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## BARDA Industry Day Boston

# Earned Value Management

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- Earned Value Management (EVM) is a project management technique used for measuring project progress in an objective manner.
  - EVM combines measurements of
    - technical performance (i.e., accomplishment of planned work)
    - schedule performance (i.e., behind/ahead of schedule)
    - cost performance (i.e., under/over budget)
  - When properly applied, EVM provides an early warning of performance problems.
  - EVM promises to improve the definition of project scope, prevent scope creep, communicate objective progress to stakeholders, and keep the project team focused on achieving progress.



## Why does BARDA use EVM?



- To ensure that contractors use effective, disciplined management control systems and procedures which provides data that:
  - Properly relate cost, schedule and technical performance
  - Are valid, timely and auditable
- Confidence in contractor's internal management system translate to BARDA receiving
  - Objective Contract Performance Information
  - Cost and Schedule Impact
  - Capability to Trace Problems to Source
  - Narrative Analysis of Problem Identification
  - Identify and Manage Risks



# 7 Principles of EVM



- In place of ANSI-748 EVM Guidelines
  - Removes requirement for contractor to be compliant with ANSI
- What are the 7 Principles of EVM?
  - Plan all work scope for the project to completion.
  - Break down the project work scope into finite pieces that can be assigned to a responsible person or organization for control of the technical, schedule, and cost objectives.
  - Integrate the project work scope, schedule, and cost objectives into a performance measurement baseline against which accomplishments may be measured.
  - Control changes to the baseline.
  - Use actual costs incurred and recorded in accomplishing the work performed.
  - Objectively assess accomplishments at the work performance level.
  - Analyze significant variances from the plans, forecast impacts, and prepare an estimate at completion based on performance to date and work to be performed.
  - Use EVMS information in management processes.



# Tiered Approach to EVM



- Tier 1
  - Facility and IT Contracts only
  - Contracts greater than or equal to \$25M
  - HHSAR requirement of full EVM requirement ANSI 748 compliant
- Tier 2
  - Contracts greater than or equal to \$25M
  - 7 Principles of EVM Implementation
- Tier 3
  - Contracts greater than \$10M but less than \$25M
  - 7 Principles of EVM Implementation but with greater flexibility and less requirements



# Implementation



- BARDA's approach to EVM and contractors
  - We view the relationship as collaborative
  - Support is always available
    - Tools support
    - Process support
    - Report templates and examples
  - Belief in utilizing “EVM Lean” as an effective program management tool
  - EVM should not be cost prohibitive and a “chore”
    - Studies indicate that cost of EVM should be no greater than 1-1.5% of total program cost
    - Misunderstanding of true EVM requirement can lead to unnecessary rigor where the time and cost can outweigh the benefits
  - We are here to help!



## Helpful Tips



- If bidding on work with EVM, ensure that you have provided budget to implement and facilitate EVM
- When developing budget proposal to not bid best case.
  - Incorporate risk both in schedule and budget
  - BARDA expects contractor to manage their scope/budget/schedule
- Ensure that you incorporate EVM expectations from subcontractors
  - If sub is fixed price, ensure that you have adequate milestones to manage
  - If sub is cost plus, in addition to milestones, ensure that you receive a timephased budget to include in prime performance baseline.



# Resources

[www.PHE.gov](http://www.PHE.gov)



- Section on Earned Value Management
- Will list the 7 Principles of EVM
- Will provide Intent Guides for Tier 1,2, and 3 Implementations



- Questions?