OUSD(A&T) Initiatives Update

Wayne Abba

8th Annual International Cost Schedule Performance Management Conference

October 27, 1996
<table>
<thead>
<tr>
<th>1. REPORT DATE (DD-MM-YYYY)</th>
<th>2. REPORT TYPE</th>
<th>3. DATES COVERED (FROM - TO)</th>
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<tr>
<td>27-10-1996</td>
<td>Conference presentation</td>
<td>20-10-1996 to 24-10-1996</td>
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<th>5. AUTHOR(S)</th>
<th>6. PERFORMING ORGANIZATION NAME AND ADDRESS</th>
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<td>OUSD(A&amp;T) Initiatives Update</td>
<td>Abba, Wayne</td>
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<th>12. SUPPLEMENTARY NOTES</th>
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<td>Papers and presentations from 8th Annual Cost Schedule Performance Management Conference held October 20-24, 1996 in Tysons Corner, VA.</td>
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Standard Form 298 (Rev. 8-98)  
Prescribed by ANSI Std Z39.18
OSD Initiatives

- Electronic Data Interchange
- Contractor Cost Data Reporting
- Project Management Tools
- Earned Value Ownership
  » Department of Defense
  » Industry
MIL-HDBK-881: Background

- Specs & Stds cancelled June 1994
- Defense Stds Improvement Council - December 1994
  - Approved retaining MIL-STD-881B
  - Until replaced by a guidance document
- Support contractor named in 1995
MIL-HDBK-881: Status

- Cited in DoD Regulation 5000.2-R
  - “Bridge Policy” in Deskbook
  - MIL-STD-881B remains in effect
- September 1996 Handbook Draft
  - Mandatory for Program WBS
  - Guidance for Contract WBS
- Coordinate in near future
Electronic Data Interchange: Background

- EDI is Federal Government policy
- Implications seen by DoD in late 80’s
  - Worked with NSIA
  - Formed working group
  - Incorporated in Performance Analyzer
  - USD(A&T) Policy Memo Jan. 95
    - Mandatory for new contracts (CPR or C/SSR)
    - Incorporated in Data Item Descriptions
Electronic Data Interchange: Status

- Successful early implementation
  - Shipyards
  - V-22 at Boeing Helicopters
  - Encourage contractor participation

- Implementation Conventions
  - 839 (Cost), 806 (Schedule), 196 (CCDR)

- “Getting Started” Handbook issued
Contractor Cost Data Reporting: Background

- CCDRs a problem-
  - 1991 DoD/Industry TQM Report
  - DoDIG Report
  - 1991-94 OSD RFP reviews

- Excessive WBS definition
  - “WBS vs. IPT”

- Too many reports, too much detail
Contractor Cost Data Reporting: Status

- Study by Institute for Defense Analyses
- Requirement reaffirmed after review
  - USD(A&T), SAEs, DUSD(AR), D(PA&E)
- USD(A&T) Policy Memo Jan. 18, 1996
  - Fewer reports in less detail and less often
  - Central office for oversight
  - IPTs involve contractors when appropriate
Contractor Cost Data Reporting: Status Cont’d

- OSD PA&E “high priority;” encourages inquiries from anyone

- Points of contact-
  - Mr. Gary Bliss (703) 695-4348
  - Mr. Tom Coonce (703) 697-0374
  - cooncet@paesmtp.pae.osd.mil
Project Management Tools

- Risk management
  - IDA study--Risk Analysis & Cost Mgmt.

- NAVAIR initiatives
  - PEO(A) and PEO(T)
  - In-house Earned Value
  - IBR process
  - Integrated Technical Performance

- Performance Analyzer & COTS software
DoD Earned Value Ownership: Background

- Briefed Mr. Longuemare January 1994
- SAE meeting September 1994
- Executive Steering Group named
- Dr. Kaminski letters January 1995
  - Support 1993 “Model Program” initiative
  - SAEs: Take ownership
  - Industry: Accept responsibility
  - DoD: Encourage value-added changes
DoD Earned Value Ownership: Background Cont’d

- C/SCSC reaffirmed
  - DoD 5000.2-R issued March 15, 1996
- USD(A&T) Dec. 1995 Memorandum
  - Change C/SCSC implementation structure from PMJEG to DCMC Executive
    - Simplify review & acceptance process
    - Encourage responsible, timely innovation
DoD Earned Value Ownership: Status

- SAEs took ownership in 1994
- June 1996 SAE meeting with USD(A&T)
  - Strongly endorsed reforms, especially the Integrated Baseline Review process
  - Air Force proposed assigning C/SCSC “compliance responsibility” to DCMC
  - DCMC agreed to accept responsibility
3 alternatives offered to USD(A&T):

1. Transfer compliance and 1 billet per Service

2. Transfer compliance without billets; API to provide for budget adjustments

3. Do not transfer compliance

All Services concurred with Alt. 2

USD(A&T) signed Memo Oct. 1, 1996
Compliance Responsibility Memorandum

- DCMC assume responsibility as soon as possible, not later than end FY 1997
- Dir, API take necessary budget actions
- Emphasize data integrity for PMs
- Applies to C/SCSC compliance reviews
  - Not to IBRs and related PM support
  - Components implement earned value
  - DCMC improve support to program offices
The idea is not new-
» Recommended by DoDIG in 1993 report
» OSD did not agree
» DoDIG agreed to forbear

So why is it OK now?
» Earned Value accepted throughout DoD
» DCMC ready to take it on
  – “Center of Excellence”
Industry Earned Value Ownership: Background

- Long history with NSIA
  - ADL Study
  - TQM Study
- Mr. Longuemare Sep. 94 letter to NSIA
  - Offered partnership for industry standard
  - Possible ISO 9000 approach
- 1st meeting in Phoenix, April 18, 1995
Industry Earned Value Ownership: Status

- Industry accepting responsibility
  - Boeing Defense & Space Group
  - Lockheed Martin Missiles & Space
  - McDonnell Douglas
  - Northrop Grumman
  - General Electric Aircraft Engines
  - and many more...
Industry Earned Value Ownership: Status

- Industry standard issued Aug. 96
  - Signed by AIA, EIA, NSIA, ASA, SCA
- Ball *belongs to industry*
  - DoD will borrow it for 5000.2-R
- OSD role is to protect public interest
  - 5000.2-R, DFARS clauses, guidance being revised
  - Workshops to identify & address issues
Adopts 32 EVMS guidelines as immediate replacement for 35 C/SCSC
  » New 5000.2-R baseline requirement

Reserves right for appropriate reviews
  » As determined by DCMC and/or DoD PM
  » Does not accept self-certification

Encourages evolution to “true” standard
  » Industry (ANSI) and/or International (ISO)
Evolution of EVMS

- **1967**: C/SCSC (COMPTROLLER)
- **1989**: C/SCSC (PROGRAM MANAGEMENT)
- **1993**: EVMS
- **1996**: Model Program Vision

**Industries/International**
Conceptual Models

- Reconciling government and commercial practices
- “Who certifies?”
Government/Commercial Practices

3 LEVELS:
- “Core”
- “Enterprise”
- “Public Sector”

“Industry Standard Guidelines for EVMS” suggests there are no major differences in the principles that should be used for management of complex projects in government and industry. We should shift our attention to the practices.
Reconciled Practices

DoD Contracts
Other Gov’t
Commercial
Who Certifies?
3 Possible Scenarios

1) Rely on 3rd party and/or industry certification

- ISO 10006
- Self-Cert
- World Class Suppliers
- BS 6079

DoD Business Base
Who Certifies?

3 Possible Scenarios--Cont’d

2) Grant DoD Certification (Status quo)

World Class Suppliers → DoD Certification → DoD Business Base
Who Certifies?
3 Possible Scenarios--Cont’d

3) Include 3rd party, industry, and/or DoD EVMS at time of each acquisition

World Class Suppliers

Source Selection Criteria
- BS 6079
- ISO 10006
- DoD EVMS
- Self-Cert.
- Other?

DoD Business Base
“You hold the key...”