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The Honorable Gregory Kausner
USD(A&S)
1010 Defense Pentagon
Washington, DC 20301-1010

Subject: Modernizing the DoD EVMIG

Dear Chairman Kausner:

This complements the letter dated October 4. It includes recommendations to modernize the *Earned Value Management Implementation Guide* (EVMIG) and to address unfinished business stemming from the 2009 *DoD Defense Support Team EVM Report to Congress: DoD EVM Performance, Oversight, and Governance* (DST Report).

Modernization

EVMIG is obsolete because it was not updated to support the new AAF policy in DOD INSTRUCTION 5000.88, ENGINEERING OF DEFENSE SYSTEMS, as follows.

The PM will implement and describe in the Systems Engineering Plan a technical baseline management process as a mechanism to manage technical maturity, to include a...**product baseline**.

EVMIG continues to address only the work scope and is silent on the technical baseline, including the product baseline.

Unfinished Business

EVMIG fails to specify that the EVMS should be integrated with the systems engineering (SE) process. DoD committed to do this in DST Report. The report was required by WSARA. Excerpts follow.

EVM can be an effective program management tool only if it is integrated with technical performance, if the EVM processes are augmented with a rigorous SE process, and if the SE products are costed and included in EVM tracking.

If the SE life-cycle management method is integrated with the planning of the PMB, then EVM will accurately measure technical performance and progress.

SE and EVM should be integrated and not stove-piped.

The remedy to both deficiencies is to revise EVMIG and EVMSIG and to require or incentivize contractors to comply with the guidance. Proposed revisions to EVMIG are specified in the following table.

Proposed Revisions to EVMIG			
Page	Section	Is	Should be
2	1.2.1	EVMS allows for the following: • Integration of the cost, schedule, and technical aspects of the work into a detailed baseline plan	• Integration of the cost, schedule, and product baselines into a detailed baseline plan
41	2.3.6.2	• Integration of schedule and budget baselines	• Integration of schedule, budget, and product baselines
43	2.3.6.5.2	Technical scope of work is fully included and consistent with authorizing documents	Technical scope of work is fully included and consistent with authorizing documents and the product baseline
79	Appendix D Sample Award Fee Criteria	Satisfactory ..reliable PMB that includes work scope, schedule, and cost.	..reliable PMB that includes work scope, product baseline , schedule, and cost.
79	Appendix D	Good ..Cost and schedule baselines are fully integrated.	Good ..Cost, schedule , and product baselines are fully integrated.
79	Appendix D	Very Good Contractor EVMS is effectively integrated with other management processes.	Very Good <i>...Contractor EVMS is effectively integrated with Systems Engineering process and other management processes.</i>
88	1.2.2	The contractor ensures that the baseline includes the entire contract technical scope of work consistent with contract schedule requirements and has adequate resources assigned.	The contractor ensures that the baseline includes the entire contract technical scope of work consistent with contract schedule requirements and the product baseline and has adequate resources assigned.

Revising the EVMIG and EVMSIG will be two steps towards achieving integrated program /project management despite the ambiguities and omissions in EIA-748. Another step is to establish award fee criteria to incentivize contractors to integrate EVMS with the product baseline, the SE process, and SE work products, as cited above. Per EVMIG:

The PMO should establish the criteria to motivate and encourage improved management processes during the period, keeping in mind that recognizing improvements in integrated program management results in more long lasting improvement in cost and schedule performance.

Please lead your team to implement the recommendations herein and in previous letters.



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CC:
Kathleen Hicks, Dep. Sec. of Defense
DAU Pres. James Woolsey
HASC Chairman Adam Smith
Rep. Donald Norcross