



Acquisition Reform That Works

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Third in an ongoing series of articles

Originating from the enactment of the Weapon Systems Acquisition Reform Act of 2009, the Performance Assessment and Root Cause Analyses (PARCA) Directorate in the Office of the Assistant Secretary of Defense for Acquisition has displayed collaborative, innovative, and pioneering acumen. That acumen was longed for by the National Defense Industrial Association's Integrated Program Management Division (NDIA IPMD) to help it create and maintain a true partnership with the Department of Defense (DoD).

Spearheaded and inspired by its initial and continuing director, Gary Bliss, PARCA has instituted a forum and process that helps industry resolve Earned Value Management System (EVMS) issues both in the proposal and in the execution phase of the resulting contract. They documented and communicated the waiver and deviation process that helps both the buying commands and the prime contractors ensure that the proper EVMS require-

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ments (Defense Federal Acquisition Regulation Supplement, system and reporting) are placed within the solicitation. Once under contract, PARCA has a new issue resolution (IR) process that has helped contractors interpret the expectations of the EIA-748 EVMS standard guidelines and EVM subsystems questions. Both of these processes reduce unrealistic or over prescriptive EVM contractual requirements, thereby increasing taxpayer savings while not inhibiting good program management capabilities and processes.

PARCA also has issued a number of EVMS implementation letters to the buying commands that address policy details not covered elsewhere regarding such topics as:

- Not harvesting underruns (Aug. 24, 2015)
- Purpose and use of schedule margins (Dec. 17, 2014)
- Eliminating Requirements Study—guidance for Integrated Baseline Reviews (July 30, 2015)
- EVM on Fixed Price Incentive (Firm Targets) contracts (September 2015)
- Work Breakdown Structure level of detail required on contract (June 18, 2015)

All of these policy letters referenced above improved communication and expectations between the buying commands and industry.

PARCA took the lead in gathering data from industry regarding the Better Buying Power (BBP) 3.0 initiative/study titled “Eliminating Requirements Imposed on Industry where Costs Exceed Benefits.” It did a really good job of collecting comments and recommendations from industry, then performed a thorough analysis and summarized the results along with cost effective recommendations. PARCA presented the results within DoD and to industry associations. Several benefits have already been incorporated including raising the Defense Contract Management Agency (DCMA) contract surveillance thresholds to \$100 million via an EVMS Class Deviation memorandum on Sept. 28, 2015. The BBP 3.0 study results are the foundation that will be expanded upon via the congressionally directed Section 896 of the Fiscal Year 2016 National Defense Authorization Act—“Survey on the Costs of Regulatory Compliance” for cost reimbursable type contracts.

In my four decades of experience in defense industry, such real results were achieved only once—during the 1990s. (See

Wayne Abba’s article “The Evolution of Earned Value Management” in this issue of *Defense AT&L*.) Bliss has clearly instilled within his team the standards of transparency and honesty to ensure that all stakeholders maintain clear sense mutual objectives of keeping the warfighter’s needs at the forefront while remaining vigilant about controlling taxpayer costs. This has opened the door to streamlined, intelligent and effective integrated program performance requirements.

Since its inception, PARCA has been an ongoing partner with the NDIA IPMD. The PARCA leadership team has attended every IPMD general membership quarterly meeting and has engaged in roles spanning from keynote addresses to active

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contributors in working groups to panel members. Furthermore, PARCA leaders have been the impetus to facilitate an extra half-day on the agenda for an open forum with both industry stakeholders and key senior representatives from the DCMA for discussions that successfully merge EVMS policy with implementation and compliance.

On June 1, 2016, IPMD’s education partner, the College of Performance Management (CPM) had the distinct privilege of hearing a keynote address by John McGregor, Deputy Director for Earned Value Management in PARCA’s organization, at the annual EVM World workshop in Naples, Florida. His subject, “PARCA: EVMSIG—Today and Tomorrow,” set the stage for the workshop and was warmly received by the 325 attendees, the vast majority of whom represented the defense industry. McGregor and his staff also led several practice symposia, which attracted large audiences—as many as a quarter of the workshop attendees—who participated in lively discussions that were a testament to the cooperative atmosphere he continuously encourages.

Having attended those sessions, I was pleased to see that participants represented not only the large firms one sees at NDIA meetings, but also smaller companies and consulting firms—effectively extending PARCA’s message widely. I facilitated an open forum at that meeting during an NDIA “clearinghouse” discussion addressing management and oversight issues experienced on defense contracts. McGregor and his staff openly and candidly engaged with participants in that forum. He also delivered a timely and informative keynote address that carried over in his invaluable contributions to the practice symposia. As has been their spirit and practice all

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along, PARCA personnel provide a professional, neutral face to industry to help mutually advance integrated program performance management. Both sides benefit from and are grateful for the support and thought-provoking debate they inspire.

Other beneficial processes that PARCA has put into place include:

Communication and Outreach. PARCA has set the precedent of reaching out to industry in multiple ways. They have a very informative website. They regularly reach out to industry by supporting industry forums.

Policy and guidance. In discussing the value that PARCA has brought to acquisition reform, it is important to note that PARCA provides the policy side of EVMS so that the policy and implementation functions are separated. This eliminates any potential for a single organization to focus on simplifying administration at the cost of EVMS utility in supporting both government and industry program management.

PARCA maintains the EVMS policy in a fashion that allows industry to offer inputs and recommendations prior to issuing formal documents. This includes the Integrated Program Management Report (IPMR) Data Item Description (DID) (DI-MGMT-81861A, Sept. 16, 2015), the *IPMR Implementation Guide*, the *Agile-EVM Guide*, the *EVMS Interpretation Guide*, and the *Over Target Baseline/Over Target Schedule Guide*. This collaborative approach ensures that there is a value proposition for both DoD and industry regarding cost-efficient EVM implementation.

While there is virtually unanimous belief that Schedule Margin can be a valuable tool for managing a project's schedule risk, there has been a longstanding division of opinion between government and industry over its proper treatment and usage. The September 2015 release of the IPMR DID closed that divide. PARCA, through a series of meetings with scheduling experts on both sides, coordinated a solution that not only met the management needs of the industry contractors, but included parameters and safeguards to alleviate the concerns of their government customers. This resolution would not have been possible without PARCA's leadership—bringing all concerned parties together and providing a forum for open and constructive communication.

EVM Central Repository. PARCA has upgraded the EVM-Central Repository database. It provides instructive training for industry submitters in addition to offering face-to-face issue resolution meetings so all entities can understand and correct deficiencies. PARCA also provides industry with a monthly review and report of its Control Data Requirements List deliveries.

On behalf of the NDIA IPMD and its Board of Directors, we strongly believe that PARCA has provided the gateway for significant contributions to improving the management process as it relates to Better Buying Power in the defense industry. PARCA has led the efforts to streamline the program management process for the Office of the Secretary of Defense (OSD) and industry by establishing directives and guidance that focus on value-added program management information.

Through PARCA's efforts, Earned Value reporting has been streamlined by consolidating several management information reports into the IPMR and by reducing the levels of cost and schedule reporting. Together with reducing the quantity of items requiring variance analyses, this ensures that only meaningful management information is reported. This reduction in prescriptive guidance was consolidated into an earned value interpretive guide which better clarified the requirements for an earned value management system.

Through industry outreach and Web-based clearinghouse efforts, PARCA normalized the fluctuating interpretations of EVMS requirements by the various buying departments within DoD. In essence PARCA became the "ombudsman" for industry and government in resolving cost, schedule and management reporting issues.

PARCA's efforts, especially its collaboration with industry, have significantly reduced nonvalue-added cost and schedule reporting, saving hundreds of millions of dollars over the life of Acquisition Categories I and II development and production programs. However, history shows that management science and practice are not static but depend on continuous interactive dialogue between government and industry. For that reason, NDIA IPMD believes it is imperative that the PARCA's knowledge base be maintained and that it remain within the OSD. 

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