



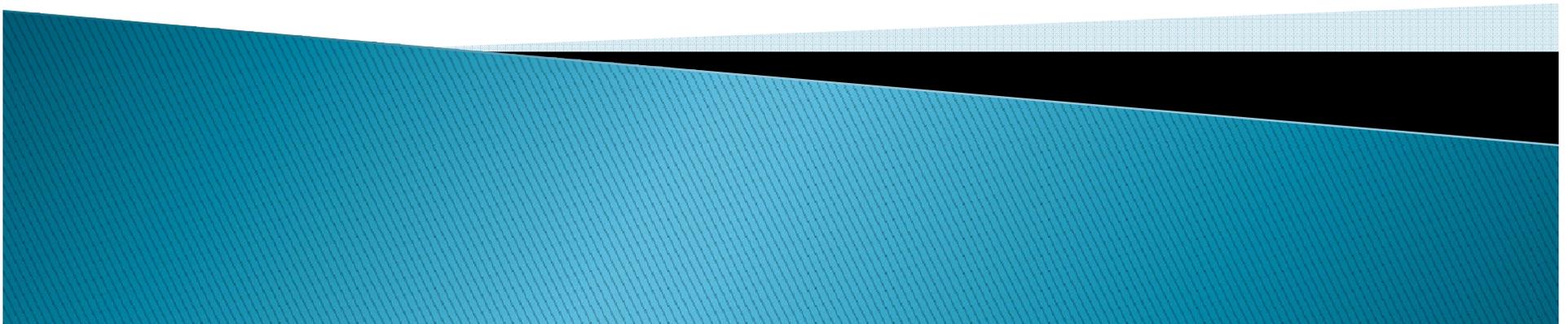
*Earned Value Management  
Practitioners Symposium*

***EVMP Forum***

**EVM at HHS**

**Mike Ipsaro and Bill McMahon**

23 JUL 2015



# Agenda

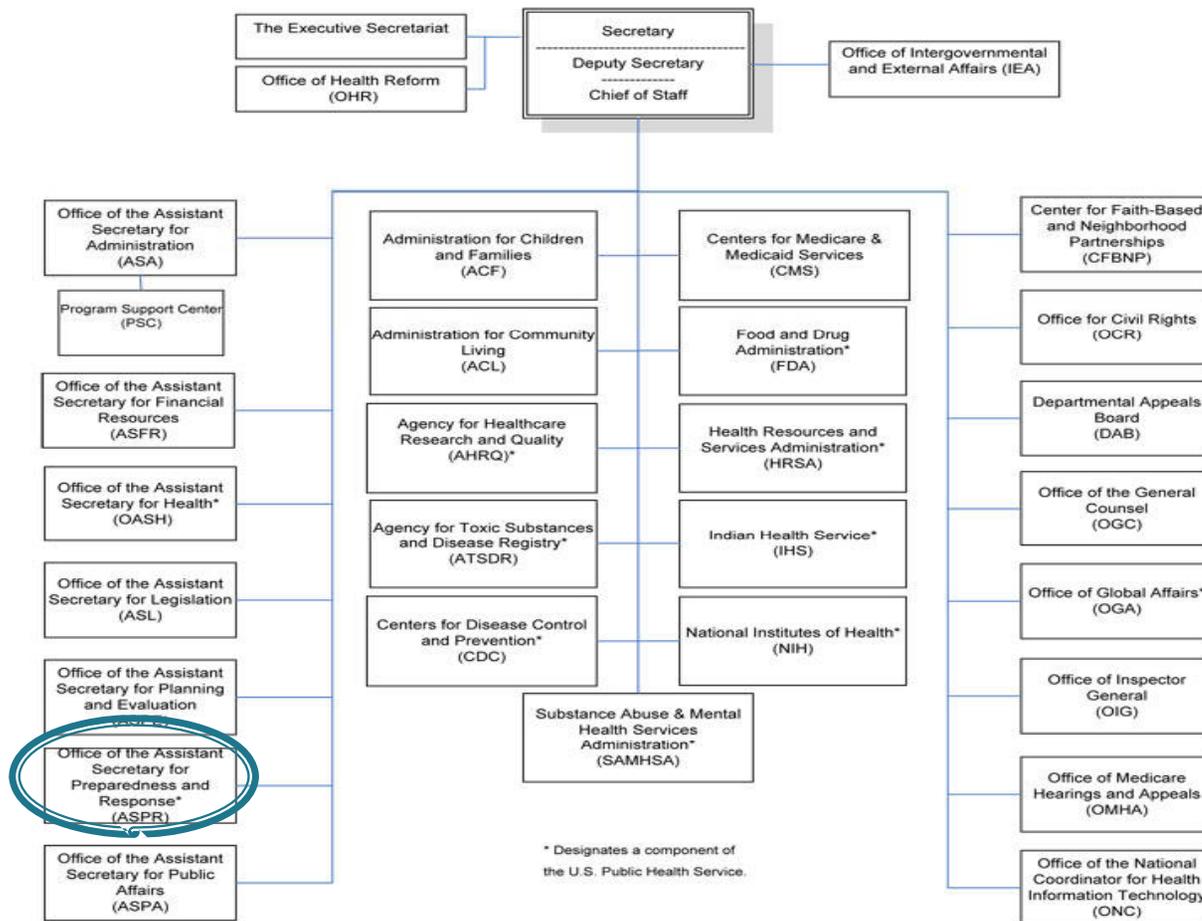
- ▶ Backdrop
- ▶ Challenges
- ▶ Overcoming the challenges
- ▶ Q&A

# Backdrop

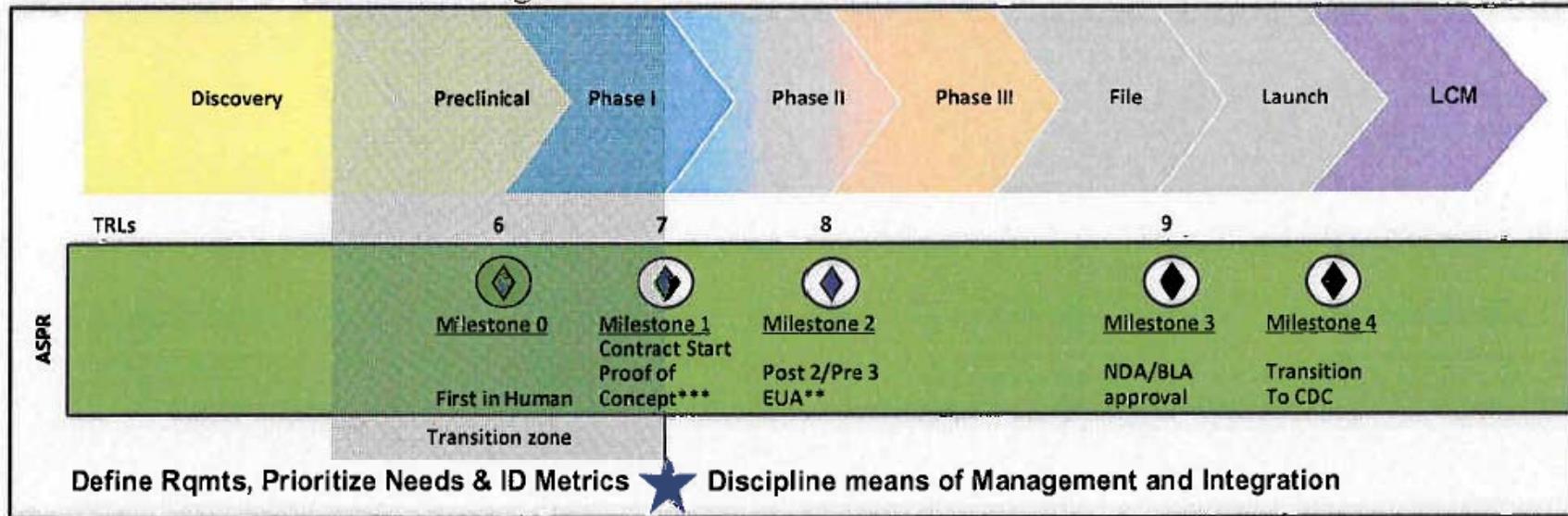
- ▶ Who we support
- ▶ What they do
- ▶ What they buy, manage, and oversee



# HHS



# HHS Product Life Cycle



Many characteristics differ from traditional defense/weapon system life cycle

# Backdrop: How we support HHS with EVM

- ▶ Cultivate solid working relationships with HHS management to increase EVM visibility and level of service
- ▶ Enhance client's Program/Project Oversight
  - EV Team develops "EV Dashboard" product for EVM stakeholder consumption
- ▶ Develop and/or enhance EVM Policy, SOPs
- ▶ Develop & deploy tailored EVM Training ASPR-wide
- ▶ Ensure EVM Requirements are incorporated into Contracts
- ▶ Team integrates itself within the Clients' IPTs (CO, COR, PM/PO) throughout project/EVM life cycle

# Challenges

- ▶ Can innovation be scheduled?
  - Client culture resistant to discipline required to implement effective EVM and PM (Innovation-focused)
- ▶ Professionals in the Life Sciences and Medical Counter Measures fields not experienced in PM
- ▶ Executive advocacy in the adoption and use of EVM as value add tool (vs. compliance)
- ▶ Infrastructure needing to mature and scale to foster effective Acquisition, PM, and EVM capabilities
- ▶ EVM and Program/Project Management capability not as mature as DoD

# Overcoming Challenges

1. Policy, guidance, and procedures
  - Frequent interaction with EVM stakeholders from inception
2. Training and Education (EVM = project management) Business value of EVM
3. Close review of individual project dashboards and 1:1 consulting
4. Application of Tools (e.g. Oracle Primavera)
5. Executive Advocacy (e.g. EVM for non-EVM executives)
  - portfolio dashboard

# Eating an Elephant....

- ▶ Progress has been made, but we still have a ways to go

## "Kotters Eight Steps of Change"



■ Kotter, John P. and Cohen, Dan S. The Heart of Change. Boston: Harvard Business School Press

# Policy

- ▶ HHS Acquisition Regulation 334.2
  - Cites compliance with ANSI-748 EVM Guidelines
  - Adherence to OMB Circular A-11 (*major* acquisitions) and FAR subpart 34.2
- ▶ Follow EVM Interim Guidance for all IT projects and construction contracts
- ▶ Biomedical R&D projects may not meet “major systems” requirement
- ▶ Implements the “7 Principles of EVM” requirements in place of ANSI-748 EVM Guidelines for R&D Contracts (“flexible approach”)

...EVM more than a compliance check or drill...

# WIFY – Business Benefit of EVM

- ▶ EVM integrates schedule, cost and scope into a single integrated, transparent system
- ▶ When properly applied, provides early warning of performance problems
- Improves transparency of scope, schedule slips, and cost overruns
- Objectively communicates project status to stakeholders



# WIFY – Business Benefit of EVM

- ▶ Allows them to manage its assigned contracts in a proactive manner
- ▶ Enables stakeholders to keep management objectively informed about contract performance
- ▶ Provides objective performance criteria that can support important Milestone Decisions
  - Exercise (or not) of contract options
- ▶ Supports prioritization of the allocation of resources and funds

# WIFY – Take 3

## Imagine if....

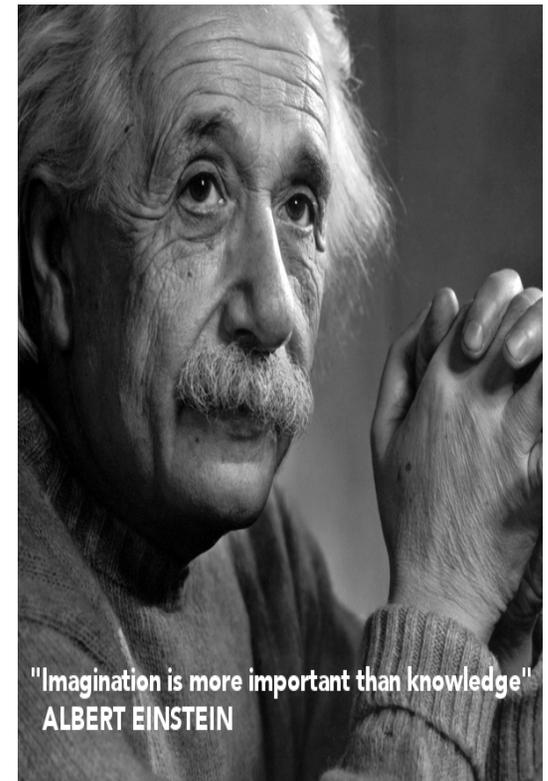
You are in this Scenario:

You are a project officer 5 months into a 4-year acquisition. The Project Sponsor asks you if you will complete the project on time and on budget?

How would you be able to respond to the Sponsor?

- What tools would you use?
- To support your response could you provide more than a “gut feel” or rough estimate?

How would you react if you were told that there is a definitive way to respond?



# WIFY – Take 3

## Imagine if.....

- ▶ **IF THE PHARAOH HAD ONLY USED AN EARNED VALUE SYSTEM IN BUILDING THE PYRAMIDS**
  - Lieutenant Colonel William J. Neimann, USAF (Ret.)

# Training

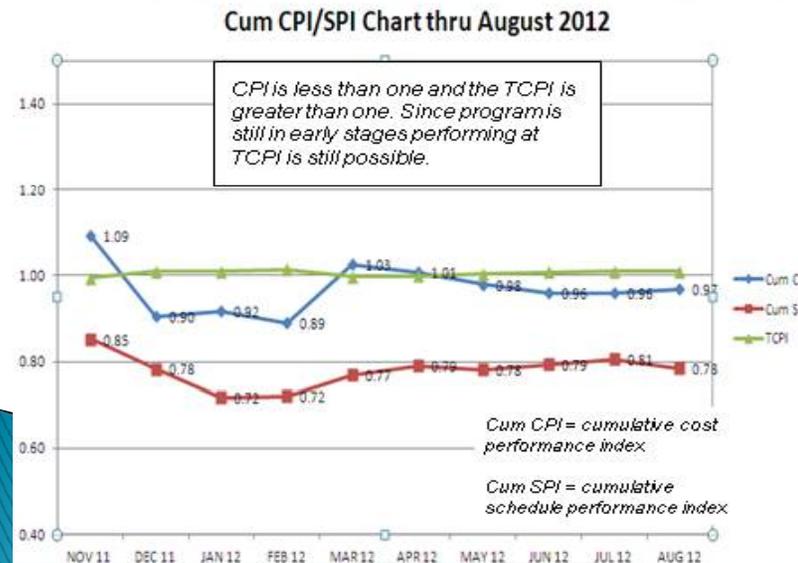
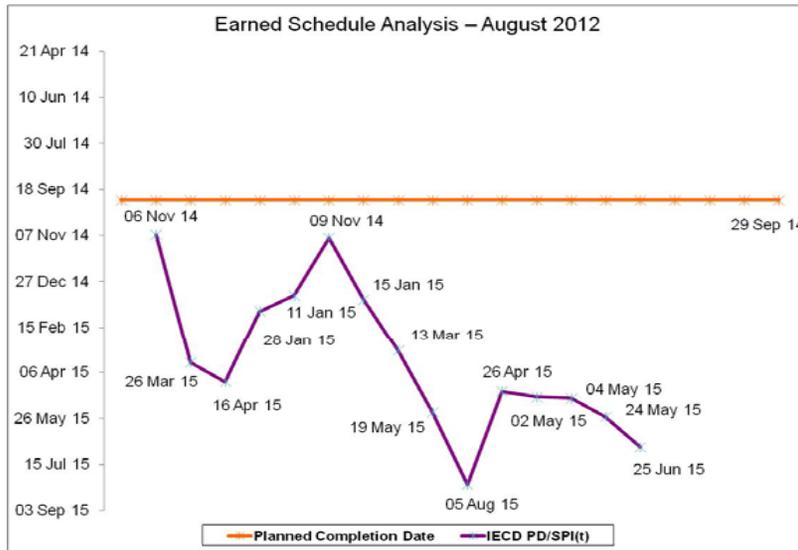
The purpose of the brown bags and training courses is to inform HHS employees about:

- The importance of EVM from a policy standpoint and from a business benefit perspective
- Federal policy application (OMB, FAR, HSAR, 7 principles)
- Operations: How we can support the programs/projects with EVM policy, implementation, analysis and reporting
- Best practices of EVM discipline

# Deep Dive training

- ▶ 5 day, 40 hour course accepted as FAI-compliant CLPs
- ▶ Agenda and Course content
- ▶ Used the following training methods;
  - Lecture
  - Knowledge Check Quizzes
  - Q&A Discussion; informal feedback daily
  - Case Studies, Assigned focused Readings and dialogue, and debate
  - Hot Topics in Project Management and EVM
  - Individualized Training
  - Formal feedback

# Sample EVM Dashboard



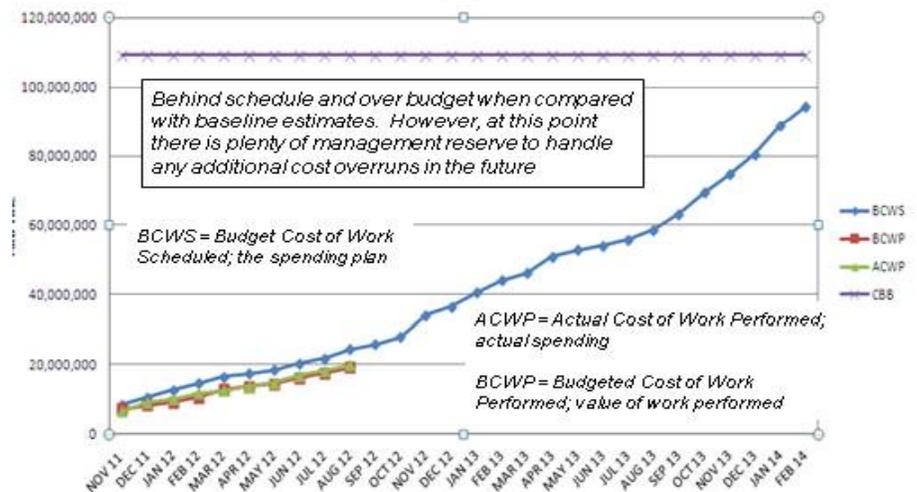
## Contractor Dashboard

## Earned Value Management Through August 2012

- Through August 2012, Contractor has a negative schedule variance of \$5.65M (negative change of \$1.036M in August) and a \$432K negative cost variance (positive change of \$121K in August).
- 21% (-\$1.016M) of the cumulative negative schedule variance is WBS 1.6.3. The delay in the development impacted the start of the manufacturing campaign by 3-4 months. However, by selecting a single format for the candidates based on previous data, has allowed the Contractor to pull the projected start of the phase 1 clinical study (WBS 1.4.1) forward to offset any delays in the start of manufacturing ...
- 20% (-\$1M) of the cumulative negative schedule variance is in WBS 1.3.1. Variance is due to delays in the development program and team's decision to advance candidate first for manufacturing.

**Performance Assessment = Yellow**

## SPA Graph



# Reference – Basics

Acronym	Definition
CPI	<p>Cost Performance Index is basically a measure of cost efficiency. CPIs greater than 1.0 are <i>favorable</i>; CPIs less than 1.0 are <i>unfavorable</i>.</p> <p><u>Plain language definition:</u> Given a CPI of 1.1, for every dollar spent, a dollar and ten cents worth of work was earned or completed (or contractor is performing at 110% efficiency with respect to cost); likewise a CPI of 0.95 would be: for every dollar spent only 95 cents worth of work was earned or completed (or contractor is performing at 95% efficiency with respect to cost).</p>
SPI	<p>Schedule Performance Index measures the work accomplishment efficiency. Unfavorable SPIs are a good forecast of future unfavorable cost metrics and indicate the potential for a schedule slip. SPIs greater than 1.0 are <i>favorable</i>, SPIs less than 1.0 are <i>unfavorable</i>.</p> <p><u>Plain language definition:</u> Given a SPI of 1.1, for every dollar of work scheduled for completion a dollar and ten cents worth of work was completed; likewise an SPI of 0.95 would be: for every dollar of work scheduled for completion, only 95 cents worth of work was actually completed.</p>

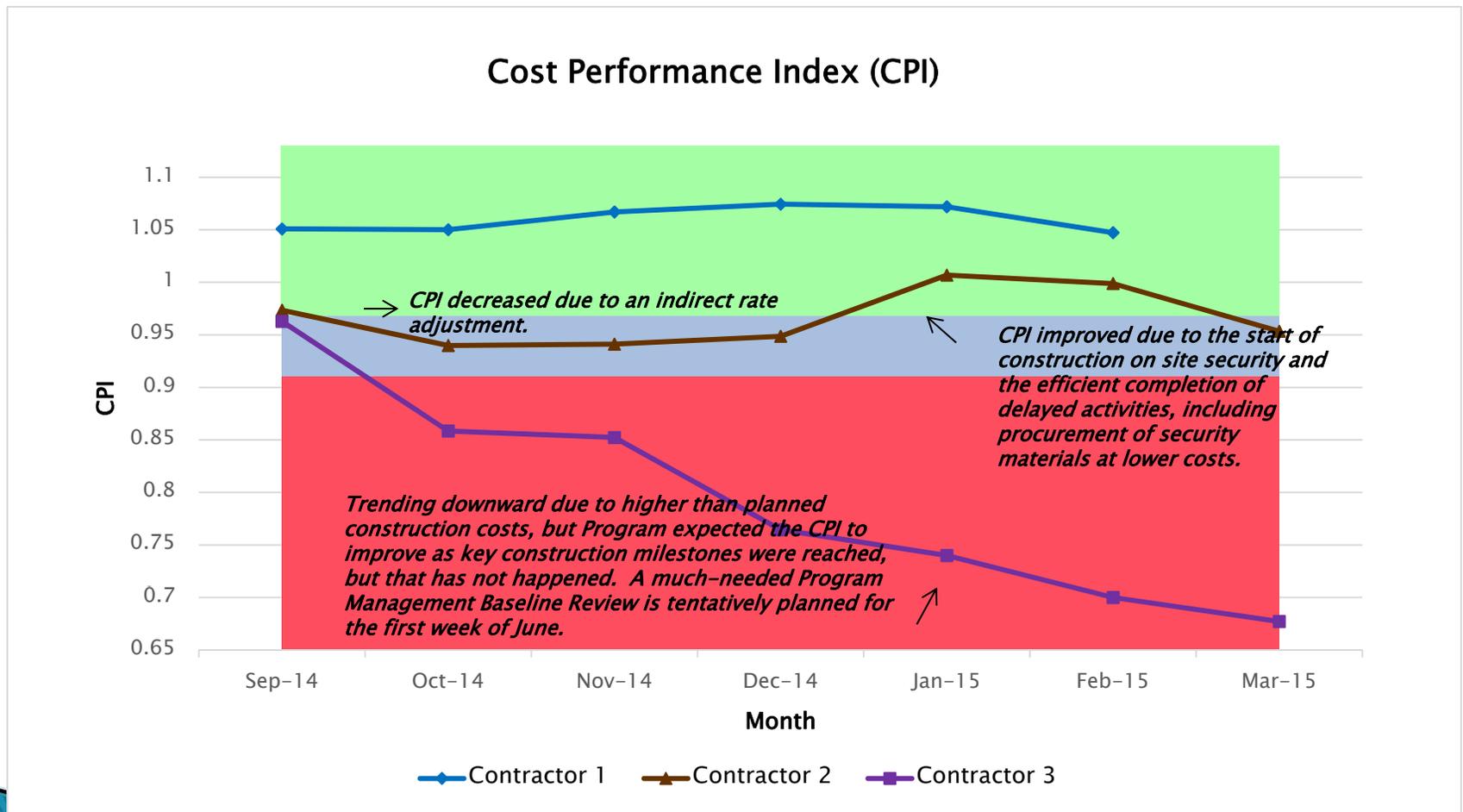
# Performance Assessment Rating

## Proposed Criteria

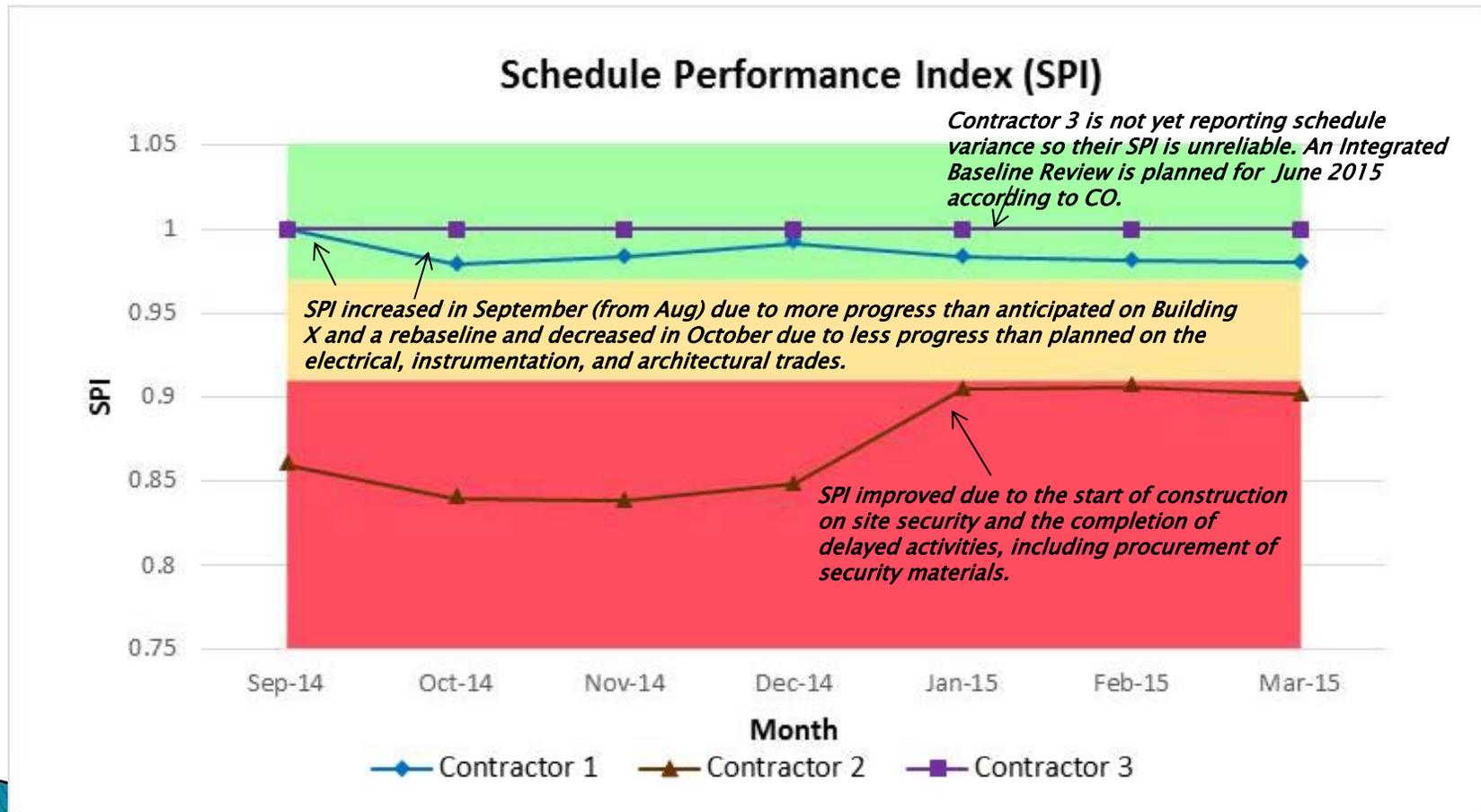
Parameter	Green	Yellow	Red
Cost	e.g., If Cost Performance Index (CPI) is equal to or above .97	e.g., If CPI is between 0.91 and .96	e.g., If CPI is less than or equal to 0.91
Schedule	e.g., If Schedule Performance Index (SPI) is equal to or above .97	e.g., If SPI is between 0.91 and .96	e.g., If SPI is less than or equal to 0.91

# Division A Portfolio/Program - EVM Dashboard (1 of 2)

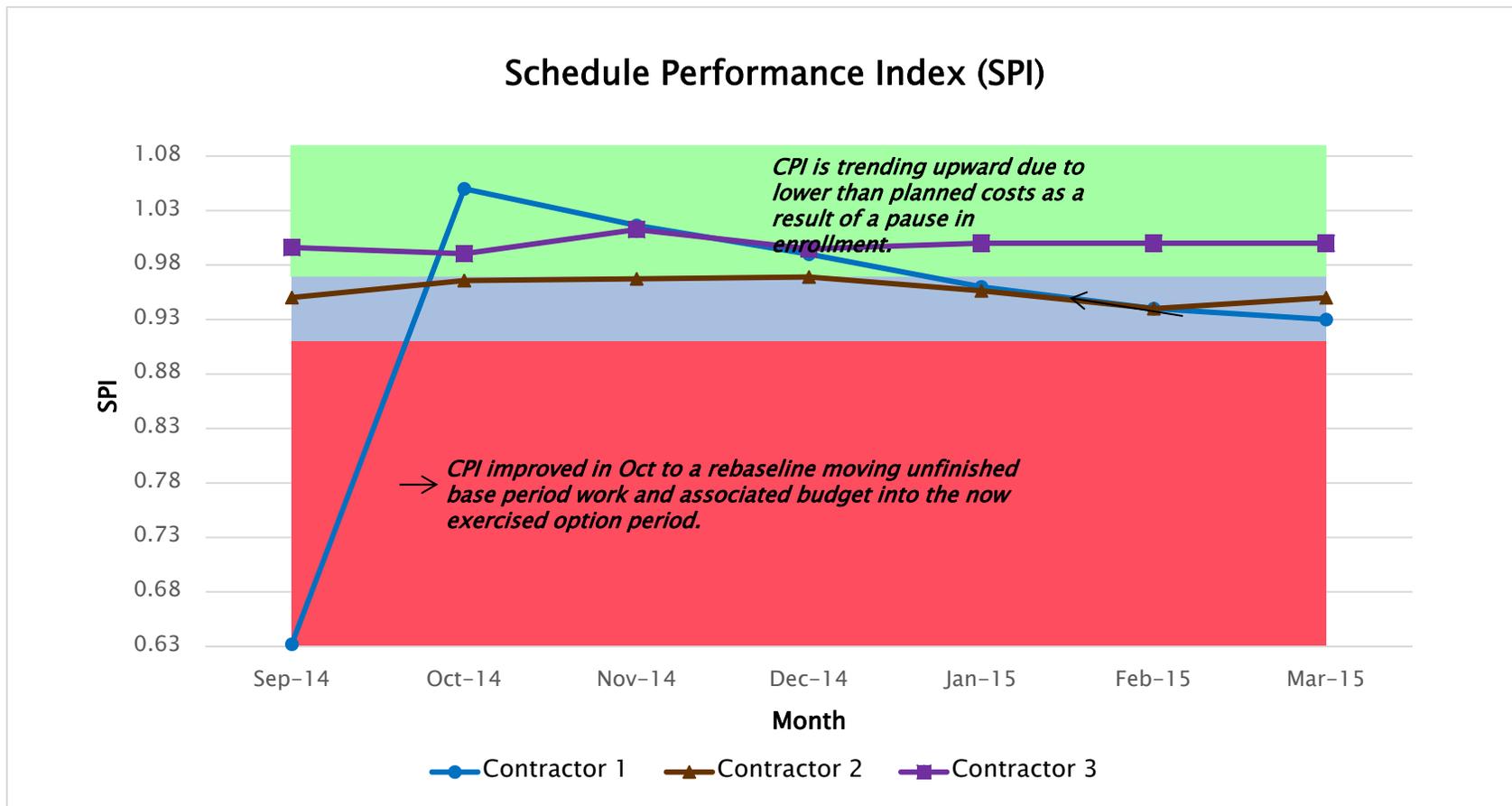
## Director: John Doe



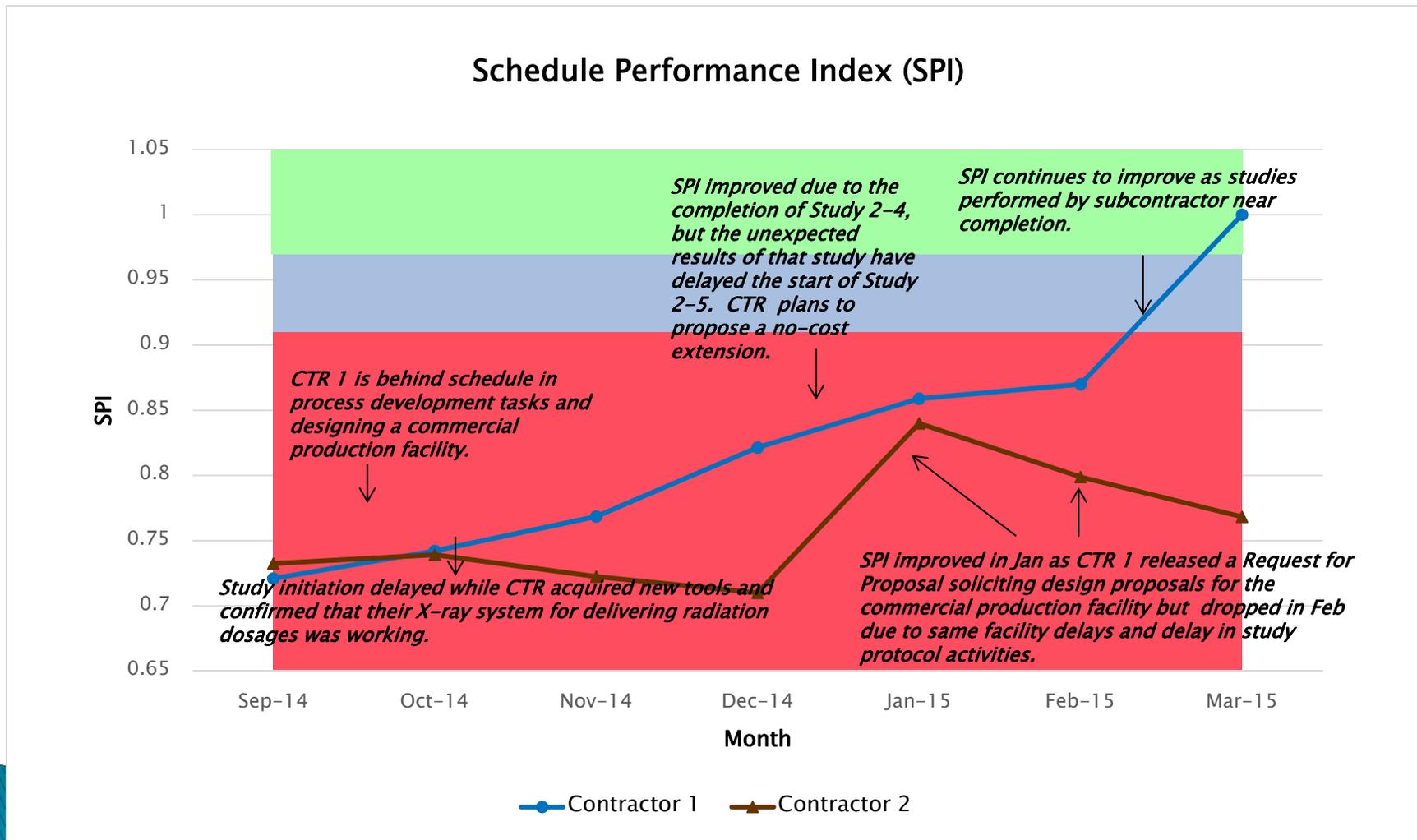
# Division A Portfolio/Program – EVM Dashboard (2 of 2) Director: John Doe



# Division B Portfolio/Program – EVM Dashboard (2 of 2) Director: Jane Doe



....these charts can help you connect the dots and tell the story



# Summary Takeaways

- ▶ Beyond Compliance
- ▶ Education and imagination are keys to communicating value of EVM to non-EVM people
- ▶ Persistence and patience
- ▶ Understandable Analytics and dashboards for proper lift off
- ▶ EVM as driver of accountability

# Non-Compliance

- The following contracts are not reporting EVM but are required to do so:

Contract	Tier	Division
Virusless Inc.	1	Influenza
Magic Potions, Inc.	2	Vaccines

- The following contract is reporting EVM but their reporting is non-compliant and does not provide input into performance:

Contract	Tier	Division
Dr. Beekeeper and associates	1	Advance Development and Manufacturing

