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# Department of Defense Earned Value Management Policy and Initiatives

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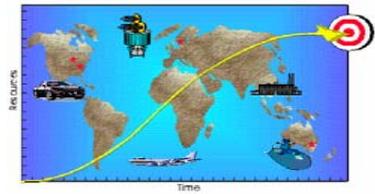
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# Agenda

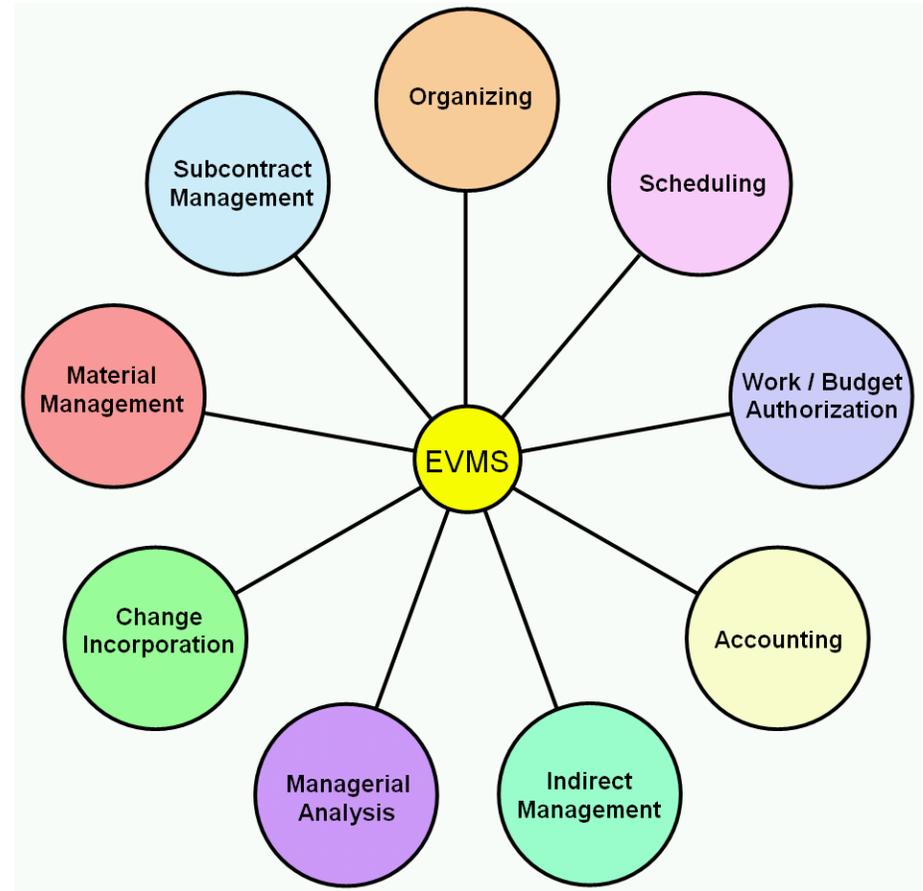


- About Earned Value Management (EVM)
- DoD EVM Policy
- OSD EVM Initiatives



# About Earned Value Management

- EVM is the use of an integrated management system that coordinates work scope, schedule, and cost goals and objectively measures progress toward these goals
- EVM is a widely accepted industry best practice for project management in government and commercial sectors
- Governed by industry standard (ANSI/EIA-748)
- The 32 EVM system guidelines in ANSI/EIA-748 address nine management processes



***A management control tool for program managers***



# DoD EVM Policy: Summary of Changes



- Uniform requirements for compliance with industry EVM standard (ANSI/EIA-748)
- New application thresholds for cost/incentive contracts (no differentiation between development and procurement)
- Improved Cost Performance Report (CPR) - renamed “Contract” Performance Report
- Expanded use of Integrated Master Schedule (IMS)
- Clarified requirement for Integrated Baseline Reviews (IBRs) (required when EVM required)
- Eliminated Cost/Schedule Status Report (C/SSR) and CPR-No Criteria

***Changes not retroactive but are effective now on new cost/incentive contracts***



# DoD EVM Policy: What Has Not Changed



- EVM still required on cost and incentive contracts
- EVM on Firm-Fixed Price (FFP) contracts continues to require waiver from Milestone Decision Authority (MDA)
- Responsibility and requirements for government surveillance of contracts remain unchanged
- Process for obtaining EVM system validation and acceptance remains unchanged

***DCMA still Executive Agent for EVM on DoD contracts***



# DoD EVM Policy: New Application Thresholds



<u>Contracts</u>	<u>Thresholds</u>	<u>Requirements</u>
Cost/Incentive Equal to or Above Threshold	<b>≥ \$50M</b>	<ul style="list-style-type: none"> <li>- Compliance with industry EVM standard</li> <li>- <u>Formal EVM system validation</u></li> <li>- Contract Performance Report</li> <li>- Integrated Master Schedule</li> <li>- Integrated Baseline Reviews</li> <li>- Ongoing surveillance</li> </ul>
Cost/Incentive Less Than Upper Threshold but Equal to or Above Lower Threshold	<b>&lt; \$50M but ≥ \$20M</b>	<ul style="list-style-type: none"> <li>- Compliance with industry EVM standard</li> <li>- <u>No formal EVM system validation</u></li> <li>- Contract Performance Report (tailored)</li> <li>- Integrated Master Schedule (tailored)</li> <li>- Integrated Baseline Reviews</li> <li>- Ongoing surveillance</li> </ul>
Cost/Incentive Less Than Threshold	<b>&lt; \$20M</b>	<ul style="list-style-type: none"> <li>- EVM optional (risk-based decision)</li> <li>- Cost-benefit analysis required</li> </ul>

***Requirements flow down to applicable subcontracts***



# DoD EVM Policy: Contract Requirements



- DoD uses DFARS in lieu of FAR; DFARS clauses are “substantially the same” as the FAR clause
- New DFARS in process (Case Number 2005-D006); final rule expected late 2006 or early 2007
  - Solicitation Provision: 252.234-7001 – Notice of Earned Value Management System
  - Contract Clause: 252.234-7002 – Earned Value Management System
- Interim guidance
  - Apply existing clauses (252.242-7001 and 252.242-7002) directly on contracts  $\geq$  \$50M
  - For contracts  $\geq$  \$20M but  $<$  \$50M, include paragraph in statement of work excluding the requirement for DoD acceptance of EVM system (no validation review)
- CDRLs with associated data item descriptions
  - Work Breakdown Structure – common structure for all reports
    - Contract Performance Report (cost and schedule reporting)
    - Integrated Master Schedule (schedule reporting)
    - Contract Funds Status Report (funding projection)
    - Cost and Software Data Reports (cost estimating)

***Reporting should be tailored within bounds of policy  
...and based on information needs***



# OSD EVM Initiatives

- Objectives
  - Data timeliness, transparency, consistency, accuracy
  - Early indicators of program performance
  - Management by exception
- Studies/projects
  - Central data repository pilot
  - Data analysis/tools
    - Program level
    - Detailed level
    - Portfolio management
  - Tripwire metrics

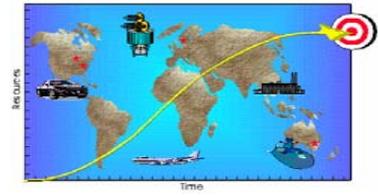
***Improving DoD acquisition execution  
situational awareness***



# Conclusion

- Refer to policy and guidance documents
  - DoDI 5000.2 (policy memorandum in interim)
  - Defense Acquisition Guidebook
  - Earned Value Management Implementation Guide (EVMIG)
  - Work Breakdown Structure Handbook
  - Integrated Baseline Review Guide
- Involve EVM subject matter experts in SOW and RFP development
- Use contract requirements checklist as quick reference and refer questions to points of contact

***Key to success is integrated approach between program management, EVM, and contracting personnel***



# Back-Up Slides



# EVM Policy/Guidance: Sources of Information



- **OSD EVM web site** - <http://www.acq.osd.mil/pm>
  - Upcoming/Recent Events
  - DoD Policy
  - Contacts
  - Points of Interest
  - International Performance Management
  - Frequently Asked Questions
  - EVM Timeline
- **EVM Community of Practice (AT&L ACC web site)** - <https://acc.dau.mil/evm>
  - DoD Policy/Guidance
  - Contract Documents
  - Training Center (narrated training tutorials)
  - Tools
  - Noteboard (discussion forum)
  - Community Connection (related references/guides)
  - Research Library
  - OMB Recommended References



# EVM Policy/Guidance: Sources of Information



- **DCMA web site -**  
[http://guidebook.dcmamil/79/guidebook\\_process.htm](http://guidebook.dcmamil/79/guidebook_process.htm)
  - EVMIG (includes tailoring guidance)
  
- **ASSIST web site -** <http://www.assistdocs.com>
  - CPR and IMS Data Item Descriptions
  - WBS Handbook
  
- **DoD Forms Program -**  
<http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>
  - CPR Forms (Formats)