



# The [Whole] Truth about ANSI-Compliant EVMS

ICEAA Workshop  
June 2013



# Introduction

- EVMS that complies with ANSI/EIA 748(B) Standard often characterized as “good project management”
  - Basic concepts/principles of EVM can be likened to sound project management
  - “ANSI-compliant” EVM system much more than any contractor would do on their own
  - Downplaying expense/effort involved in achieving ANSI-compliance is fiscally irresponsible and borderline unethical





# Outline

- Speaker Background
- What it means to be “ANSI-compliant”
- EVMS policy and why it exists
- The real reasons why it’s so difficult
- Recommendations for improvement
- Conclusion
- Questions





# Speaker Background

- Currently
  - Managing Principal, Western Region and EVM Practice Lead for Project Time & Cost, Inc.
  - Immediate Past President of AACE International
  - Active member of both NDIA's PMSC and EFCOG's PMWG
- Formerly
  - Vice President of EVM for SM&A
  - Vice President of Project Controls for Parsons Government Group





## What it Means to be “ANSI-compliant”

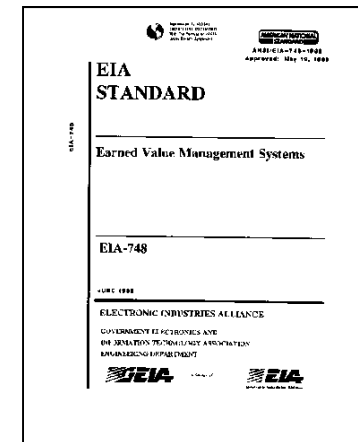
- Earned Value (EV)
  - Term for budgeted value of work that has been physically performed (also referred to as BCWP)
- Earned Value Management (EVM)
  - Management approach in which scope, schedule, and budget are integrated to better assess project performance
- ANSI-compliant EVM System (EVMS)
  - Detailed system that complies with ANSI/EIA-748(B) Standard
  - EVM ≠ EVMS





# What it Means to be “ANSI-compliant”

- ANSI/EIA-748(B)\* Standard
  - Spearheaded by NDIA Program Management Systems Committee (PMSC)
    - Issued in 1998
      - Adopted by DoD in 1999
    - Adopted by OMB in 2003 as best practice
      - Mandated by for “developmental” contracts in 2006
  - Transferred ownership from government to industry
    - Overarching intent to keep it general enough to build in flexibility





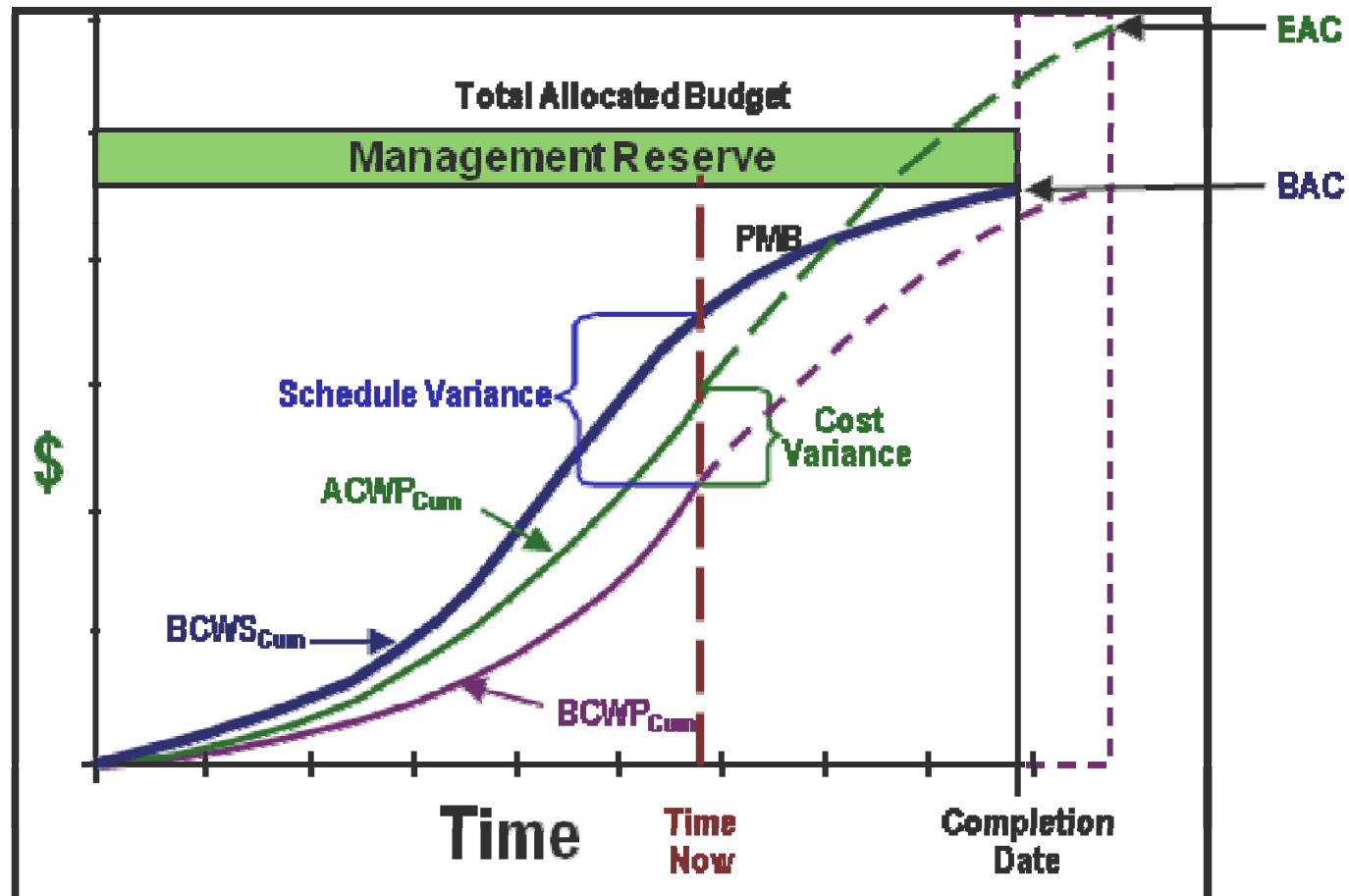
# What it Means to be “ANSI-compliant”

- Supporting Definitions
  - Control Account (CA)
    - Time-phased, management control point for cost, schedule, and work scope
    - “Detail planned” as work packages and planning packages
  - Summary Level Planning Packages (SLPPs)
    - Authorized work not yet detail planned
  - Performance Measurement Baseline (PMB)
    - Sum of all time-phased control account/SLPP budgets, plus UB
    - Basis for overall program management





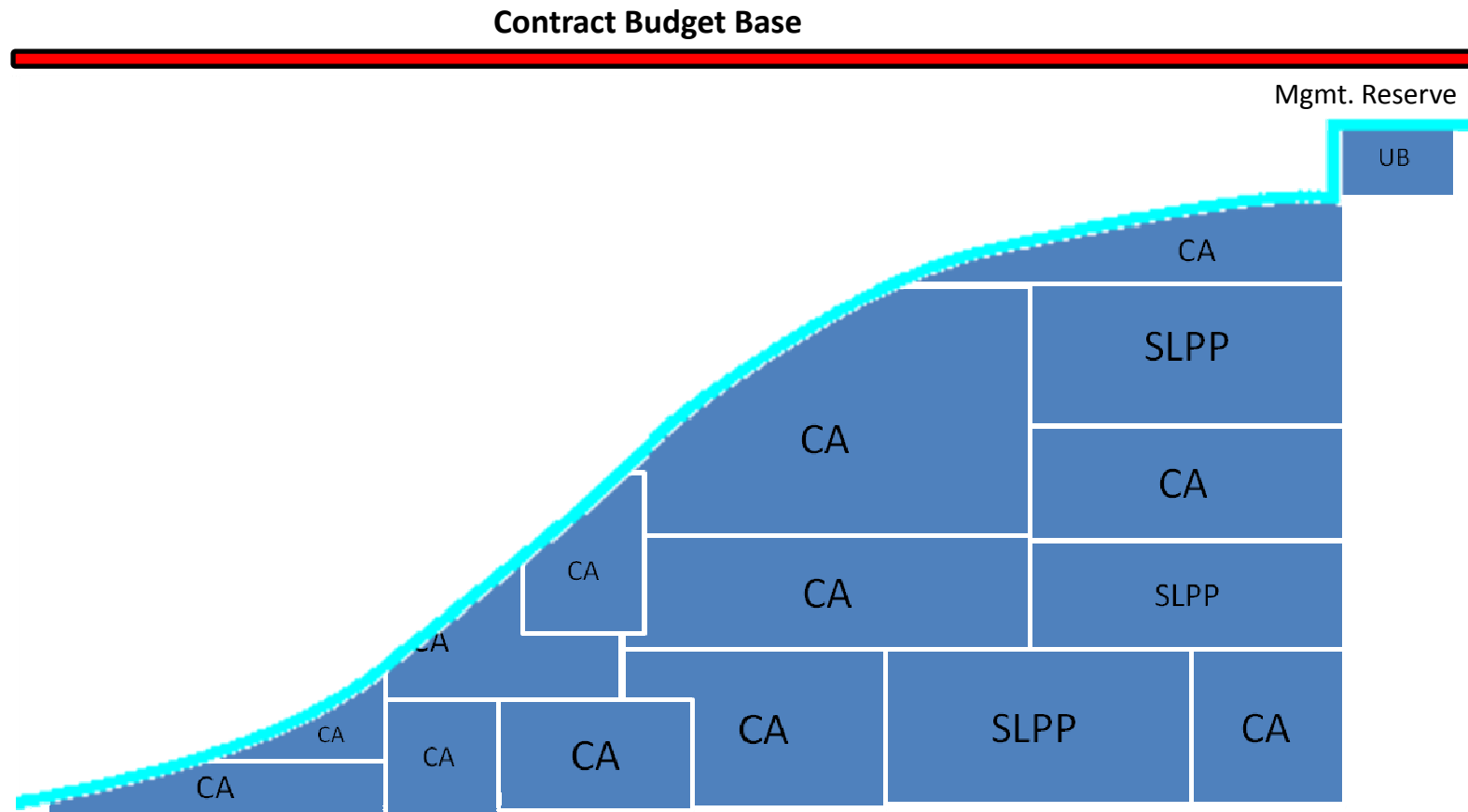
# What it Means to be “ANSI-compliant”







# What it Means to be “ANSI-compliant”



Source: SM&A EVMS Seminar





# What it Means to be “ANSI-compliant”

| WP#   | Item            | Totals       |
|-------|-----------------|--------------|
| 2.1.1 | Earthwork       | 150          |
| 2.1.2 | Concrete        | 250          |
| 2.1.3 | Steel Structure | 200          |
| 2.1.4 | Mechanical      | 150          |
| 2.1.5 | Electrical      | 150          |
| 2.1.6 | Arch Finishes   | 100          |
|       | <b>Total</b>    | <b>1,000</b> |

| WP#   | Item            | June         | July         | Aug | Sept         | Oct          | Nov | Dec |
|-------|-----------------|--------------|--------------|-----|--------------|--------------|-----|-----|
| 2.1.1 | Earthwork       | [Yellow bar] |              |     |              |              |     |     |
| 2.1.2 | Concrete        |              | [Yellow bar] |     |              |              |     |     |
| 2.1.3 | Steel Structure |              |              |     | [Yellow bar] |              |     |     |
| 2.1.4 | Mechanical      |              |              |     | [Yellow bar] |              |     |     |
| 2.1.5 | Electrical      |              |              |     | [Yellow bar] |              |     |     |
| 2.1.6 | Arch Finishes   |              |              |     |              | [Yellow bar] |     |     |

| WP#   | Item              | Totals       | June      | July       | Aug        | Sept       | Oct        | Nov        | Dec          |
|-------|-------------------|--------------|-----------|------------|------------|------------|------------|------------|--------------|
| 2.1.1 | Earthwork         | 150          | 50        | 50         | 50         |            |            |            |              |
| 2.1.2 | Concrete          | 250          |           | 80         | 110        | 60         |            |            |              |
| 2.1.3 | Steel Structure   | 200          |           |            |            | 80         | 100        | 20         |              |
| 2.1.4 | Mechanical        | 150          |           |            |            | 50         | 70         | 30         |              |
| 2.1.5 | Electrical        | 150          |           |            |            | 20         | 50         | 70         | 10           |
| 2.1.6 | Arch Finishes     | 100          |           |            |            |            | 20         | 50         | 30           |
|       | <b>Total</b>      | <b>1,000</b> | <b>50</b> | <b>130</b> | <b>160</b> | <b>210</b> | <b>240</b> | <b>170</b> | <b>40</b>    |
|       | <b>Cumulative</b> |              | <b>50</b> | <b>180</b> | <b>340</b> | <b>550</b> | <b>790</b> | <b>960</b> | <b>1,000</b> |





# EVMS Policy and Why it Exists

- Current DoD Policy
  - “ANSI-compliant” EVMS required on cost/incentive type contracts \$20 million or more in value
  - “Validated” (by DCMA) as compliant if \$50 million or more
  - Integrated Master Schedule also required whenever EVMS is
- Other government agencies use slightly different thresholds
  - <http://www.ndia.org/Divisions/Divisions/Procurement/Documents/PMSCCommittee/CommitteeDocuments/OtherDocuments/AgencyEVMSPolicySummaryRev120109.pdf>





# EVMS Policy and Why it Exists

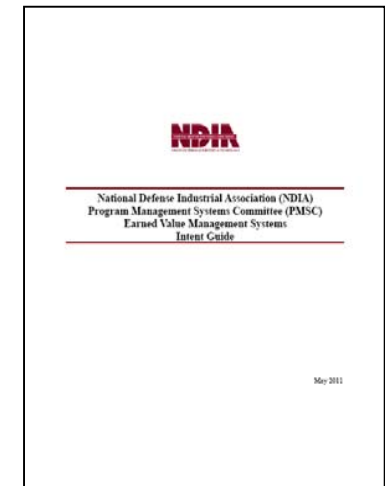
- Contract Type  $\approx$  Risk Ownership
  - High Risk Contracts
    - Cost [Reimbursable]
      - Scope usually not well defined (“developmental”)
      - “Best Efforts” contract
    - [Fixed Price] Incentive
      - Allowable costs reimbursed to contractor up to preset ceiling
      - Cost reimbursable nature still enough risk to require EVMS
- EVMS is Risk Management from DoD’s perspective





# EVMS Policy and Why it Exists

- NDIA EVMS Intent Guide
  - Provides “additional insight into 32 guidelines identified in ANSI Standard”
    - All guidelines embedded within document
    - “Typical attributes” and “objective evidence” required for compliance purposes
  - Latest revision in May 2011
    - Available as free download from NDIA PMSC website ([http://www.ndia.org/Divisions/Divisions/Procurement/Pages/Program\\_Management\\_Systems\\_Committee.aspx](http://www.ndia.org/Divisions/Divisions/Procurement/Pages/Program_Management_Systems_Committee.aspx))





## The Real Reasons Why it's Difficult

- Key requirements called out within ANSI Standard either not well understood or counter to commercial PM practices
  - Time phased budgets at control account level
    - Key role of control account manager (CAM)
  - Rolling wave planning process
  - Product-oriented WBS
  - Management reserve





# The Real Reasons Why it's Difficult

- Key Elements of EVMS policy still not well understood
  - Risk ownership as basis for requirement
  - DoD requirements often thought to be encompassed within ANSI Standard
    - IMS requirement/reporting
    - Contract Performance Reports (CPRs)
    - Integrated Baseline Reviews (IBRs)
    - CPI/SPI
  - Non-DoD agencies often mistakenly assume that requiring an ANSI-compliant EVMS will invoke all of the above





# The Real Reasons Why it's Difficult

- Contractor proposals often overlook EVMS-related costs
  - Lack of understanding by proposal management
    - PP&C leadership often not engaged during proposal
  - “Low bid mentality” often leads to low dollar values being proposed
    - Contractors often don't realize that EVMS-related costs are fully reimbursable
    - USG rarely seeks to verify that sufficient costs have been proposed







# The Real Reasons Why it's Difficult

- The Validation Process
  - “Checklist mentality” fails to consider materiality of findings
    - Extended process diverts key resources from executing program
  - EVMS validation requirement has virtually no impact on DoD program execution/completion
    - Program execution proceeds even if validation not achieved
    - Recent DFAR business system rule changes intended to rectify this issue instead focus on penalizing contractor





# Recommendations for Improvement

- Government agencies should consider the following:
  - Continue education and outreach effort
    - Implement requirements for recognized certifications\*
  - Dedicate certain % of proposed contract value to EVMS implementation/validation effort
    - Must include monetary incentive program for CAMs
  - Tie validation to key program milestones (PDR, CDR, etc.)\*\*
    - Implement graded approach based on materiality of findings

\* USCG already doing this

\*\* DOE already doing this





# Conclusion

- True “ANSI-compliance” is determined at control account level
- DoD’s EVMS policy exists to mitigate their risk in large cost/incentive contracts
- Several requirements in ANSI Standard are still misunderstood
- Three recommendations offered for how USG can make improvements to their contractual requirement





# Questions?

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