Managing Programs with Cost Performance Reports

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Effective Project Control

Contractor

Customer (government)

ongoing job performance

Feedback and control
The Cost Performance Report

- Formal data item for major contracts
  - at present, not on firm fixed price contracts
  - DI-MGMT-81466
    - moved from financial series
- Purpose
  - management report
  - provides timely, reliable summary level data
  - assesses current and projected contract performance
Primary Value

- Early and accurate identification of trends and problems
- Accurate picture of contract status
  - cost, schedule, and technical
- Basis for course correction
- Supports mutual goals
  - bring project in on schedule and cost
Legacy of CPR Reporting

- Old data by time it reached managers
  - CPR seen as history report only
  - good look back
- Burdensome, costly paperwork
  - Imposed all 5 formats
  - monthly report could generate hundreds of pages
- Limited feedback to contractor
- No integration to program schedule or risk or technical status
How can we manage programs using the CPR?

In order for the CPR to be used as a management tool....

*We must tailor it to reflect the management structure, policy, and operating culture of the contractor.*

Otherwise, it will be seen simply as an external report!
Reform Initiatives

- Strive for minimal data
  - Tailor the level of reporting to match program risk at different WBS levels
  - eliminate either Format 1 (WBS) or Format 2 (functional)
  - Can eliminate other formats
    - Format 3, Baseline
    - Format 4, Manpower forecasts
    - Format 5, Variance Analysis

Either is the only mandatory format
Reform Initiatives

• Tailoring
  – CPR should reflect the contractor’s management structure
    • variance analysis (Format 5)
      – example: Integrated Product Teams
      – should be written by person who has control of work and resources
  – Focus on **significant** variances
    • contractor determined
    • Top Ten, etc.
    • customer specified ($ or %)
    • should have mutual agreement up front, reviewed periodically
      – dialogue during source selection
Reform Initiatives

• Contractor format acceptable
• Electronic submission required
  – ANSI X12 data set
• Timing
  – flash data (early submittal of performance data before variance analysis)
CPR Analysis within the SPO

- Assign to technical managers within program offices
- Conduct monthly team variance meetings
- Work closely with DCMC team
- Share results of analysis with contractor
Continuous Improvement

• Attend contractor variance meetings
• Periodic review of CPR with contractor
  – Do we need to modify the report?
  – Are we getting only the data that we need?
  – Are our corrective plans working?
  – Are we using this as a tool to manage the program?
**Keys to Success**

- Don’t force contractor’s management structure into CPR
  - CPR should follow structure
- Periodic review of process
- Program managers and technical staff must support 100%
- Open communication and feedback

*Let’s work together to make this right*
Summary

- Measures of Successful Reform
  - CPR process used to make daily decisions about program execution
    - contractor and government
  - CPR not seen as burdensome report
  - Programs are completed on time and within budget