



Strategies for Business Managers

Business Managers Conference
May 04



Synopsis

HOW TO BECOME (AND REMAIN) AN EFFECTIVE BUSINESS MANAGER.

AN OPEN FORUM FOR QUESTIONS, DISCUSSIONS, AND SHARING PROBLEMS AND IDEAS.

UNDERSTANDING YOUR PROGRAM AND ORGANIZATION. BEING AWARE OF ACQUISITION AND BUDGET POLICIES, WRITTEN AND UNWRITTEN. BEING PREPARED - TRAINING, EXPERIENCE, NETWORKING.



The Challenge

The execution of Government is the addressing of 20-year problems through 10-year plans, implemented through 5-year programs, run by 3-year managers, with 1 year budgets.



National Institute of Standards & Technology, ca 1998



Motivation for the Program/Business Team





Joan C. Smith

- 22 years in Army Business Management
 - 18 yrs in Program Management Offices (PMOs or JPOs) – 15 yrs as BM Chief
 - Hands-on Operations Research Analyst
 - Focus: IMP/IMS/Program Analysis/ Budget/Contracts/ Cost/Milestone Decision Process/ Reporting ACAT ID/C, II, III, non-ACAT (SAR/DAES/MAPR)
 - 6 different PMs, multiple programs
 - 4 yrs HQDA CIO/G6 Programs / Director Acquisition Oversight and Certification (Clinger-Cohen Compliance)
 - 5 yrs as Chair DAU OSD BCEFM FIPT



Dana Harrison

- 30+ years in Comptroller or PM Office
 - 10 yrs in Program Management Offices
 - 2 yrs Business Financial Manager for the LPD 17 San Antonio Class Ship
 - ACAT 1D \$+15 billion
 - 8 yrs Deputy for Plans and Finance for the Joint V-22 Osprey tiltrotor aircraft
 - ACAT 1D/C \$+45 billion
 - 4 yrs OSD Comptroller Analyst
 - 16+ yrs in NAVAIR Comptroller
 - APN, Policy, & RDT&E



Rick DeMello

- 28 years in Air Force Financial Mgmt
 - 24 yrs in Program Management Offices (PMOs or SPOs)
 - 19 yrs Business Financial Manager (Program Control Chief in the Air Force)
 - Five different offices including ACAT 1D, non-ACAT and everything in between
 - 5 yrs Budget/Program Analyst
 - 2 yrs in acquisition financial mgmt trng prog
 - 2 yrs as AF DACM FM “Course Controller”



No Cookbook to Success

- Toolkit
- Attitude
- Flexibility



Toolkit

- Integrity – it's Real
 - Organization
 - People
 - Truth
- Communications
 - Know your Audience
 - Listening
 - Ask Questions
 - Networking
- Know Your Program
 - BM is # 1, 2, or 3 when a answer is needed
- Currency
 - Environment
 - News
- Even Keel
 - Sense of Humor
 - Patience/Perseverance
 - “Keep Your Eye on the Ball”



Homework

- Regulations
- Public Laws
- Guidelines
 - Service Guidance/Policies
 - DoD 5000 Series
 - JCIDS
 - FM
- Know Program Details
- Interface with all PM/PEO/HQs/OSD/
Functional Areas



Attitude

- Ownership
- Teaming/IPT
- Accountability
- Credibility



Business Mgr vs. Analyst

- Focus on Program vs. Data
- Take broad perspective vs. narrow view
- Consistency across reports (credibility) vs. 'disconnected' data
- Objective: "Find a legal way to meet mission needs" vs. "Make sure we follow all the rules."



Career Development

- Self Examination
 - Strengths and Weaknesses
 - What is your objective?
- Plan Years 2-5-7-9-11
- Periodic Reassessment
- Varied Experience
- Pay Attention to “Yourself”
- Training
 - Properly Recorded
 - Stovepipe and Varied Objective
 - Depth / Breadth
- Networking



Be Prepared

- Training
 - Budget Process
 - Cost Estimating
 - Contracts
 - Earned Value/IMP/IMS
 - Analysis and Evaluation
 - Personnel/Team skills
- Experience
 - Program Office/PEO/Staff/Hqs
 - Comptroller
- Networking
 - Other program analysts
 - Comptroller analysts (cost, budget, execution)
 - Contracts analysts
 - Industry/User/SETA/Media



Acquisition Realities

- If it's **not** a validated/approved capability, we don't satisfy it
- If you **don't** budget for it, you **don't get it**
- Cost as an independent variable (**CAIV**)
- Schedule as an independent variable (**SAIV**)
- It takes time to develop, build, test and produce new systems – Build in your RISK (reality)
- “High-Tech” or “COTS” is not a panacea
- New development items increase cost, schedule and performance risks
- Just because it's in the catalog, doesn't mean you can get it
- **Any** change costs money
- Sometimes, you can't please anybody, any part of the time₁₅



PM Stock Phrases (and What They Mean)

- **On Cost** – Within 1 standard deviation of a number I have used sometime during my tenure
- **On Schedule** – I was talking fiscal year (or calendar year) and you must have thought I meant calendar year (or fiscal year)
- **Meeting Technical Objectives** – The requirement was grossly overstated, and the users will be satisfied with anything that beats what they have



Summary-Recap

- Build YOUR Toolkit
- Know Your Program, Organization, Etc
- Attitude
 - Humor
 - Patience
 - Respect
 - Flexibility
- Don't be Afraid to Exercise Good Common Sense and Judgment
 - Remember – “It Depends!”



BACK-UPS



Questions???

- Integration of CE/FM/EV functions
- Downsizing/Outsourcing
- CAIG process
- Acquisition/Budget Reform
- Congressional Staffers
- Comptrollers
- Milestone Reviews
- Global War on Terrorism
- ???



Keys to Success Accountability/Credibility

- Know your audience
 - Communication requires reception as well as transmission; communicator is responsible for both
- Know your program
 - Learn all there is to know about your program
- Current Events a must
 - POI
 - BMC Conference
 - DAUAA Acquisition Symposium
- Do your homework; Get your facts straight, justify your opinions, know the difference
- Listen
- Ask questions – DO NOT HESITATE
- Network
- Share with Others
- Ownership



Strategies for Business Managers

- Be aware of Program and Program Manager's Issues
 - Cheerleaders
 - Pep Talk
 - Prioritization
- Understand Acquisition Realities – and help others understand
- Be prepared
 - Training
 - Experience
 - Networking



Program Management Issues

- Understanding Risk
 - Program Risk
 - Cost
 - Schedule
 - Technical
 - Political Risk
- Mitigation Strategies



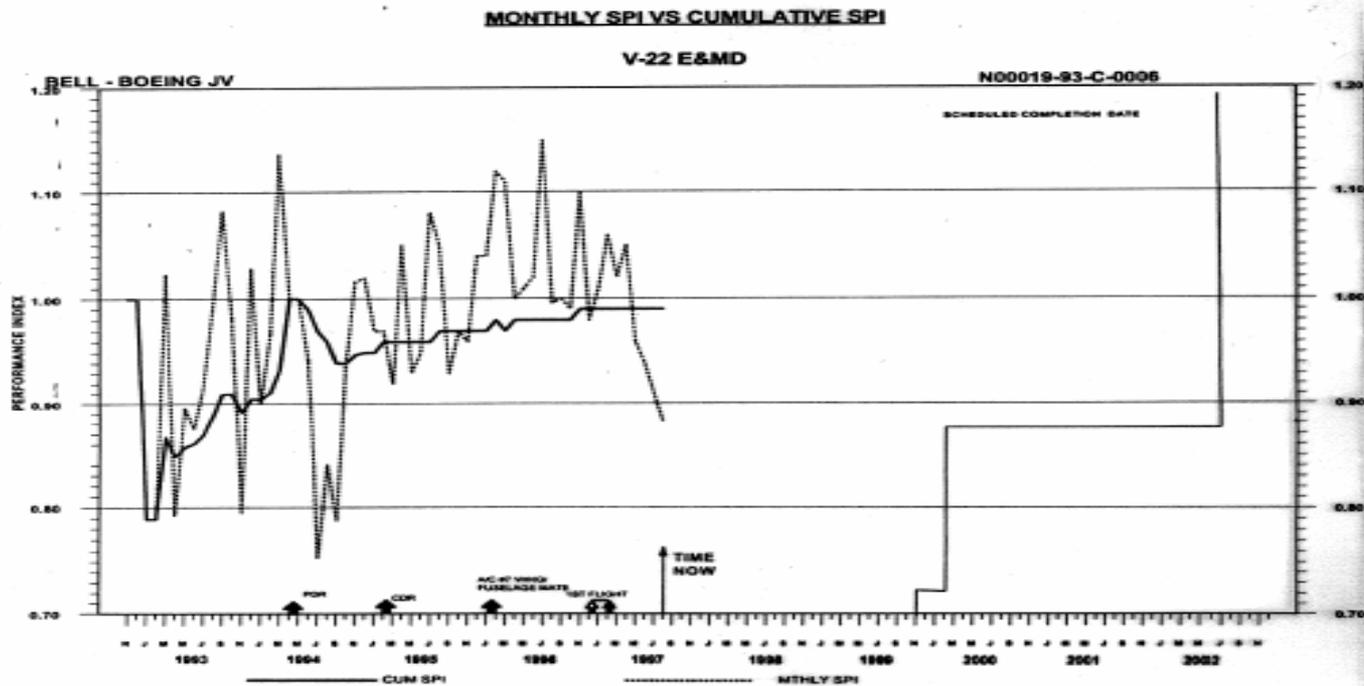
EVM Challenge

- Understanding what the CPR is telling us – and what it’s not telling us
- Understanding linkage between CPR and “Real” program execution
- Understanding that the past is not necessarily a useful tool for predicting the future

- Plan the work and Work the plan

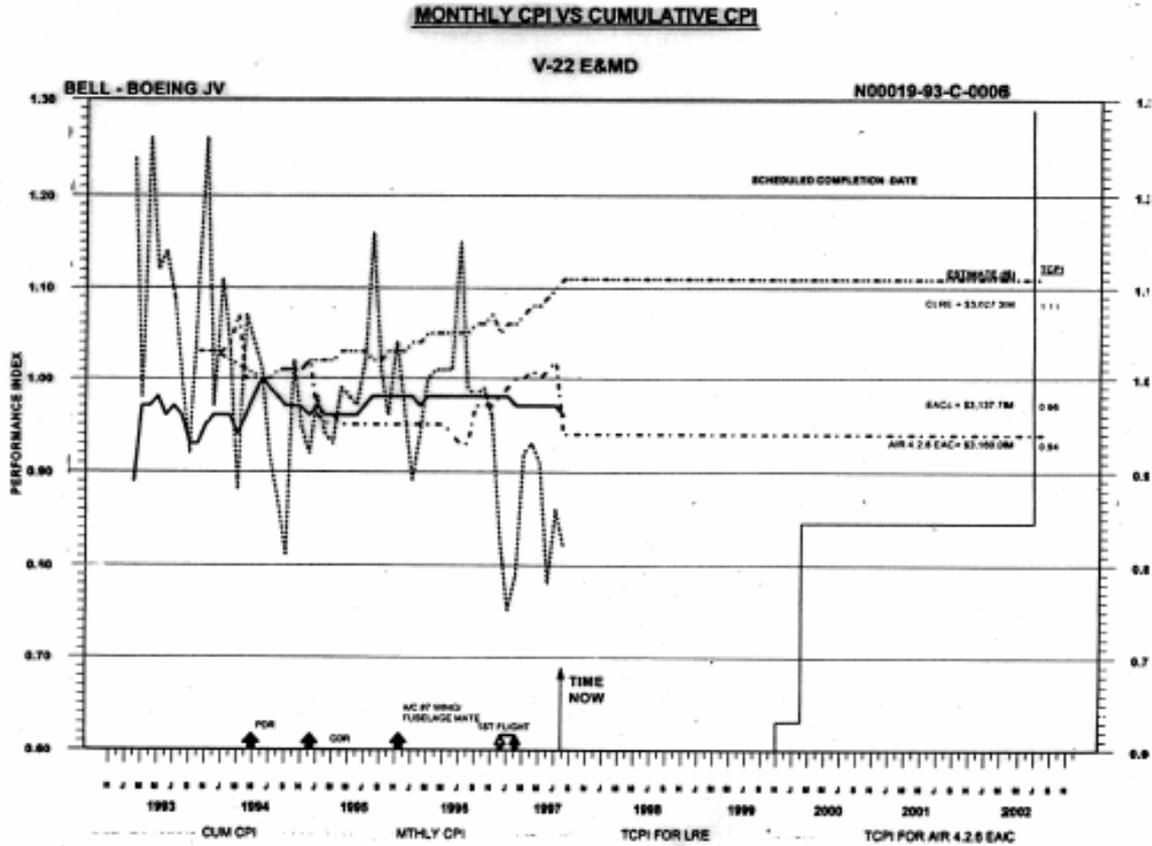


Monthly SPI vs Cumulative SPI





Monthly CPI vs Cumulative CPI



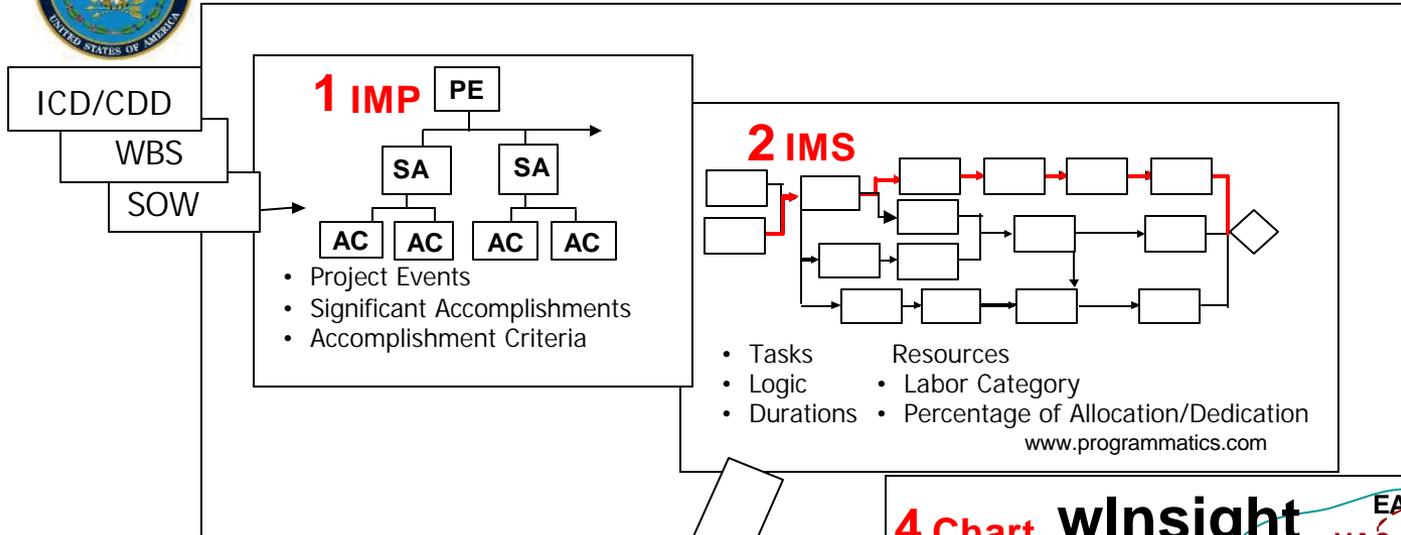


Analysts' Stock Phrases (and what they mean)

- There is reason to be concerned about the sustained negative trend in cost and schedule. (Last month's data took a dip.)
- Projecting our latest overall data to the end of the current contract, we estimate the program to overrun; without additional data, it is impossible to predict the magnitude of the problem. (Last month's data took a dip.)
- Although there has been some recent improvement in several of the key indicators, it is too early to predict whether the data will substantiate a favorable position at completion. (The program has a long history of favorable variances.)

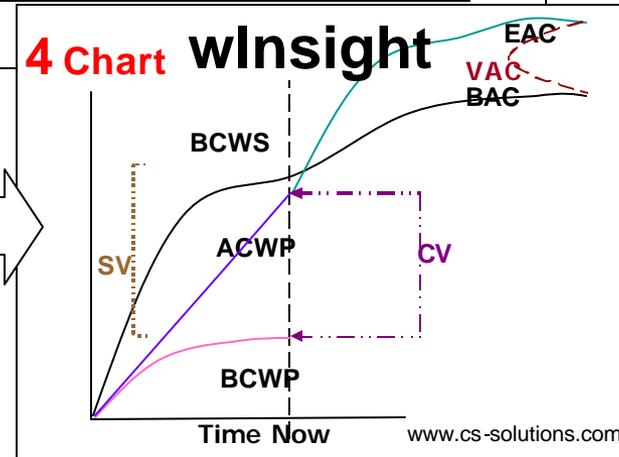


Schedule = Cost



3 Cost Estimate

Control Account 1	320	640	560	240	320	400	640	640	240
Work Package 1	240	320	240	0	0	0	0		
Work Package 2	80	320	320	240	240	80	40		
Work Package 3	0	0	0	0	80	240	320	320	200
Work Package 4	0	0	0	0	0	80	320	320	40
Engineer	140	240	160	60	140	40	320	120	80
Technician	140	240	240	60	140	280	220	380	120
Admin	40	160	160	120	40	80	100	140	40





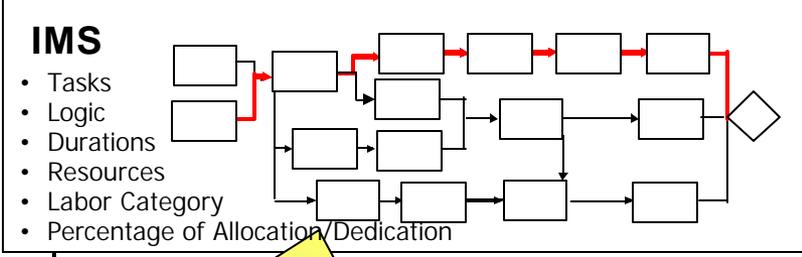
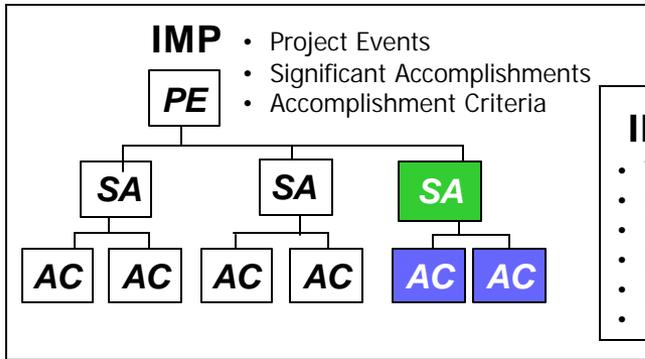
ICD/CDD

WBS

SOW

Where the Numbers Come From

Risk Assessment
(Critical Path and Monte Carlo Simulation)

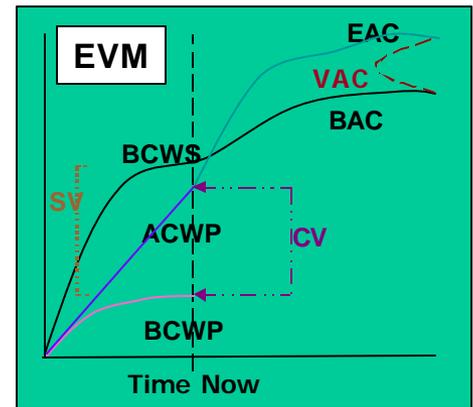
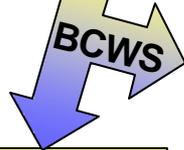


Rate Table

Labor Category	Y1	Y2	Y3
Engineer	\$		
Technician	\$		
Admin	\$		

Cost Estimate

Control Account	320	640	560	240	320	400	640	640	240
Work Package 1	240	320	240	0	0	0	0	0	0
Work Package 2	80	320	320	240	240	80	40	0	0
Work Package 3	0	0	0	0	80	240	320	320	200
Work Package 4	0	0	0	0	0	80	320	320	40
Engineer	140	240	160	60	140	40	320	120	80
Technician	140	240	240	60	140	280	220	380	120
Admin	40	160	160	120	40	80	100	140	40



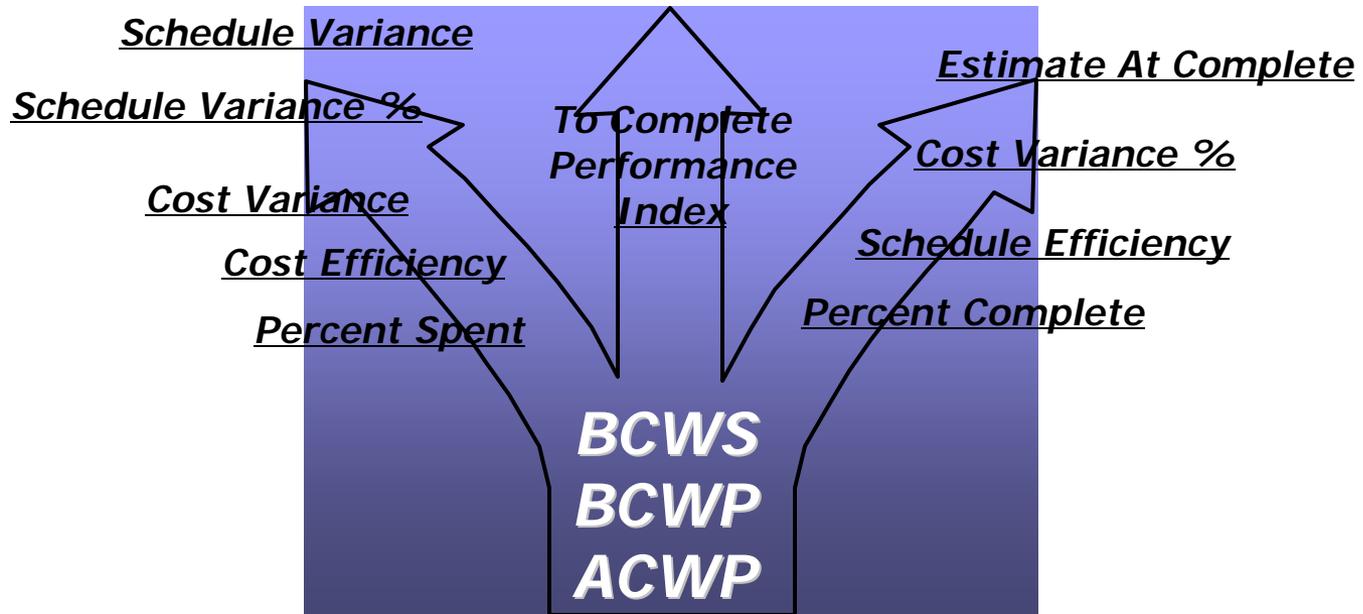


Performance Measurement

Estimate TO Complete

Estimate AT Complete

Variance At Complete



What Do They
Have In Common...