
OUSD(A&T) Initiatives Update

Wayne Abba

*8th Annual International Cost Schedule
Performance Management Conference*

October 27, 1996

REPORT DOCUMENTATION PAGE

Form Approved OMB No.
0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.

1. REPORT DATE (DD-MM-YYYY) 27-10-1996	2. REPORT TYPE Conference presentation	3. DATES COVERED (FROM - TO) 20-10-1996 to 24-10-1996
--	--	---

4. TITLE AND SUBTITLE OUSD(A&T) Initiatives Update Unclassified	5a. CONTRACT NUMBER
	5b. GRANT NUMBER
	5c. PROGRAM ELEMENT NUMBER

6. AUTHOR(S) Abba, Wayne ;	5d. PROJECT NUMBER
	5e. TASK NUMBER
	5f. WORK UNIT NUMBER

7. PERFORMING ORGANIZATION NAME AND ADDRESS OUSD(A&T) XXXXX XXXXX, XXXXXXXX	8. PERFORMING ORGANIZATION REPORT NUMBER
---	---

9. SPONSORING/MONITORING AGENCY NAME AND ADDRESS OUSD(A&T) ,	10. SPONSOR/MONITOR'S ACRONYM(S)
	11. SPONSOR/MONITOR'S REPORT NUMBER(S)

12. DISTRIBUTION/AVAILABILITY STATEMENT
APUBLIC RELEASE

13. SUPPLEMENTARY NOTES
Papers and presentations from 8th Annual Cost Schedule Performance Management Conference held October 20-24, 1996 in Tysons Corner, VA.

14. ABSTRACT
See Report.

15. SUBJECT TERMS

16. SECURITY CLASSIFICATION OF: a. REPORT Unclassified	17. LIMITATION OF ABSTRACT Public Release	18. NUMBER OF PAGES 28	19. NAME OF RESPONSIBLE PERSON http://www.acq.osd.mil/pm/paperpres/1096conf.htm, (blank) lfenster@dtic.mil
			19b. TELEPHONE NUMBER International Area Code Area Code Telephone Number 703767-9007 DSN 427-9007

b. ABSTRACT Unclassified	c. THIS PAGE Unclassified
------------------------------------	-------------------------------------

OSD Initiatives

- MIL-HDBK-881 “Work Breakdown Structures Handbook”
- 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

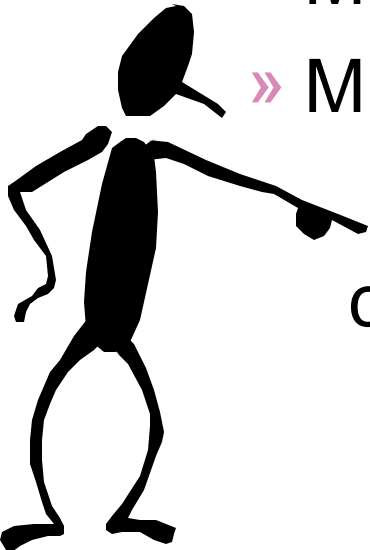
Contractor Cost Data Reporting: Status

- 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
 - » USD(A&T): “Tool of choice” Oct. 1995
 - » 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

DoD Earned Value Ownership: Status Cont'd

- 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



Whose Idea Was This?

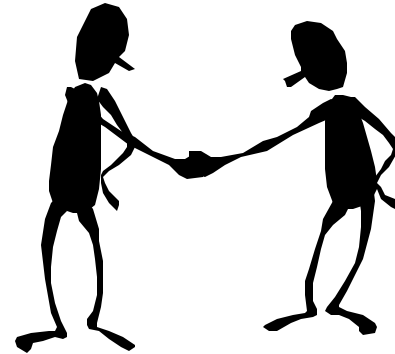
- The idea is not new-
 - » Recommended by DoDIG in 1993 report
 - » OSD did not agree
 - » DoDIG agreed to forbear
- So why is it OK now?
 - » Earned Value accepted throughout DoD
 - » DCMC ready to take it on
 - “Center of Excellence”

Industry Earned Value Ownership: Background

- Long history with NSIA

- » ADL Study

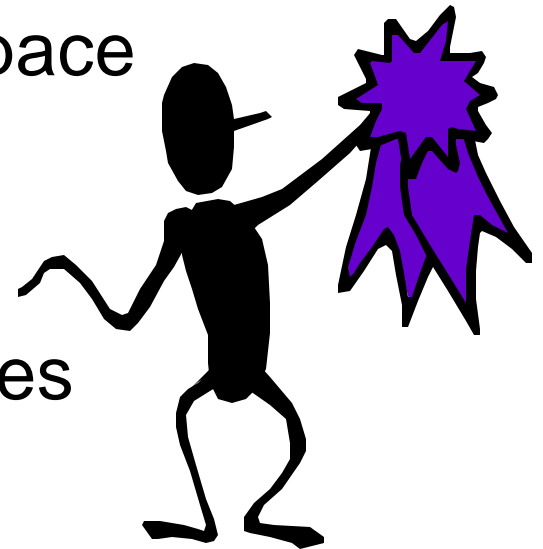
- » TQM Study



- Mr. Longuemare Sep. 94 letter to NSIA
 - » Offered partnership for industry standard
 - » Possible ISO 9000 approach
- 1st meeting in Phoenix, April 18, 1995

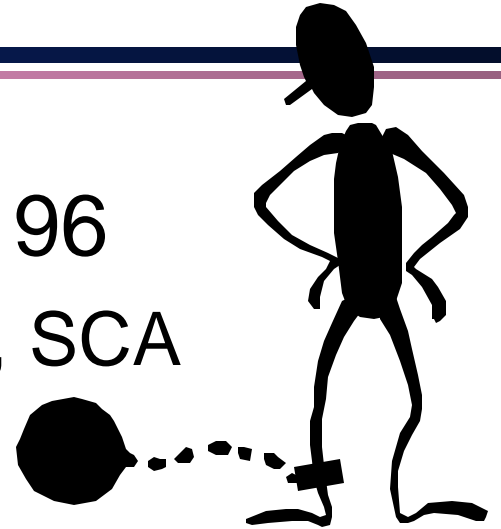
Industry Earned Value Ownership: Status

- 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

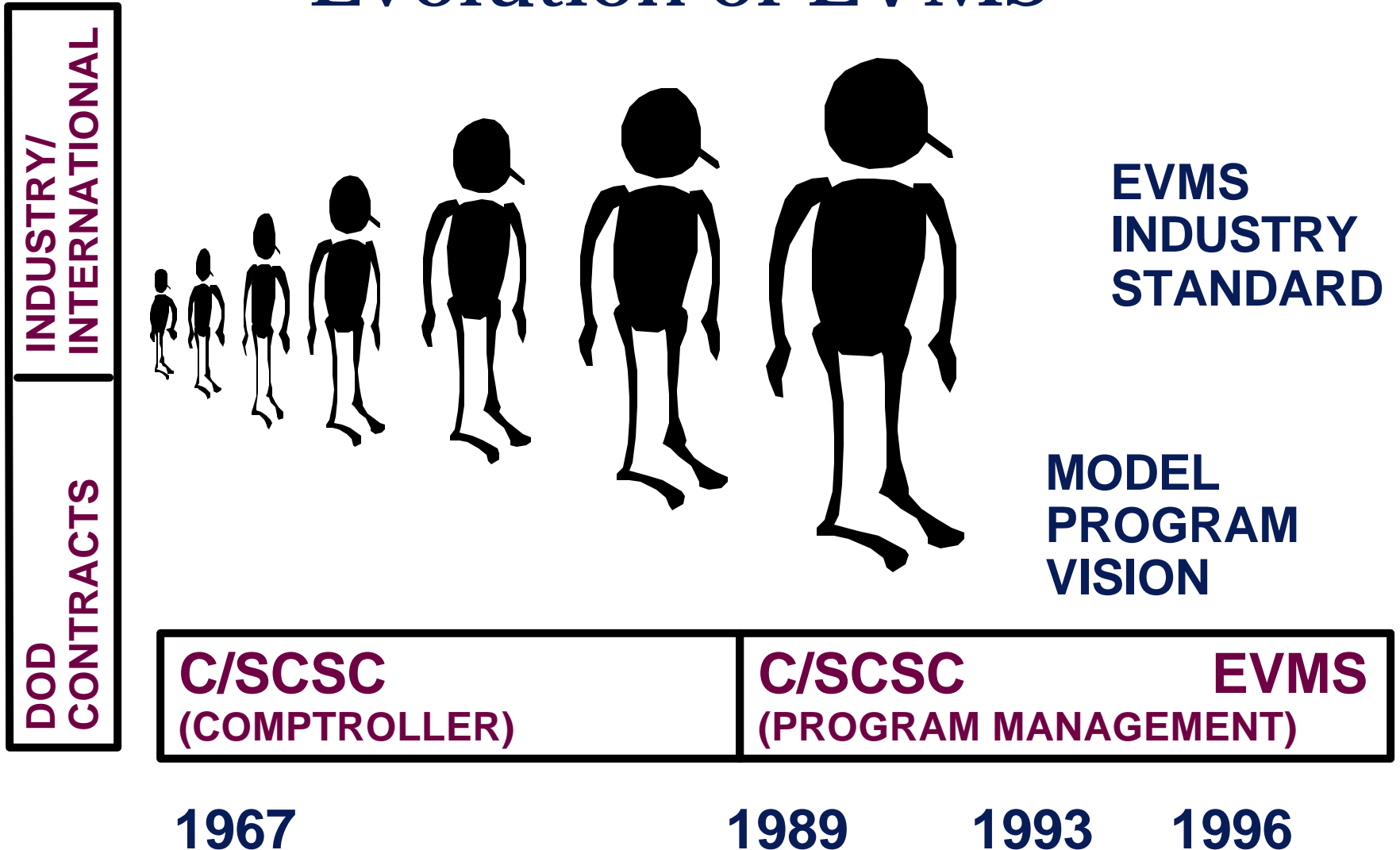
- Industry standard issued Aug. 96
 - » Signed by AIA, EIA, NSIA, ASA, SCA
- Ball *belongs to industry*
 - » DoD will borrow it for 5000.2-R
- OSD role is to protect public interest
 - » 5000.2-R, DFARS clauses, guidance being revised
 - » Workshops to identify & address issues



DRAFT Policy Memorandum

- 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



Conceptual Models

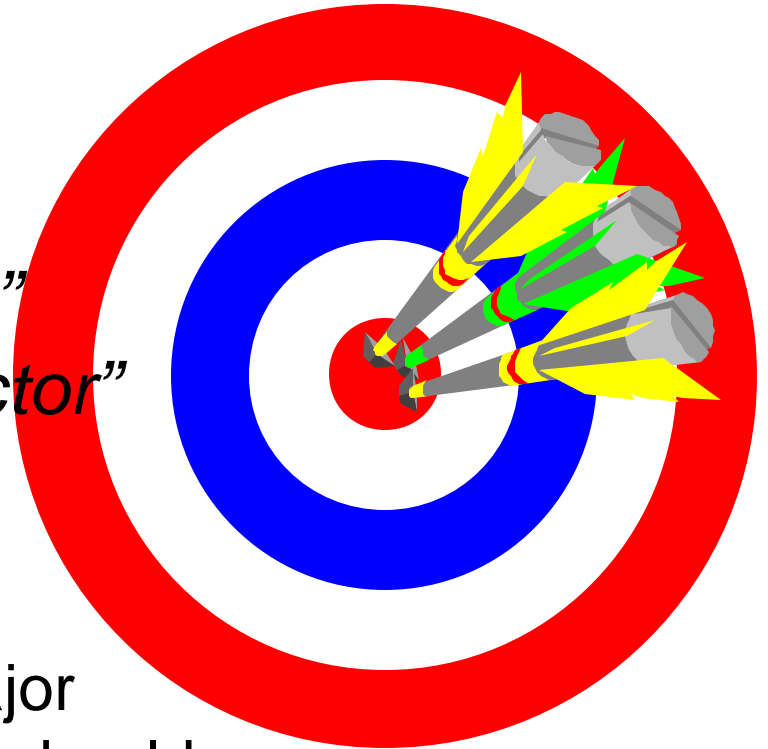
- Reconciling government and commercial practices
- “Who certifies?”



Government/Commercial Practices

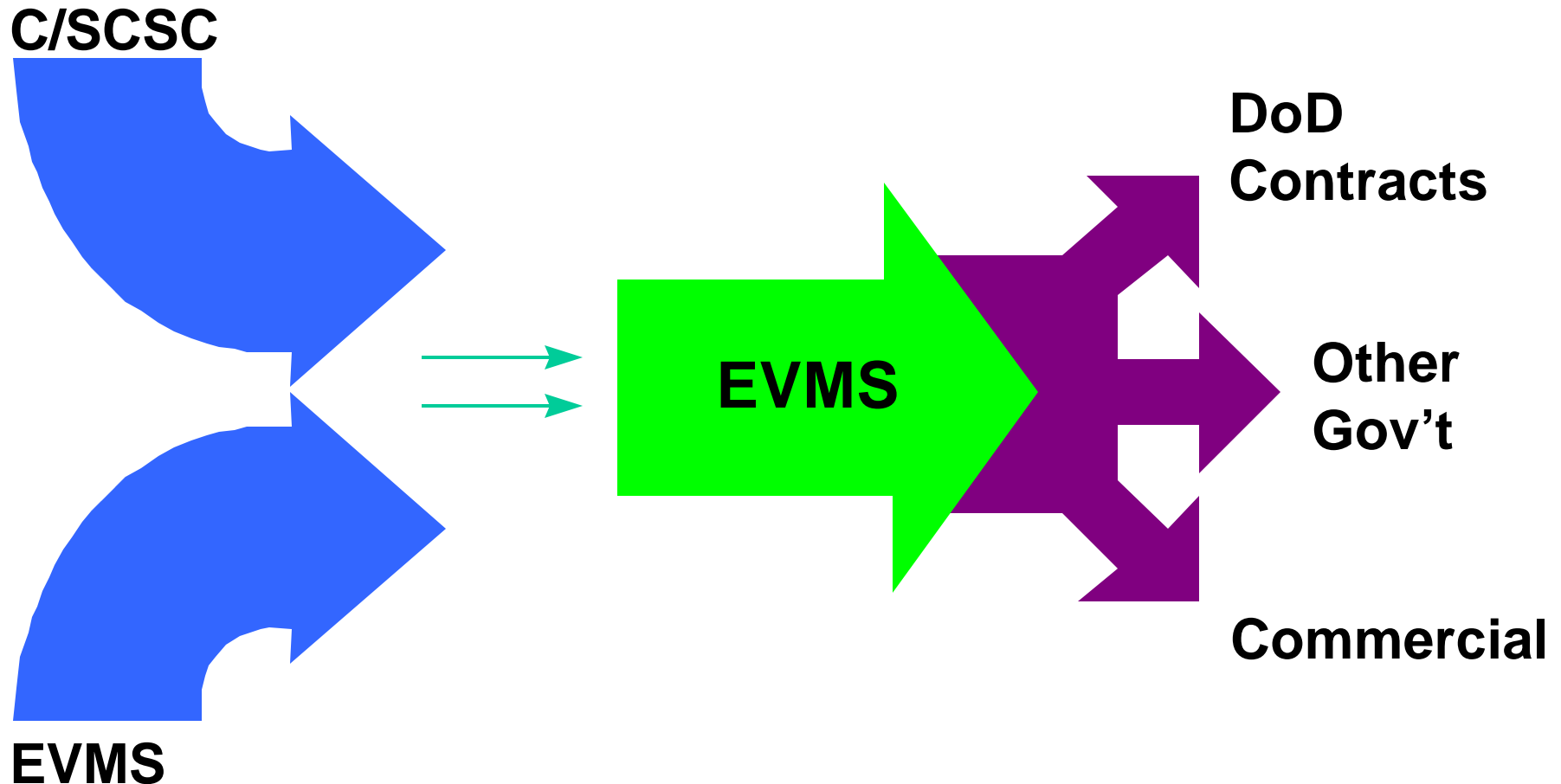
3 LEVELS:

- “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**.

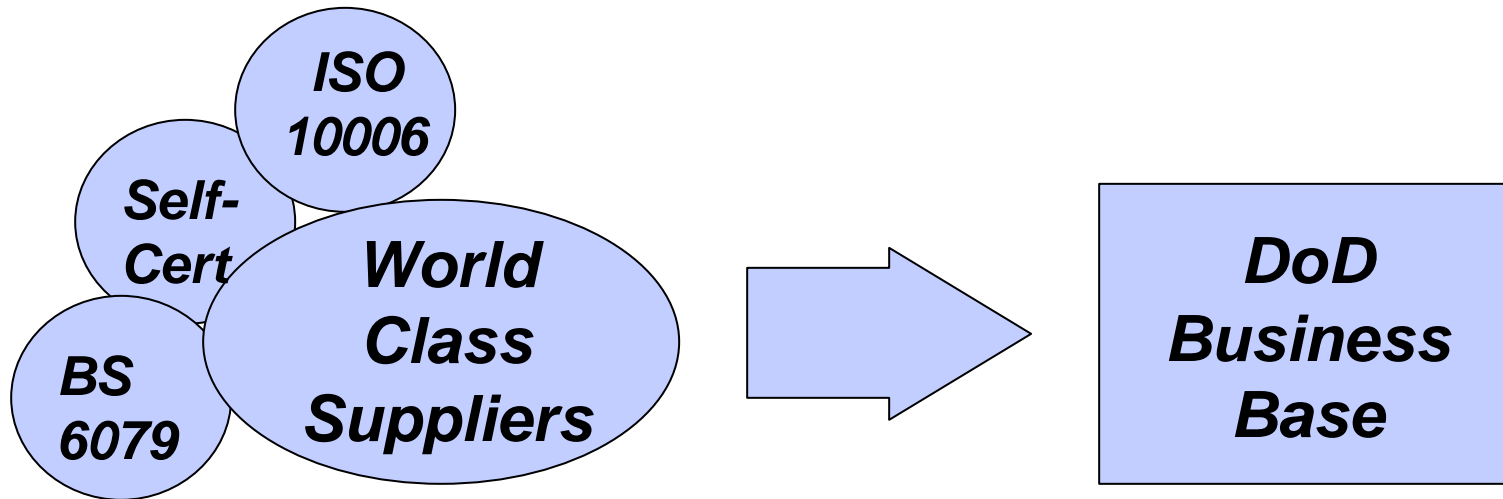
Reconciled Practices



Who Certifies?

3 Possible Scenarios

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



Who Certifies?

3 Possible Scenarios--Cont'd

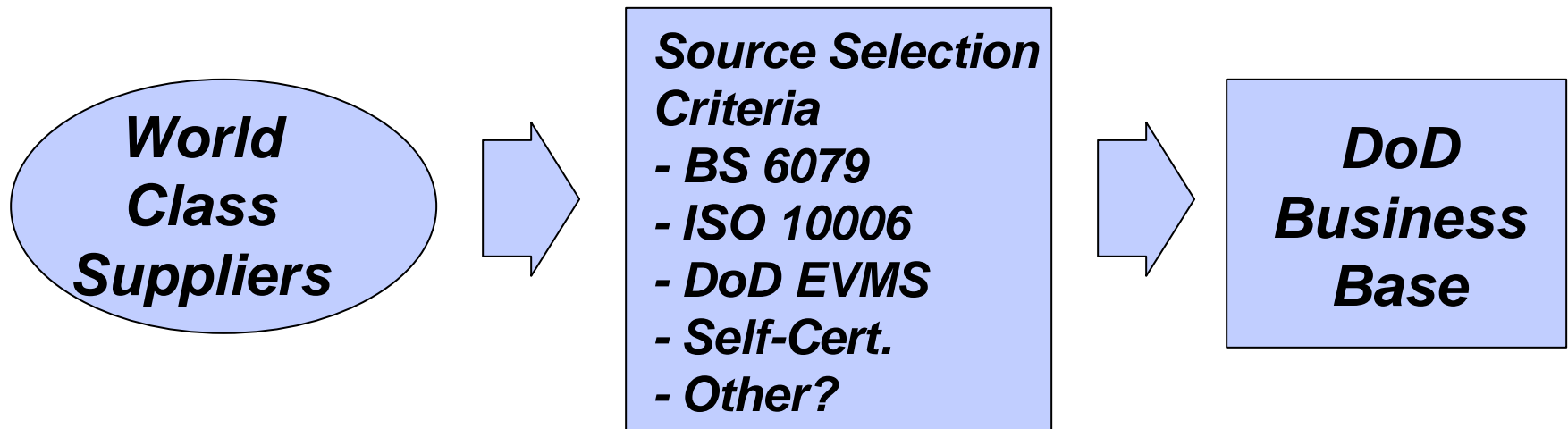
2) Grant DoD Certification (Status quo)



Who Certifies?

3 Possible Scenarios--Cont'd

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



“You hold the key...”

