



United States Department of

Health & Human Services

Office of the Assistant Secretary for Preparedness and Response



Earned Value Management

October 16, 2014

Cindy Wilkins

Earned Value Management Specialist

(Contractor in support of AMCG)



What is Earned Value?



- **Earned Value (EV)** is a method for translating Scope, Schedule and Budget into quantifiable measurement of a Project's progress. It is what you physically got for what you actually spent; the value of the work accomplished; the measured performance. ¹
- **Earned Value Management (EVM)** is the oversight and coordination necessary to implement, maintain an EVMS, and report out EV
- An **Earned Value Management System (EVMS)** is the integration of tools and processes that satisfy the American National Standards Institute/Electronic Industry Alliance (ANSI/EIA) 32 criteria; this criteria outlines the minimum management control guidelines for an EVMS

¹ Fleming, Koppelman, Earned Value Project Management, Second Edition, 2000



Why use Earned Value – Part I (It's required)



- **OMB Circular A-11, Part 7** states “Agencies must use a performance-based acquisition management or earned value management system, based on the ANSI/EIA Standard 748, to obtain timely information regarding the progress of capital investments.”
- **FAR 34.201** EVMS is required for major acquisitions for development, in accordance with OMB Circular A-11. Also, requires EVMS for other acquisitions, in accordance with agency procedures. Agencies given discretion with detailed implementation.
- **HHS Acquisition Regulation (HHSAR) 334.2** provides EVM policy and EVM clauses/provisions.
- **ASPR** incorporates HHSAR EVM policy for major systems including all IT and construction contracts. Biomedical projects may not meet “major systems” requirement and are unique in scope.
 - Therefore ASPR implemented “**7 Principles of EVM**” deliverable requirements in place of ANSI-748 EVM Guidelines for Biomedical (e.g., R&D) Contracts.



EVM Application Tiers (Based on 7 Principles)



- Tier 1
 - HHSAR requirement of full EVM requirement ANSI 748 compliant (334.2 and Full EVM-Contracts greater than or equal to \$25M and must be a major systems investment (facility or IT).
- Tier 2
 - Contracts greater than or equal to \$25M and/or TRL less than 6, 7 Principles Tier 2 Implementation.
- Tier 3
 - Contracts greater than or equal to \$10M but less than \$25M and/or TRL less than 6, 7 Principles Tier 2 Implementation with reduced requirements.



Why Use Earned Value - Part II

Business Benefit



- To protect the Government's interests by monitoring and managing contract performance
- Earned Value Management supports this objective by
 - Ensuring a clear definition of Project scope
 - Providing an objective measure of contractor accomplishment
 - Ensuring the government has accurate, objective, and real time contract status
 - Early identification of trends and potential risks through variance analysis
 - Supporting the mutual goals of contractor and government by providing a tool for monitoring Project performance



ASPR's Approach to EVM and Contractors



- We view the relationship as collaborative
- Support is always available
 - Process support
 - Report templates and examples
 - Application of 7 principles of EVM
- EVM should not be cost prohibitive and a “chore”
- Ensure mutual understanding of policy and deliverables
 - Misapplication of EVM policy can lead to unnecessary rigor resulting in inefficient use of time and resources



“EVM Lite”

- ASPR uses the term “EVM lite” to describe the implementation of the 7 Principles of EVM.
 - Provides flexibility to ASPR and contractors
 - Requirements / Deliverables may be tailored on a case by case basis
 - Removes costly requirement for contractor to be compliant with ANSI
 - Available on ASPR KB SharePoint site

7
Principles



Earned Schedule



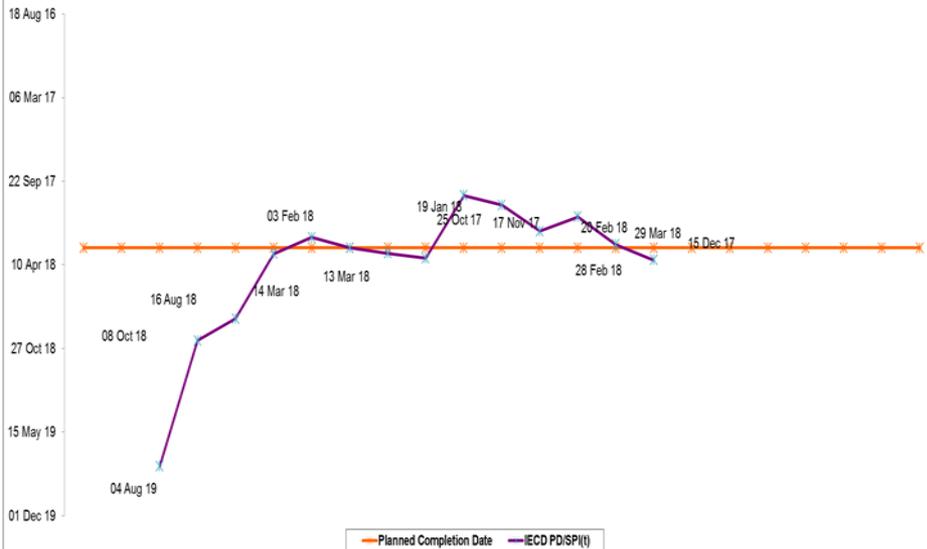
- Earned Schedule (ES) is an extension to Earned Value (EV). ES is another project control technique to be used to understand risk in a project.
- ES provides a more accurate determination of the completion date. ES uses EV performance data to generate the time-based information and as with EV, uses very similar calculations to predict future performance.
- Risk mitigation efforts must then be used then to bring the completion date back into compliance.



Sample EVM Dashboard



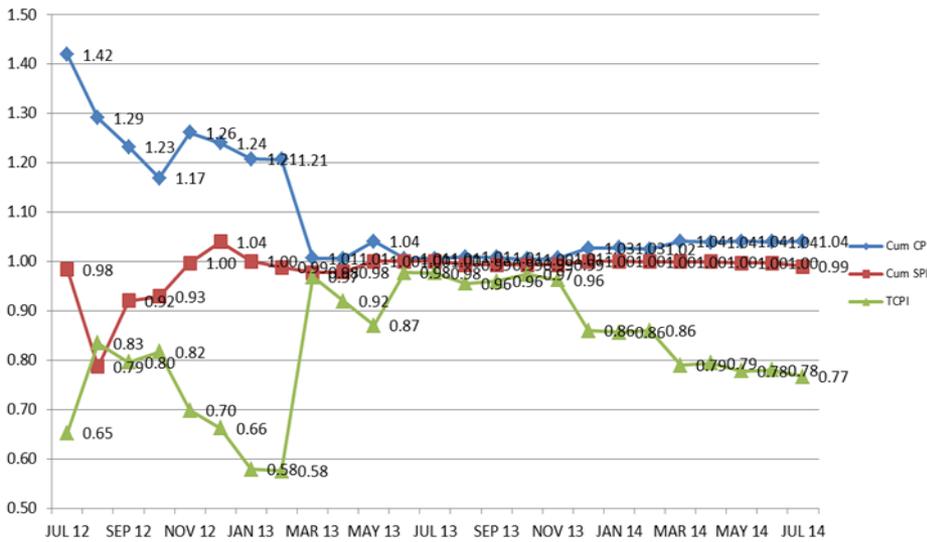
Project X Earned Schedule Analysis - July 2014



Contractor X Earned Value Management Dashboard Through July 2014

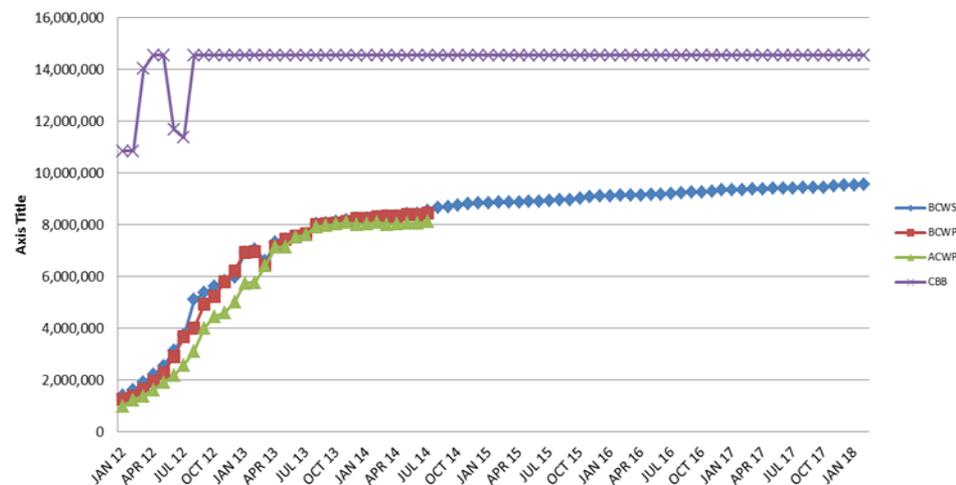
- Project X EV data through July 2014 shows Contractor X with a \$XXXX positive cost variance (positive change of \$XXK from last month) and a negative schedule variance of \$XXXX (a negative change of \$XXK from last month).
- The cum and the current negative schedule variances are due the IV Formulation and PEP Indication (-\$XXXK). There was a delay in completing the analytical milestone associated with the 60 month stability samples. The work is expected to complete in August 14. The report is expected in June 2014. This current variance was offset by a positive variance in 2.6.4 Controls.
- The major reason for the cumulative cost variance is due to the NHP Efficacy Study #2 (\$XK) final study report being submitted on December 24, 2013. The other large contributors to the variance are Technical/Program Management (\$86K), Risk Management (\$XXK) and EVMS (\$XXK).

Cum CPI/SPI/TCPI Chart thru July 2014



Performance Assessment- GREEN

SPA Graph





Questions

