

Earned Value Management Best Practices

Guidance on three commonly asked questions

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SM&A is a recognized leader in Program Planning & Control (PP&C)

SM&A Client Support	
Category	Value
PP&C Personnel	106
Active Clients	21
Active Programs	35
CPRs Submitted	6,720+
CSDRs Submitted	107+
CAM Interviews conducted	6,825+
Validations supported	100+
EVM Workshops conducted	327+
Students trained	9,217+
IMS Deliveries	7,321+
Sched Risk Assessments	4,326+

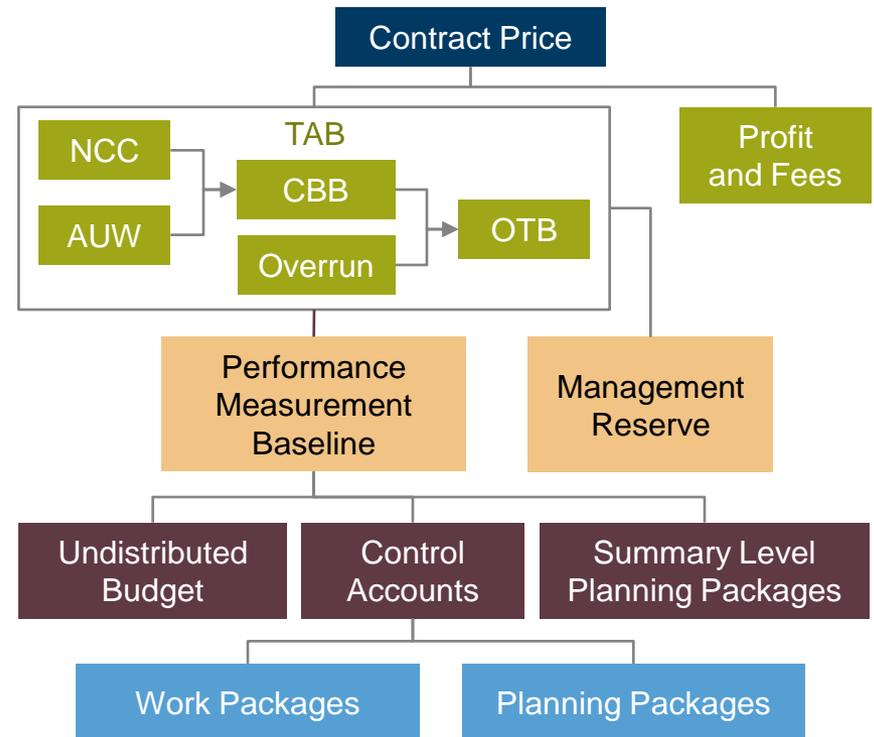
SM&A Qualification
Recognized Industry Contributions
SM&A actively participates in key industry organizations: NDIA, PMI-CPM, AACE, EFCOG
SM&A cited as a key contributor to the ANSI/EIA-748 EVMS Standard
SM&A is recognized as a major contributor to NDIA EVMS Application Guide
SM&A has a strong working relationship with DCMA and has conducted scheduling and EVMS training to the DCMA field review teams
SM&A is a directed provider of EVMS training for all DOE Federal Project Managers
SM&A has been a key contributor for EVMS evaluations as a part of External Independent Reviews and independent EVMS certification reviews for DOE and NNSA
SM&A has successfully supported over 100 EVMS Validations across multiple federal agencies.

SM&A has the largest PP&C footprint across industry

SM&A PP&C Industry Survey

- To collect data and document pertinent trends, challenges and issues across our client base within PP&C industry

- 92 separate projects / programs represented
 - ✓ Most were above associated government agency's threshold for EVMS requirement
- Three common issues / questions identified among most:
 1. How to best establish and use "management reserve"?
 2. What are the differences between "replanning," "rebaselining" and "reprogramming"?
 3. Does the use of EVM require a "resource-loaded schedule"?



Source DAU

How to Best Establish and Use “Management Reserve”

Management Reserve (MR) defined

- “An amount of the total budget withheld for management control purposes, rather than being designated for the accomplishment of a specific task or set of tasks” (ANSI/EIA 748-B)
 - Meant to address “in scope changes” that were not planned in baseline
 - The Contractor has authority and control over discretionary use of MR budget
 - Not included in PMB, as it has not been allocated for specific work scope
 - Must be formally allocated to work packages through an internal change control process



How to Best Establish and Use “Management Reserve”

Challenges

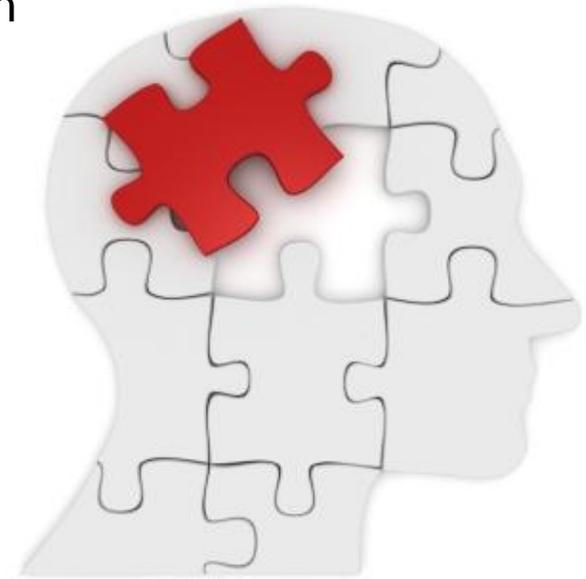
- For EVMS purposes, MR is expected
- MR not formally recognized by the Federal Acquisition Regulations (FAR)
- This conflict has perpetuated mindset that MR should be “buried” within allowable cost elements proposed
 - Once contract is negotiated, contractor then sets aside an amount from CBB / TAB for MR



How to Best Establish and Use “Management Reserve”

Recommended Practice

- MR establishment / use should be directly related to risk
 - Conduct risk analysis to identify program risks (and opportunities) during proposal development
 - ✓ Quantify impacts of identified risk events and price in mitigation measures to extent possible
 - Once contract is awarded, refine / reassess mitigation measure(s) included for each risk event
 - ✓ Reduce / transfer value of high cost mitigations to MR
 - ✓ Reevaluate risks and associated MR throughout execution of the contract
 - MR allocated during execution of contract should be directly tied to amount associated with each identified risk



How are Replanning, Rebaselining and Reprogramming Different?

Replanning

- The redistribution of existing budget for future work
 - Routine actions associated with rolling wave process
 - “Typical” MR transactions
 - Shifts of work and planning packages that don’t affect any higher level milestones or control account constraints
- Can lead to minor changes in baseline time phasing, but should not be considered a form of “rebaselining”
 - Does not require government client approval
 - Should have no impact on fee potential

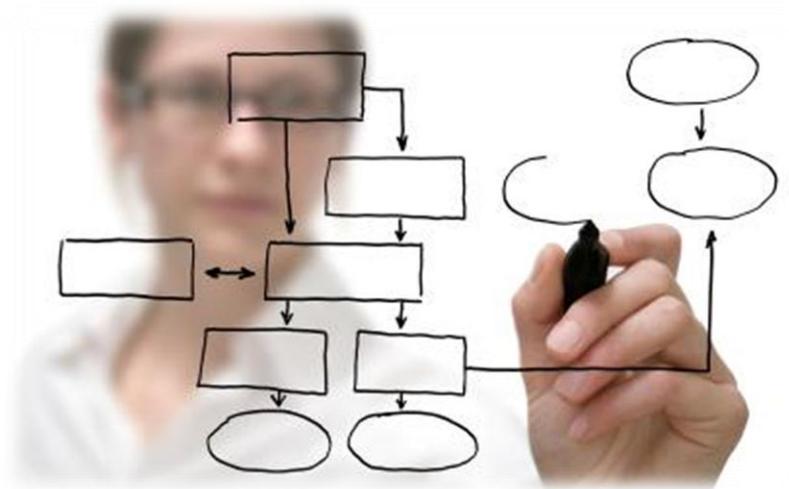


How are Replanning, Rebaselining and Reprogramming Different?

Rebaselining (not “official” EVMS terminology)

- Significant replanning actions impacting many control accounts
 - Increases / decreases to future work and budgets
 - Shifts in timing of intermediate milestones*
 - Shifts in phasing of work
- Used in response to the following events
 - PDR / CDR
 - Changes to incremental funding profile
- **Consistent with current constraints**
 - Within CBB
 - Within contract schedule

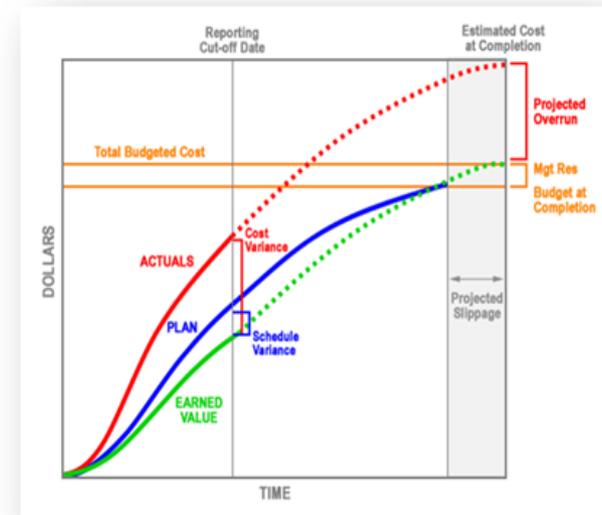
* May require government client approval; fee potential may be impacted



How are Replanning, Rebaselining and Reprogramming Different?

Reprogramming

- Contractor has concluded that budget (and / or schedule) for performing remaining work is insufficient
 - No longer represents realistic plan
- Contractor requests to implement an “over target baseline” (OTB) and / or “over target schedule” (OTS)
 - $OTB = CBB + overrun = TAB$
 - $OTS = \text{beyond contractual duration}$
- *May* require advance approval of government client
 - Allowable costs still reimbursable
 - Fee potential will definitely be impacted



EVM Best Practices Q&A

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