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PHOTOGRAPHY BY RICK STEELE

SEE THE FOREST AND THE TREES

Project overruns, GAO concerns and an OMB mandate lead Defense agencies to take a fresh look at their use of earned value management.

BY HEATHER B. HAYES

No one in the government knows more about or has more experience using earned value management than the Defense Department. DOD first began using EVM, a disciplined project management methodology, in the 1960s to help identify risks and variances in the schedules and budgets of major projects.

But as the years have gone by, some DOD contractors and agencies have become fairly lax in their commitment to and application of EVM, letting less experienced people take the helm on EVM projects, not keeping tools and documentation processes up to date, and not devoting enough resources to it.

"There are pockets of goodness out there, of course, but there is also this huge void of dedication, experience and passion with regard to EVM," says Dave Kester, deputy of the Earned Value

Management Division for the Naval Air Systems Command. "And we're seeing the result of that now with schedule slips and cost overruns. The facts are out there saying that EVM is just not getting done."

TOP-LEVEL QUESTIONS

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the performance of 54 DOD acquisition programs worth \$800 billion jointly and found that 26 were exceeding costs by as much as 45 percent and had schedules slipping 20 percent on average.

Moreover, a second GAO report admonished DOD for getting around EVM safeguards by comparing latest unit cost estimates against the most recent congressionally approved baselines—rather than the original baselines. The report noted that the practice of rebaselining “shortens the period of performance and resets the measurement of cost growth to zero.” The result is a false sense of cost and schedule problems. As an example, DOD reported in the 2003 Selected Acquisition Report that the F/A-22 Raptor program’s unit cost had decreased by .33 percent in the previous four months; overall, however, the unit cost for the program had increased by 72 percent over 143 months.

Such findings are leading Defense officials to recognize the need for a renewed commitment to EVM basics. The assistant secretary of the Navy, for example, is creating an EVM Center of Excellence and pulling in NAVAIR’s EVM Division to help provide training and assistance to other Navy and Defense agencies. The Defense Contract Management Agency, which is responsible for certifying EVM systems, is also reorganizing to re-emphasize the need for EVM practices and is launching its own EVM Center of Excellence with 15 EVM experts available for consultation to organizations throughout DOD.

Moreover, a recent directive from the Office of Management and Budget that requires all agencies to use EVM on IT projects is putting even more focus on the methodology. Civilian agencies, including the Homeland Security Department (DHS), are now looking to Defense agencies for guidance on getting started.

STAY FOCUSED

“The biggest difficulty with doing EVM successfully is doing it properly, and to

a large degree, that means doing it with the right amount of vigilance,” says Tom Bowman, director of the EVM practice at Robbins-Gioia LLC, a project management consulting firm in Alexandria, Va. “When you have people’s attention, they tend to do things right, but once the focus is off of it, then people very quickly find other priorities that take their attention and they get cavalier. They stop giving voice to EVM principles, they stop asking questions and pretty soon you have a very weak discipline. That has been and always will be a danger for DOD.”

So how can senior officials keep their personnel and contractors enthusiastic about EVM? They’ve got to face the unique challenges inherent in maintaining any process over time and recognize that, done properly, EVM can provide real benefits to the mission and the warfighter.

As with other management practices, the cheerleading needs to start at the top, says Kester. “The commanders have got to buy into it, and I’m not talking about just acknowledging it,” he says. “They’ve got to make a commitment to it by using it, talking about it and holding people accountable for their performance. Without that, it simply will not get used.”

Strong top-down support is critical as well to obtain the kind of resources needed to stand up an EVM system. Implementation is the most expensive, time-consuming and frustrating aspect of the methodology because there are 32 criteria—including planning, scheduling, baselining, analysis and reporting—required for compliance with ANSI Standard 748 on EVM.

“Getting started on an EVM system is extremely challenging, and if you’re only going to give personnel five or six hours a week to work on it, those implementations are going to fail,” says Ruthanne Schulte, program manager for EVM for Deltek Systems Inc. The Herndon, Va., company provides automated EVM tools

and consulting services to DOD and DHS agencies. “But if you allow those same personnel the dedicated time they need to get the system going, then you’ve got a really good chance at succeeding because once it’s in place, it’s just a new way to manage.”

CREATE INCENTIVES

Kester also notes that because of the OMB mandate, Defense agencies will now have to compete with civilian agencies for personnel with strong experience and expertise in EVM. For this reason, he has been encouraging senior officials to focus resources on developing new training programs and strengthening existing ones and to develop career fields in EVM systems as an incentive for high-quality personnel to get involved.

Beyond top-down support, selecting the right people for the job is the most critical aspect involved in performing EVM effectively, says Bowman, mainly because from the time a contract is awarded, agencies have just six months to get their EVM process up and running and perform their first integrated baseline review.

“The head of an EVM project not only has to have the right experience but they’ve got to know how to flexibly tailor processes and products to the needs of the new contract or program,” Bowman says. “If you don’t have that kind of expertise, you really are in for an uphill battle.”

Ultimately, it’s up to management to make EVM pay off, Kester says. Officials need to realize that the effort is worth their time, he says. “By getting our financial house in order, by finding good EVM managers and putting them in place and making really hard decisions to find and fix variances, we’ll get equipment and systems at a more reasonable price, and we’ll get them to the warfighter sooner. That’s what EVM can and should do for us.” DS

