

NDIA IPMD Meeting Minutes

Industry Meeting – August 30, 2016

1. Mr. Dan Lynch, IPMD Chair, called the meeting to order. Dan started the meeting by asking the attendees to remember why we do what we do and for the men and women we do it for. Dan welcomed all the attendees and reviewed the agenda for the next two days. Dan noted the work that Karen Frisk from Pratt & Whitney did in setting up this meeting. Dan thanked Pratt & Whitney for sponsoring 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. Dan introduced Ms. Jennifer Caruso, VP Fighter Programs from Pratt & Whitney who welcomed the attendees to P&W. Jennifer discussed her background with United Technologies and showed a video of the company and its products. Jennifer showed the UTC portfolio and where P&W fits within the aerospace sector. Jennifer next discussed the three Pratt segments (military engines, commercial engines, and P&W Canada) and the products within those segments. Jennifer then highlighted in greater detail the military side of the business and her area of responsibility, fighter programs.
4. Dan next presented the NDIA IPMD update. Dan discussed the board opening and election, the April survey results, an update on recent activities, an overview of the working groups and the 2017 meeting. Dan showed the current board members and how the board puts the interest of the industry before our company interests when gathering as an industry group. The candidates for the board are Dan Bellovary from Rolls Royce and Vaughn Schlegel from Lockheed Martin.

Dan provided the April survey results showing the attendance statistics broken down by affiliation, job role, view of the cost of our meeting, ratings on topics presented, and interest in attending future events. Dan next discussed all the IPMD activities including support to other events, joint government discussions, letters taking positions on various government initiatives, and our IPMD strategy sessions.

Dan discussed each of the IPMD working groups, the group leads, their charters and current objectives. The working groups will meet later this afternoon. Dan highlighted the "communication initiative" the board has undertaken. This consists of various communication items to both internal and external stakeholders – examples include published articles, points of contact assigned for various government agencies, and other

mechanisms to promote the IPMD. Dan provided the schedule for upcoming events, including the meetings for next year: Feb 1-2 sponsored by Northrop Grumman in Fairfax, Va; April 25-26 sponsored by Deltek in the DC area; and Aug 30-31 sponsored by Textron in the DC area. Lastly Dan announced and presented the IPMD award to Kathy Dailey for her work on the Agile – EVM working group.

5. A break was taken.
6. Board members Mr. Joe Kusick, Mr. Gary Humphreys, and Mr. Yancy Qualls presented the current clearinghouse issues status. Gary noted that the EVMSIG has not been corrected on the calculation methodology for Price/Usage variance. The NDIA Intent Guide has the correct methodology. Another “hot topic” is LOE in the schedule which Yancy discussed. Yancy noted the discrepancy between the IPMR DID and EVMSIG. The clearinghouse supported the EVMSIG position that discrete activities CAN drive LOE work and worked with PARCA such that the IPMR DID will be updated. Joe discussed the need for CAM interviews and CAM training relative to VAR quality, WBS dictionary, ETC rationale and such in the context of the current push for “data driven” reviews/analysis. Numerous questions and comments from the audience were shared – there was general consensus that government CAM interviews would occur for those areas that the data highlighted required additional discussion

Gary noted that the Format 7 topic is still being worked. This topic will be discussed further later today as well as tomorrow by government presenters. Gary mentioned DOE dropping their intent to enforce a 5% withhold for non-compliance (like DoD) and also the potential for raising the EVMS threshold (The IPMD wrote a letter supporting the current thresholds). Lastly, Joe identified industry’s concern with Congressional language granting CAPE to collect additional cost information and prevent awards if that information isn’t provided. The issue is CAPE trying to require cost collection significantly below normal EVM reporting levels. The IPMD supported the AIA recommendation to not adopt this potential language.

7. Yancy introduced Mr. Paul Bolinger who presented on the topic “Integrating a High Impact Summary Level Program Schedule”. Paul addressed the challenges, implications and solutions around making the IMS useful on large programs, that is how to deal with a schedule that has thousands of lines and make it useful at higher levels (PMs and executives). Paul discussed how to integrate and automate this process. Paul noted that most companies “hand draw” top level schedule summaries as summary roll ups or plotting of milestones do not provide the management level information necessary. Paul presented a process to accomplish this electronically. Paul utilized an off the shelf software tool that lets you connect to the IMS and select the items you want to show. This provided an automated way to create an effective top level schedule. Paul encouraged the attendees

to find the universe of tools that can do this and what are the best practices of IPMD members on this subject. Results of this could be added to future revisions of the PASEG.

8. Board member Mr. Buddy Everage presented a status on the System Acceptance Guide. Buddy gave the background on the guide and the usage by the civilian agencies. The goal of the guide is to establish a common framework for gaining EVMS certification for civilian agencies (not for DCMA/DoD). Buddy highlighted the working group participants and the changes to the prior version. Major changes were the incorporation of “reciprocity” between the various agencies and changes to the review team selection guidelines. The guide will be processed for approval to the board and general membership.
9. Gary Humphreys introduced the 2 candidates for the open board member position: Dan Bellovary from Rolls Royce and Vaughn Schlegel from Lockheed Martin. Dan and Vaughn discussed their background, qualifications and goals for the IPMD board.
10. Gary next conducted the voting for the board member position. Dan announced after lunch that Dan Bellovary was elected to the board of directors.
11. A lunch break was taken.
12. A panel discussion providing an outbrief of recent meetings with PARCA/DCMA was discussed. Panel members included Board members Mr. Dan Lynch, Ms. Joan Ugljesa, Mr. Randy Steeno, Mr. Neil Albert, and Mr. Gary Humphreys. The discussion centered on the July 12 and August 29 meetings between the NDIA board and PARCA/DCMA concerning the new Format 7 initiative (focused on ACAT I programs). Dan noted that the plan for Format 7 to be the “monthly report” replacing Formats 1-4. In addition, the plan would be for this same file serve as the DCMA data for surveillance and compliance purposes. Dan highlighted that while DCMA and PARCA are both working with industry on this there is additional coordination needed between DCMA and PARCA to publicly discuss and work this issue.

Dan discussed that the government will be determining next steps now that the overall concept has been worked. Joan noted that additional thought needs to occur on how to integrate and gather the schedule data. She also mentioned that the goal will be to leverage the UN/CEFACT work accomplished to date. Randy addressed the CAPE issues that could impact this discussion and CAPE’s desire for more detail for their cost estimating purposes (“flex file”). He mentioned the upcoming changes to the DIDs (1921 series). Dan noted that the Format 7 initiative originally was contemplated to incorporate the CAPE desires but that now it will likely not be part of the Format 7 initiative. Dan mentioned that the PARCA and DCMA briefings tomorrow will address this topic further.

13. Neil Albert next presented on three separate topics – the scalability guide (Guideline Scalability Guide), WBS MIL-STD 881 update, and PM Handbook. The Scalability Guide is intended for industry or government personnel within entities such as universities, laboratories, small businesses, etc. Basically entities or projects that don't have an EVMS requirement but want to utilize the principles. A scaled EVMS applies the 32 guidelines in a way that reflects the size, complexity, risk and type of work involved. Essentially, a scaled EVMS recognizes that small projects do not require the same level of detail data and control discipline associated with large, complex projects. It should be noted that this guide scales the 32 guidelines (as opposed to an approach that would apply program management principles without invoking specific guidelines).

The guide groups various guidelines for ease of discussion and highlights 9 overall processes that are used to establishing, organizing and executing a project. Neil noted the guide addresses the benefits of the process and approaches to scale the implementation of the process. The guide also notes the typical products produced by the process and references the best practices outlined in the GAO Cost Estimating and Assessment Guide and the Schedule Assessment Guide. Neil noted the guide will be sent out to the membership for a 30 day review period.

Neil next discussed the MIL-STD 881C update and plan forward. A rev "D" is planned, although Neil doesn't believe the update will be as comprehensive as rev C when all the appendices were changed. The update will incorporate changes to policy, technology, new structures and processes. A joint government/industry group will participate in the update and the target completion is March 2017.

Lastly, Neil provided a status on the development of the NDIA IPMD PM Handbook. The handbook will be a program management best practices guide. The working group is coordinating with DAU to also incorporate DoD best practices. The guide will cover all aspects of program management, including Systems Engineering, Test and Evaluation, Cost Analysis and Contracting. Neil noted that a mix of large and small company practices is desired. Further, DAU intends to use this guide as a teaching tool. Neil noted the target date for completion will be mid to late 2017.

14. A break was taken.
15. Because of a scheduling conflict, the keynote address from tomorrow's joint government / industry day meeting was pulled forward to this afternoon. Mr. Gary Bliss, Director of PARCA addressed the attendees. Gary began by discussing a "serious matter," the current wording in Section 812 in the NDAA – puts CAPE as a co-determiner of financial reporting CDRLs on contracts. Gary noted that his comments are solely based on his empirical and professional judgments. He noted that he is proud of the joint government/industry progress on EVM based from where things were 7 years ago.

Compared to that period, today data is more reliable, overall joint processes are more efficient and intrusive reviews have been lessened.

Gary believes that the word of this progress has not been disseminated as widely as it should be within all government circles. As such, there are “external pressures” to generate more data for government use. If things are working well, the data is reliable, etc., then adding a “little more” should be a “good thing.” Gary noted that these requests are made by people who “play on a white board”, especially if other people are going to do the work. Gary view is for the government to not ask for detailed data when there is no evidence of the benefit or does not consider the cost impact of doing so. Gary noted that CAPE leaders have explicitly stated that they do not agree with a cost-effectiveness data reporting criteria. Gary stated that the discussions are on-going in Congress and it is uncertain how the final language will appear.

Gary discussed the “arguments/beliefs” on this subject. (1) Data is cheap, (2) the contractor should be doing it anyway, and (3) big data is the next big thing.

- It's cheap: “All you have to do is print out more bar codes on parts” to collect lower level cost detail. Gary pointed out that detail parts are made in batches, and therefore are not assigned to an individual unit. This type of statement demonstrates a lack of understanding about cost and financial issues and the drive to continue to change in order to become more efficient. Therefore, you cannot directly compare cost answers across time without understanding all of this. Gary noted the ripple effect through the entire system and process and how this is not cheap.
- The contractor should be doing it anyway: Gary noted the government should not be dictating to industry on how to do things – that's why the government is contracting in the first place. Gary again noted that by asking for detailed data below what the contractor would do without that requirement imposes an undue burden and introduces potential cost increases.
- Big data: Gary noted that the benefits of big data reporting are not self-evidently worth the investment in this circumstance. He noted that typical industry practice does not require big data from their suppliers for decision making.

Gary noted that if this were to go forward, industry must highlight the cost to implement, identifying the fixed and marginal/variable cost. Whether this passes or not, Gary does believe the pressure to ask for more and more data will continue. It will therefore be an on-going challenge. Gary appealed to the group to continue to speak candidly on the issues of efficient EVM application and use.

16. The IPMD working groups (Clearinghouse, Program Management, Planning and Scheduling, Agile and EVM, Prime/Subcontractor, Contracts, CSDR, and OTB/OTS guide)

convened and met for approximately 1 ½ hours. The working groups will out-brief in tomorrow's session.

17. A networking event hosted by Pratt & Whitney was held at the conclusion of the meeting.