-3D: Are start-start and finish-finish relationships used in the schedule?	Metric 06-3D-01: $x = (\# \text{ of incomplete tasks that do not have both WBS and OBS identified } \# \text{ of start-start and finish-finish relationships on incomplete tasks and milestones in the IMS schedule}) / (\text{Total incomplete tasks and milestones with relationships})$ Threshold: $x < 15\%$	
	3E Test Step 06-3E: Are Lags utilized in the schedule?	Metric 06-3E-01: $x = (\# \text{ of relationships on incomplete tasks and milestones with lags in the IMS schedule}) / (\text{Total incomplete tasks and milestones with relationships})$ Threshold: $x < 10\%$	
	3F Test Step 06-3F: Are Leads utilized in the schedule?	Metric 06-3F-01: $x = (\# \text{ of relationships on incomplete tasks and milestones with leads in the IMS schedule}) / (\text{Total incomplete tasks and milestones with relationships})$ Threshold: $x < 2\%$	
+	3G Test Step 06-3G: Are the activities properly sequenced and represent the way that work will be performed?	Metric 06-3G-01: $x = (\# \text{ of activities with excessive schedule float } \# \text{ of activities with float fields greater or equal to 88 days}) / (\text{Total remaining discrete tasks})$ Threshold: $x < 10\%$	

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# DEVELOPMENT OF OPERATING MANUAL UNDERWAY

3H	Test Step 06-3H: Are activity interdependencies defined?	Metric 06-3H-01: $x = (\# \text{ of incomplete discrete tasks with either missing predecessors or missing successors}) / (\text{Total } \# \text{ of incomplete discrete tasks})$ Threshold: $x < 10\%$
3I	Test Step 06-3I: Can critical path be identified and is it accurate?	Metric 06-3I-01: Comparison of activities on IMS identified critical path and critical path calculated using push test results (Note: Contractor to provide activities/milestone used for push test) Threshold: Pass/Fail
3J	Test Step 06-3J: Do summary tasks in the schedule have logic applied?	Metric 06-3J-01: $x = (\# \text{ of summary tasks with logic applied (Number of Predecessor } > 0 \text{ or Number of Successor } > 0)) / (\text{Total } \# \text{ of summary tasks})$ Threshold: $x < 5\%$



## FREQUENTLY ASKED QUESTIONS:

1. FAQ: Scheduling – **5** Does the prime contractor's integrated master schedule required to include the entire contents of the subcontractor's schedule?

No. The Prime contractor is not required by the ANSI/EIA-748 to integrate 100% of its subcontractor schedules into its schedule. However, if the prime contractor's EVMS Description requires full integration of subcontractor work as part of its management strategy then this requirement takes precedence over the ANSI/EIA-748 requirement. Per ANSI/EIA-748 the prime contractor must describe to an adequate level the sequence of subcontract work that identifies significant task interdependencies required to meet the requirements of major milestones and events as defined by the prime contractor. The program schedule to include both prime and subcontractor work must agree with the contract period of performance, include all key events, and reflect a logical sequence of activities that can calculate a program critical path(s). Ensuring that all team members are working to the same schedule is essential for monitoring progress, analyzing variances, and taking corrective actions.

### CASE STUDY: DETERMINATION OF NON-COMPLIANCE

When determining the adequacy of ANSI/EIA-748 Guideline 6 the reviewer noted that the contractor's Integrated Master Schedule (IMS) did not contain an adequate number

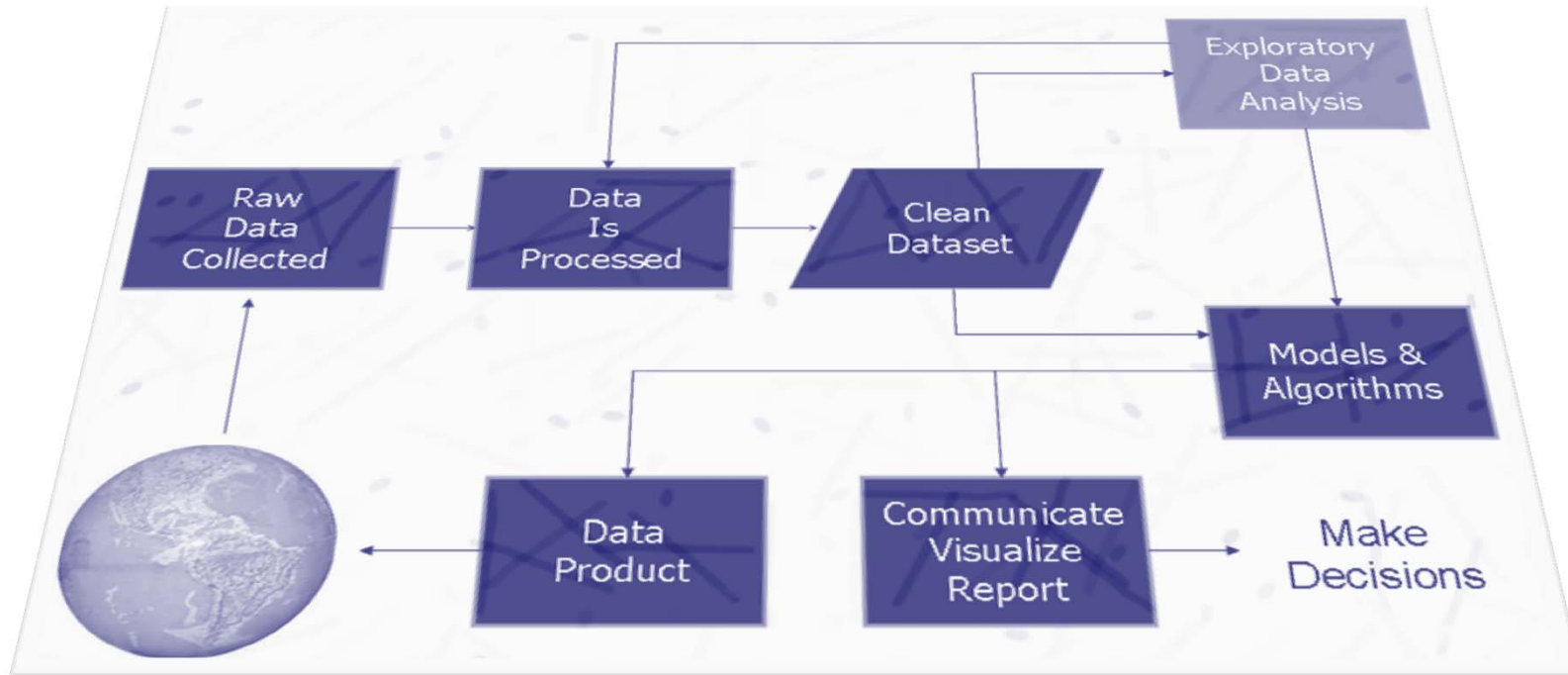
of tasks and milestones to identify certain sections of the program containing critical subcontract work. Supposing that a large portion of discrete subcontract work was not being considered by the prime contractor in the schedule's development, the reviewer then sought to establish what the total extent of the subcontracted work. The reviewer discovered that numerous discrete WBS elements found in the Responsibility Assignment Matrix (RAM) and in the program's Control Account Plans (CAP) have been omitted from the IMS representing over 25% of the program baseline that included major program milestones leading to the delivery of aircraft components to the prime contractor. Five (5) of the 7 control accounts making up the contents of the WBS were found to have no tasks or milestones represented in the IMS. And, while the reviewer found that the IMS did contain tasks for the remaining 2 control accounts these tasks were found to be missing a significant portion of the work outlined within the CAP. The reviewer established that the prime contractor's IMS omitted over \$1.1B in required work supporting production of the first lot of aircraft. As a result, the reviewer concluded that the IMS was not an accurate indicator of progress due to the lack of subcontractor content, and that this inhibited visibility into schedule delays and emerging risks. The reviewer established this conclusion through a series of CAM interviews. What the reviewer found was that numerous prime contractor CAMs given the responsibility to oversee critical subcontracted work were unable to articulate the condition of the program's timeline when considering subcontractor delays. Additionally, the reviewer concluded that this lack of understanding had resulted in the government receiving inaccurate data and information.

The reviewer in determining materiality for the guideline assessment considered the volume of discrete WBS elements (e.g., work) missing from the integrated master schedule totaling over 25% (250 of 1,000 tasks) along with the discrete contents of 5 of 7 (71%) control account contents missing valued at \$1.1B of \$4.0B (28%). Per the ANSI/EIA-748 Guideline #6 requirement, the reviewer concluded that the prime contractor had not adequately scheduled the authorized work in a manner which described the sequence of work and identified significant task interdependencies required to meet the requirements of the program due to the lack of subcontractor schedule integration. The reviewer determined that the impact of subcontractor schedule delays not being considered in the prime contractor schedule to the government in excess of 4 months.

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# OPERATING MANUAL WILL FOLLOW A DATA DRIVEN PROCESS





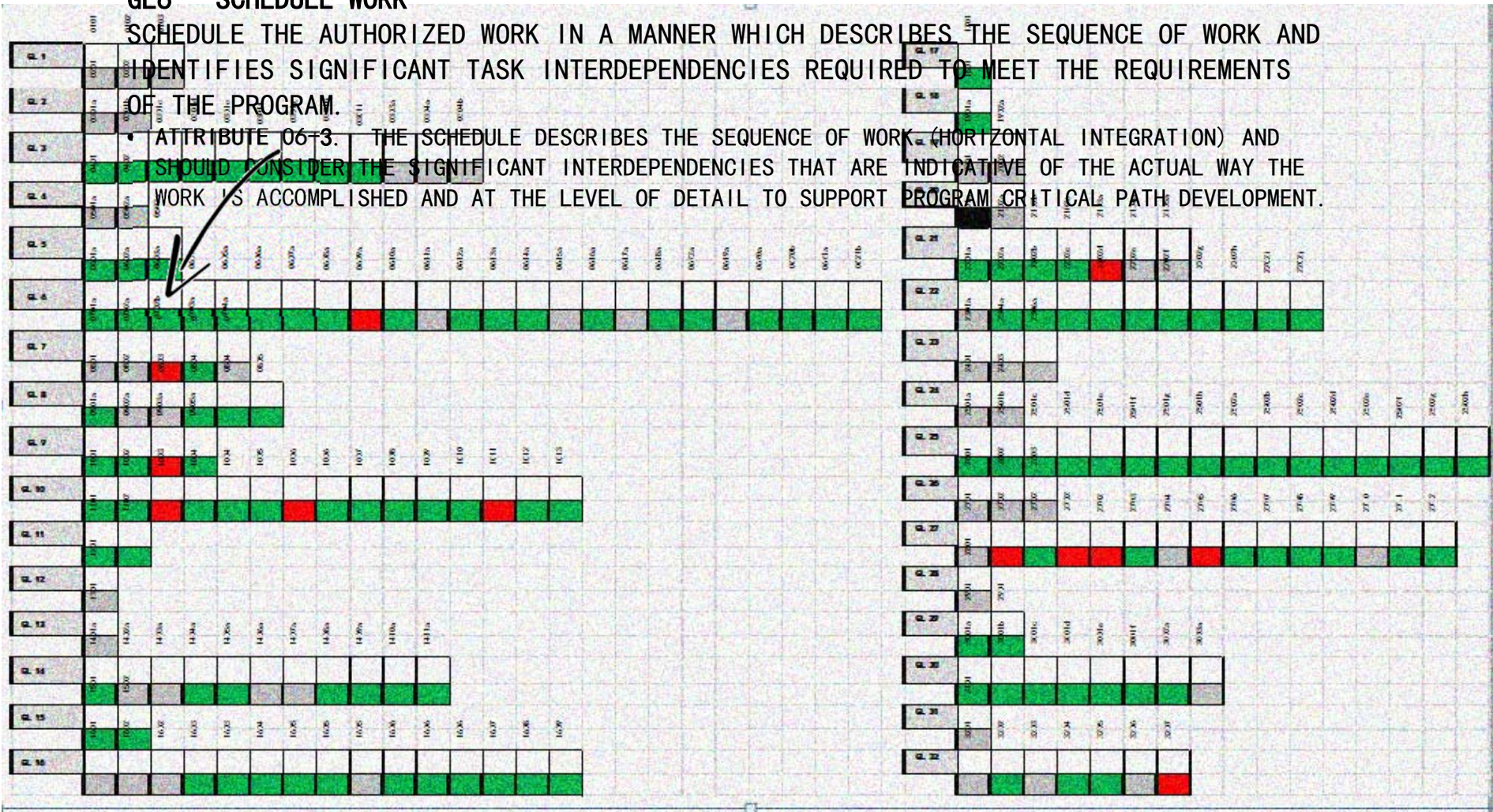
# PILOT 1 - LOCKHEED MARTIN AERO RESULTS

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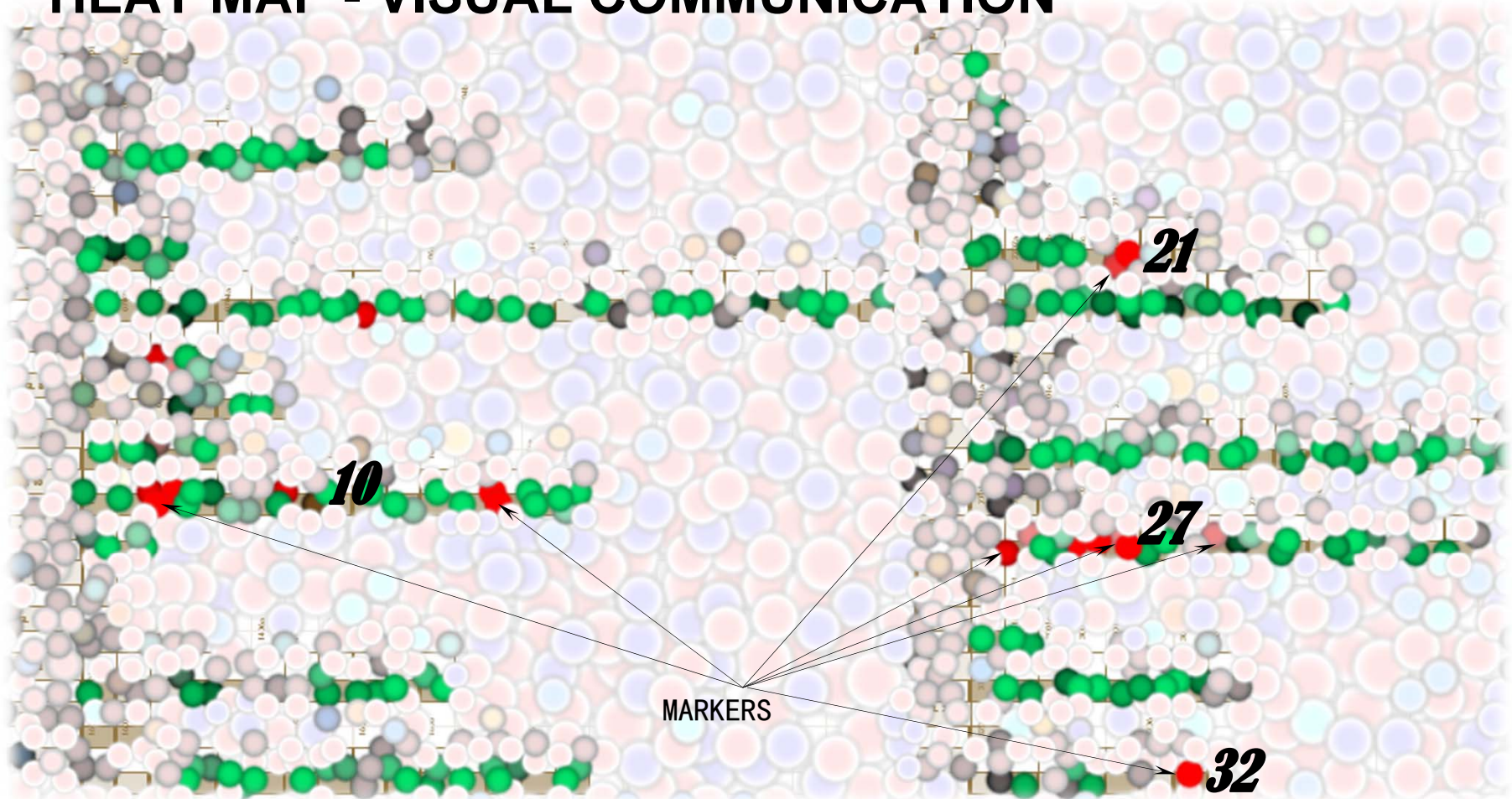
## GL6 - SCHEDULE WORK

SCHEDULE THE AUTHORIZED WORK IN A MANNER WHICH DESCRIBES THE SEQUENCE OF WORK AND IDENTIFIES SIGNIFICANT TASK INTERDEPENDENCIES REQUIRED TO MEET THE REQUIREMENTS OF THE PROGRAM.

ATTRIBUTE 06-3. THE SCHEDULE DESCRIBES THE SEQUENCE OF WORK (HORIZONTAL INTEGRATION) AND SHOULD CONSIDER THE SIGNIFICANT INTERDEPENDENCIES THAT ARE INDICATIVE OF THE ACTUAL WAY THE WORK IS ACCOMPLISHED AND AT THE LEVEL OF DETAIL TO SUPPORT PROGRAM CRITICAL PATH DEVELOPMENT.



## HEAT MAP - VISUAL COMMUNICATION



## CBAR STATS

The ACO is responsible to ensure business system ratings and documents are uploaded into the contract business analysis repository

Total Cage Code Count: 4,296

Cage Codes With EVMS: 286 (7%)

Approved

252

88%

Disapproved

9

3%

Not Evaluated

25

9%

Note: 4 of the 9 sites have ACAT I programs