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

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