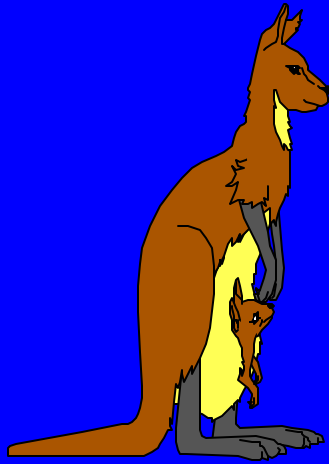




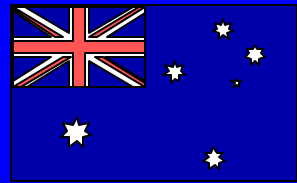
AUSTRALIAN INNOVATIONS

Recent Developments in Australian
EVM Practices

Jim Muir & Kirsty McLean

October 1998

REPORT DOCUMENTATION PAGE				Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.					
1. REPORT DATE (DD-MM-YYYY) 18-10-1998		2. REPORT TYPE Conference presentation		3. DATES COVERED (FROM - TO) 18-10-1998 to 22-10-1998	
4. TITLE AND SUBTITLE Australian Innovations: Recent Developments in Australian EVM Practices Unclassified			5a. CONTRACT NUMBER		
			5b. GRANT NUMBER		
			5c. PROGRAM ELEMENT NUMBER		
6. AUTHOR(S) Muir, Jim ; McLean, Kirsty ;			5d. PROJECT NUMBER		
			5e. TASK NUMBER		
			5f. WORK UNIT NUMBER		
7. PERFORMING ORGANIZATION NAME AND ADDRESS Aust DoD XXXXX XXXXX, XXXXXXXX			8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME AND ADDRESS OUSD(A&T) ,			10. SPONSOR/MONITOR'S ACRONYM(S)		
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)		
12. DISTRIBUTION/AVAILABILITY STATEMENT APUBLIC RELEASE ,					
13. SUPPLEMENTARY NOTES Presentations and Papers from 10th Annual International Integrated Program Management Conference held October 18-22, 1998, Tysons Corner, VA.					
14. ABSTRACT See Report.					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:		17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19. NAME OF RESPONSIBLE PERSON	
		Public Release	23	http://www.acq.osd.mil/pm/paperpres/us_evm98/109 (blank) lfenster@dtic.mil	
a. REPORT Unclassified	b. ABSTRACT Unclassified	c. THIS PAGE Unclassified	19b. TELEPHONE NUMBER International Area Code Area Code Telephone Number 703767-9007 DSN 427-9007		
				Standard Form 298 (Rev. 8-98) Prescribed by ANSI Std Z39.18	

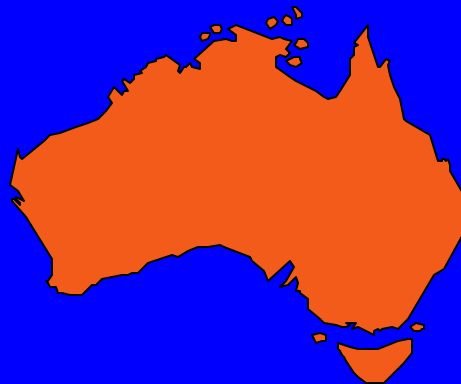


EVM Down under

- ◆ Where does EV fit into the Aust DoD?
 - Defence Acquisition Organisation
 - Introduction of EV through Senate review 1986
 - EVMS Section: operations, industry liaison
 - Capital Equipment Program: project review, policy, change

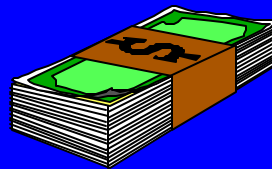
Australian Industry

- ◆ How does Australian industry fit in?
 - Around 20 Australian companies certified
 - ASC, Tenix, BAeA
 - Raytheon E-Systems, BAe, Kaman, Nortel
 - natural international focus



How does the DoD contract?

- ◆ Fixed price and EVMS
- ◆ IPTs
- ◆ Project teams (no DCMC)
- ◆ Annual EVMS Surveillance Reviews
- ◆ Funding for project life
- ◆ Professional Service Providers/ contractors

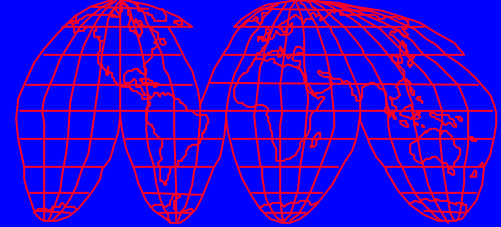


Defence Reform

- ◆ 20% staff reduction of senior officers
- ◆ Projects civilianised
- ◆ Move funds from tail to teeth
- ◆ Commercial support
- ◆ Impact on EVMS
- ◆ New structure



International links

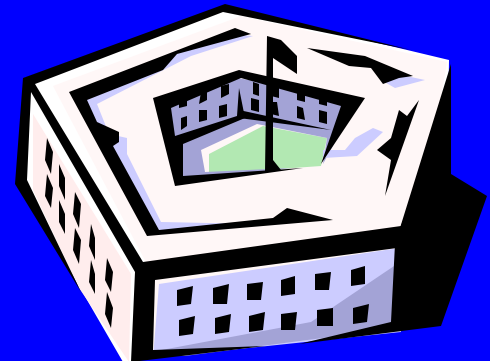


- ◆ International Performance Measurement Council 1992
- ◆ Trilateral MOU
- ◆ International Standard?
- ◆ Links to Sweden, US, NZ, Canada, UK
- ◆ Australian project teams overseas
- ◆ Exchange Program with USA

Exchange Officer

◆ Situation

- MOU between Australia-USA
- Aust exchange officers: John Payne, Jim Muir
- US Exchange officers: Jan Peterson, Karl Rehling, Van Kinney, Debbie Murray
- seek understanding of international EVMS
 - » Strategy
 - » Policy
 - » Practice



Exchange Officer (cont)

◆ Mission

- Share EVMS best practice between Aust and US Govt and Industry

◆ Execution (how)

- Liaise and represent Australia at all levels of Govt and industry
- Contribute to policy and practice
- Seek best practice in EVMS and Acquisition reform

Exchange Officer (cont)

◆ Admin and Logistics

- Based in DCMC HQ
- Placed in plant office, EVMS Center, DCMC HQ, Pentagon

◆ Communications

- Facilitate links between Aust and US DoD and industry on acquisition issues
- Details: Earned Value Center, 5th Floor, 222 N. Sepulveda Blvd, El Segundo, LA 90245-4320
- Ph 310 3354248 Fax 3354222
- email: kirsty.mclean@altavista.net

Recent innovations in Australia's application of earned value management.

- ◆ changed review practices (as used for British Aerospace and Kaman)
- ◆ interactive system development and review
- ◆ Australia's direction on standards for EVM
- ◆ contracting out of EVM services
- ◆ payment by earned value
- ◆ the use of PRINCE 2 as a PM methodology
- ◆ use of earned value data for Corporate level reviews of Defence projects (DARB)

Changed review practices

- ◆ Recent reviews at RLM, British Aerospace and Kaman
- ◆ Drivers of reform are:
 - resource constraints
 - increased partnering with contractors
 - change of emphasis from seeking perfection to seeking working & workable management system

What's different?

- ◆ Shorter reviews with smaller teams reduces resource requirements on both sides
- ◆ Contractors encouraged to have team members on the review - both sides are striving for a workable system
- ◆ Maximise the participation of Project staff, particularly resident team
- ◆ Just 2 or 3 external “experts”

What's different (2)

- ◆ Use of “in country” resources for overseas reviews
 - resident team
 - posted staff
 - embassy/high commission personnel
- ◆ Emerging use of professional service providers
- ◆ Reduced reporting

Interactive system development & review

◆ Old way was

- you present the system to us and we will tell you whether it is compliant or not
- we are not a consultancy service, if you need advice hire it in
- we won't commit ourselves until we see it in operation

Interactive system development & review (2)

- ◆ New direction is:
 - Build a little, field a little
 - Incremental sign-off on system modules
 - Formal reviews allow contractor and customer to ensure system integration works and identify any implementation or training problems

Partnering

- ◆ Partnering Charter with BAe 3 months after contract promoted open & effective relationship
- ◆ Prime enablers for the improvement:
 - Resident Team Leader's membership of BAe LIF Project Board;
 - Resident Team members' regular attendance at the BAe LIF Team Meetings;
 - RT Leader weekly meetings with the BAe Head of Hawk Project to address top ten issues;
 - joint presentations at PMR by BAe and Commonwealth staff
 - exchange of internal status/issues reports

Standards for EVM

- ◆ Standards Australia has accepted a project to introduce a national EVM standard after wide industry survey
- ◆ Basis for standard development will be ANSI Standard on EVMS Guidelines, ANSI/EIA -748-98
- ◆ New Implementation Guidance will be produced
- ◆ DEF(AUST)5655/5657/5658 will be superseded
- ◆ CSSR would no longer be required

Contracting out of EVM services

- ◆ Defence has put in place a Panel Standing Offer with five separate companies
- ◆ Standing Offer is for provision of earned value professional services
- ◆ Services in four broad categories:
 - Review support
 - Training
 - Analysis
 - Studies

Payment by earned value

- ◆ Our standard approach to progress payments is pay on a combination of physical milestones and earned value
- ◆ Split between EV & MS in range of 50-50 to 90-10, based on risk
- ◆ Level of verification of payment claims tailored for risk
- ◆ EV payments start after IBR for validated contractors, or after RA for new systems

PRINCE 2 as a PM methodology

- ◆ DoD is trialing PRINCE2 as a standard PM Methodology
- ◆ PMM a key point of our Business Process Re-engineering effort
- ◆ PRINCE2 has much in common with EVM, eg work definition, responsibility assignment, work package authorisation, product based planning.
- ◆ Tailored application for Defence.

EV data in Corporate level reviews of Defence projects - DARB

- ◆ Defence Acquisition Review Board (DARB) established as part of Defence Reform Program
- ◆ DARB reviews the top 20 projects and others by exception
- ◆ DARB also reviews aggregate performance data and acquisition processes

EV data in Corporate level reviews of Defence projects - DARB (2)

- ◆ Project reviews include current performance and lessons learned
- ◆ Performance must include:
 - Cost, schedule & technical achievement
 - EV data
 - EACs
 - Key event schedule
 - Finance
 - Contract changes

Australian Innovations - Summary

- ◆ EVM application continues to evolve
- ◆ Directions are in harmony with US approach
- ◆ Now working top down to encourage EVM use through DARB as well as bottoms up through contractor implementation & review