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Mr. Shay D. Assad
Director, Defense Procurement & Acquisition Policy
3060 Defense Pentagon
Room 3B855
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Ref: CODSIA Letter, DoD Report to Congress on Implementation of Earned Value Management: Request for Industry Input

Dear Mr. Assad:

I believe that the referenced letter does not sufficiently address the deficiencies in the quality of EVMS reporting and the contributing factors to inefficient EVM implementation.

Furthermore, CODSIA failed to address the real root causes of deficient EVM implementation. Consequently, in my opinion, its recommendations will not solve the problems of the Warfighter and the taxpayer.

Please consider my comments and recommendations to improve the quality and effectiveness of EVM.

Deficiencies in quality of EVMS Reporting

Deficiencies per CODSIA

CODSIA understates and underdescribes the deficiencies in the quality of EVMS reporting as compared with the deficiencies identified by DoD, GAO, and the Senate.

The CODSIA deficiencies follow:

- Performance reporting provided by contractors, and/or government program managers has, on many programs, been superficial.



- There have been unacceptable data anomalies in performance reporting provided by contractors and/or government program managers

More specific, and harmful deficiencies have been cited by others.

Per Dept. of the Navy:

Memo, *EVM Reviews for ACAT I Programs*, 2/20/08

- Broad deficiencies in EVM compliance
 - Failure to manage and document *changes to the baseline*
 - Lack of integration across the cost, schedule, and work authorization systems
 - Intentional masking of cost and schedule variances
 - Inadequate reporting of EAC

Per Sen. P. Collins (In Conference Report, Weapons System Acquisition Reform Act of 2009)

- GAO has observed that contractor reporting on EVM often lacks consistency, leading to inaccurate data and faulty application of the EVM metric.
- “In other words, garbage in, garbage out.”

Per GAO (Report GAO-06-250. Jan. 2006)

- Agencies were generally not measuring actual versus expected performance in meeting IT performance goals.

Contributing factors

Per CODSIA, the contributing factors to inefficient EVM implementation include:

- People – ... limited pool of available resources with the skill sets necessary for integrated program management, particularly scheduling and EVM.
- Process –
 - ***Instability of requirements*** and funding of programs inhibits



the effective implementation of EVMS. Industry recommends that more focus be placed on pre-award contract activities, and funding of pre-award Integrated Baseline Reviews (IBR), to ensure that a program has a reasonable probability of successful execution.

- **Numerous guidance documents** or operating procedures used in the oversight process are becoming de-facto policy, the content of which impacts industry's cost effective/value added program management capability, including EVMS. The DoD should be judicious in its creation of additional EVM guidance.

In my opinion, the instability of requirements does cause program cost growth but does not inhibit the effective implementation of EVMS. The Performance Measurement Baseline (PMB) is based on the contract statement of work (SOW). The EVMS Standard includes guidelines to maintain the PMB and to revise it for changes the SOW. The Defense Acquisition Guide (DAG) and other DoD guides provide guidance to manage the technical baseline, including the Functional, Allocated, and Product baselines. Of course, the customer requirements become better defined as a result of systems engineering activities, lessons learned and risks identified during development, and trade studies. Consequently, the technical baseline evolves and is redefined at the major technical reviews (System Functional Review, PDR, and CDR). Effective EVM implementation should objectively measure progress towards the plan to develop the Functional and Allocated baselines and to implement the Product baseline. Changes to the technical baseline and the PMB do not impede objective progress measurements or the development of a realistic EAC.

Similarly, instability of funding may affect the EAC and lead to changes in the SOW. However, it is not a contributing factor to efficient EVM implementation.

I believe that recent DoD Guides, including DAG, that stress the importance of integrating Systems Engineering processes and work products with EVM, are beneficial and cost-effective. I do not agree with CODSIA. Unfortunately, this guidance applies to DoD, not to the contractors. I discuss this further below.

Real Root Causes

In my opinion, the real root causes of ineffective EVM implementation and use are:

1. A lack of discipline or compliance with contractor EVM and program management procedures.



2. A deficiency in DFARS and the EVMS Standard. Neither require the contractor to integrate the EV PMB to the technical baseline or to link EV to technical performance.

Regarding the second cause, I recently described both the problem and recommended remedies at the DCMA EVM Center Conference in Nashville in the presentation, ***Performance-Based Earned Value Management***. The remedies include implementing guidance in DAG and other DoD guides into the contract SOW. You can view or download this presentation at my website at the PBEV Live Training tab <http://pb-ev.com/PBEVlive.aspx> .

I have devoted my career to the effective implementation of EVM. I believe that more effective use of EVM will benefit the Warfighter and taxpayers. I hope you conclude that my opinions and recommendations are valid. Let me know if I may provide further clarification or assistance. I have discussed these issues with Dave Kester.

Yours truly,
PS

Paul J. Solomon

Copy:
Dave Kester, DCMA