AUSTRALIAN INNOVATIONS

Recent Developments in Australian EVM Practices

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**Abstract:** Presentations and Papers from 10th Annual International Integrated Program Management Conference held October 18-22, 1998, Tysons Corner, VA.
Where does EV fit into the Aust DoD?
- Defence Acquisition Organisation
- Introduction of EV through Senate review 1986
- EVMS Section: operations, industry liaison
- Capital Equipment Program: project review, policy, change
Australian Industry

- How does Australian industry fit in?
  - Around 20 Australian companies certified
  - ASC, Tenix, BAeA
  - Raytheon E-Systems, BAe, Kaman, Nortel
  - natural international focus
How does the DoD contract?

- Fixed price and EVMS
- IPTs
- Project teams (no DCMC)
- Annual EVMS Surveillance Reviews
- Funding for project life
- Professional Service Providers/contractors
Defence Reform

- 20% staff reduction of senior officers
- Projects civilianised
- Move funds from tail to teeth
- Commercial support
- Impact on EVMS
- New structure
International links

- International Performance Measurement Council 1992
- Trilateral MOU
- International Standard?
- Links to Sweden, US, NZ, Canada, UK
- Australian project teams overseas
- Exchange Program with USA
Exchange Officer

- **Situation**
  - MOU between Australia-USA
  - Aust exchange officers: John Payne, Jim Muir
  - US Exchange officers: Jan Peterson, Karl Rehling, Van Kinney, Debbie Murray
  - seek understanding of international EVMS
    » Strategy
    » Policy
    » Practice
Exchange Officer (cont)

- **Mission**
  - Share EVMS best practice between Aust and US Govt and Industry

- **Execution (how)**
  - Liaise and represent Australia at all levels of Govt and industry
  - Contribute to policy and practice
  - Seek best practice in EVMS and Acquisition reform
Exchange Officer (cont)

◆ Admin and Logistics
  – Based in DCMC HQ
  – Placed in plant office, EVMS Center, DCMC HQ, Pentagon

◆ Communications
  – Facilitate links between Aust and US DoD and industry on acquisition issues
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Recent innovations in Australia's application of earned value management.

- changed review practices (as used for British Aerospace and Kaman)
- interactive system development and review
- Australia's direction on standards for EVM
- contracting out of EVM services
- payment by earned value
- the use of PRINCE 2 as a PM methodology
- use of earned value data forCorporate level reviews of Defence projects (DARB)
Changed review practices

- Recent reviews at RLM, British Aerospace and Kaman
- Drivers of reform are:
  - resource constraints
  - increased partnering with contractors
  - change of emphasis from seeking perfection to seeking working & workable management system
What’s different?

- Shorter reviews with smaller teams reduces resource requirements on both sides
- Contractors encouraged to have team members on the review - both sides are striving for a workable system
- Maximise the participation of Project staff, particularly resident team
- Just 2 or 3 external “experts”
What’s different (2)

- Use of “in country” resources for overseas reviews
  - resident team
  - posted staff
  - embassy/high commission personnel
- Emerging use of professional service providers
- Reduced reporting
Interactive system development & review

- Old way was
  - you present the system to us and we will tell you whether it is compliant or not
  - we are not a consultancy service, if you need advice hire it in
  - we won’t commit ourselves until we see it in operation
Interactive system development & review (2)

- New direction is:
  - Build a little, field a little
  - Incremental sign-off on system modules
  - Formal reviews allow contractor and customer to ensure system integration works and identify any implementation or training problems
Partnering

- Partnering Charter with BAe 3 months after contract promoted open & effective relationship

- Prime enablers for the improvement:
  - Resident Team Leader’s membership of BAe LIF Project Board;
  - Resident Team members’ regular attendance at the BAe LIF Team Meetings;
  - RT Leader weekly meetings with the BAe Head of Hawk Project to address top ten issues;
  - joint presentations at PMR by BAe and Commonwealth staff
  - exchange of internal status/issues reports
Standards for EVM

- Standards Australia has accepted a project to introduce a national EVM standard after wide industry survey
- Basis for standard development will be ANSI Standard on EVMS Guidelines, ANSI/EIA -748-98
- New Implementation Guidance will be produced
- DEF(AUST)5655/5657/5658 will be superseded
- CSSR would no longer be required
Contracting out of EVM services

- Defence has put in place a Panel Standing Offer with five separate companies
- Standing Offer is for provision of earned value professional services
- Services in four broad categories:
  - Review support
  - Training
  - Analysis
  - Studies
Payment by earned value

- Our standard approach to progress payments is pay on a combination of physical milestones and earned value.
- Split between EV & MS in range of 50-50 to 90-10, based on risk.
- Level of verification of payment claims tailored for risk.
- EV payments start after IBR for validated contractors, or after RA for new systems.
PRINCE 2 as a PM methodology

- DoD is trialing PRINCE2 as a standard PM Methodology
- PMM a key point of our Business Process Re-engineering effort
- PRINCE2 has much in common with EVM, eg work definition, responsibility assignment, work package authorisation, product based planning.
- Tailored application for Defence.
EV data in Corporate level reviews of Defence projects - DARB

- Defence Acquisition Review Board (DARB) established as part of Defence Reform Program
- DARB reviews the top 20 projects and others by exception
- DARB also reviews aggregate performance data and acquisition processes
EV data in Corporate level reviews of Defence projects - DARb (2)

- Project reviews include current performance and lessons learned
- Performance must include:
  - Cost, schedule & technical achievement
  - EV data
  - EACs
  - Key event schedule
  - Finance
  - Contract changes
Australian Innovations - Summary

- EVM application continues to evolve
- Directions are in harmony with US approach
- Now working top down to encourage EVM use through DARB as well as bottoms up through contractor implementation & review